

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

**Financial Statements
and
Required Reports Under Uniform Guidance
as of and for the year ended
June 30, 2021
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

October 4, 2021

To the Board of Education of
Cobleskill-Richmondville Central School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cobleskill-Richmondville Central School District (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Cobleskill-Richmondville Central School District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 17, during 2021 the School District adopted Governmental Accounting Standards Board Statement 84 – *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of net pension liability (asset), and schedule of contributions – pension plans be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The other information described in the table of contents required by the New York State Education Department is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information described in the table of contents required by the New York State Education Department has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2021, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2021

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2021. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The School District experienced a decrease of approximately \$18,600,000 in total net position during the year. This decrease was predominately the result of recognizing the future cost of other post-employment benefits.
- The School District had an increase in general fund balance of \$1,488,653 as a result of favorable budget performance.
- The School District's 2020-2021 expenditures and other financing sources were under expended by \$3,800,746 or 8.8% of budgeted expenditures due in most part to the anticipation of state aid reductions and COVID-19 related restrictions and savings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion & Analysis (MD&A) (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

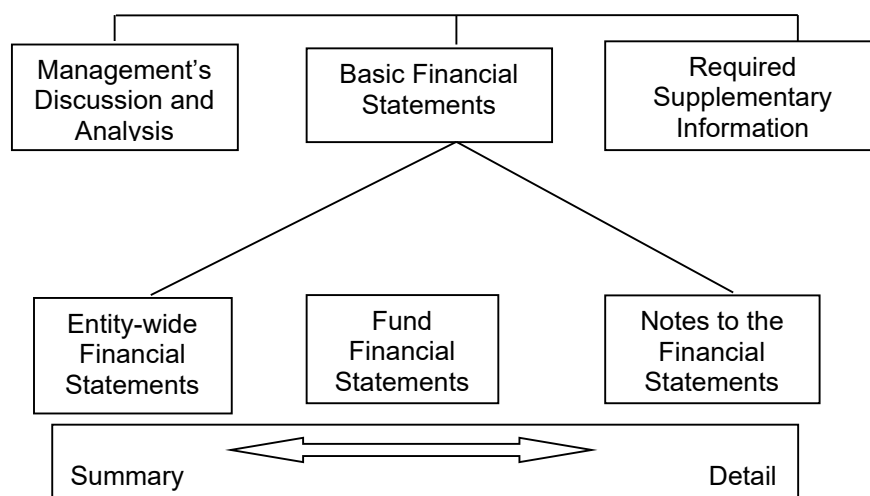
- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the Government-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others, including the employees of the School District.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table A-1 shows how the various sections of this annual report are arranged and related to one another.

Table A-1 Organization of the School District's Annual Financial Report



Tables A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-2 Major Features of the Government-Wide and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The daily operating activities of the School District, such as instruction and special education.	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset & deferred outflow/liability & deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, short-term and long-term	Assets, deferred inflows/ outflows of deferred resources, and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table A-2 Major Features of the Government-wide and Fund Financial Statements (Continued)

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Type of inflow/outflow information	All revenue and expenses during year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

Government-Wide Statements

The Government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred inflow/outflows of resources, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the School District's *net position* and how they have changed. Net position – the difference between the School District's assets, deferred inflow/outflows of resources, and liabilities – is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional non-financial factors such as changes in property tax bases and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

Government-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net position invested in capital assets
 - Restricted net position has constraints placed on use by external sources or imposed by law.
 - Unrestricted net position is net position that does not meet any of the above restrictions.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The School District has the following types of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the collection of library taxes. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table A-3 Condensed Statement of Net Position (In millions of dollars)

	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>	Percent <u>Change</u>
Assets:			
Current and other assets	\$ 18.1	\$ 16.1	12%
Capital assets	<u>33.7</u>	<u>36.9</u>	<u>-9%</u>
Total assets	<u>51.7</u>	<u>53.0</u>	<u>-2%</u>
Deferred outflow	<u>71.9</u>	<u>82.6</u>	<u>-13%</u>
Liabilities:			
Current liabilities	5.6	7.0	-20%
Long-term liabilities	<u>238.0</u>	<u>240.1</u>	<u>-1%</u>
Total liabilities	<u>243.6</u>	<u>247.1</u>	<u>-1%</u>
Deferred inflow	<u>16.76</u>	<u>6.92</u>	<u>142%</u>
Net position:			
Invested in capital assets	26.8	24.7	9%
Restricted	7.6	7.0	8%
Unrestricted	<u>(171.1)</u>	<u>(150.1)</u>	<u>14%</u>
Total net position	<u>\$ (136.8)</u>	<u>\$ (118.4)</u>	<u>16%</u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

The increase in net investment in capital assets is primarily the result of pay down of debt in excess of the depreciation expense recognized in the current year. The increase in long-term liabilities is due to the unfunded actuarial accrued OPEB liability exceeding the contributions made for other post-employment benefits.

Changes in Net Position

The School District's 2020-2021 revenue was \$42,842,697 (See Table A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 41% and 45% of the total revenue raised, respectively (see Table A-5). The remainder of revenue came from fees for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$61,460,271 for 2020-2021. These expenses (82%) are predominately for the education, supervision, and transportation of students (see Table A-6). The School District's administrative and business activities accounted for 18% of total costs.

Table A-4 Changes in Net Position from Operating Results (In Millions of dollars)

	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>	Percent <u>Change</u>
Revenue:			
Program revenue:			
Charges for services	\$ 1.9	\$ 2.1	-8%
Operating grants	2.7	3.3	-20%
General revenue:			
Property and other tax items	17.5	17.2	2%
State formula aid	20.3	20.5	-1%
Federal sources	-	1.0	-100%
Miscellaneous	<u>0.4</u>	<u>0.5</u>	<u>-19%</u>
Total revenue	<u>42.8</u>	<u>44.6</u>	<u>-4%</u>
Expenses:			
General support	9.9	9.9	0%
Instruction	46.3	46.8	-1%
Pupil transportation	4.3	4.2	3%
Debt service - Interest	0.4	0.5	-30%
School lunch program	<u>0.6</u>	<u>0.7</u>	<u>-11%</u>
Total expenses	<u>61.5</u>	<u>62.1</u>	<u>-1%</u>
Change in net position	<u>\$ (18.6)</u>	<u>\$ (17.5)</u>	<u>6%</u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Table A-5 Sources of Revenue for 2021

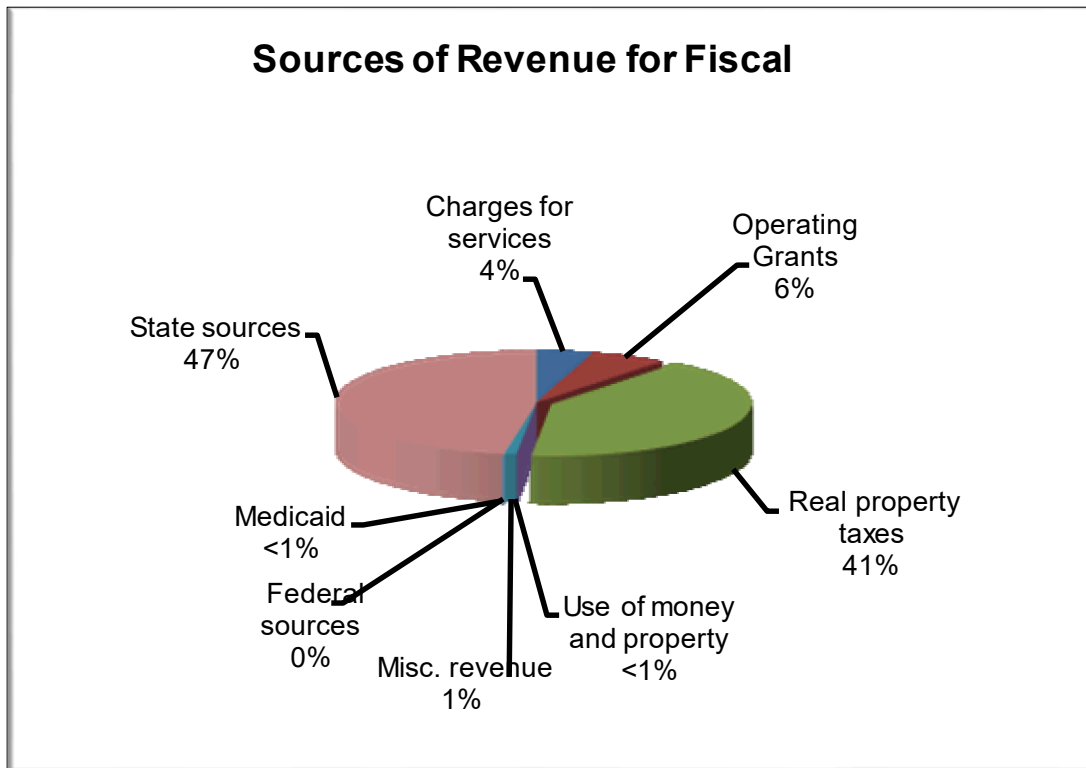
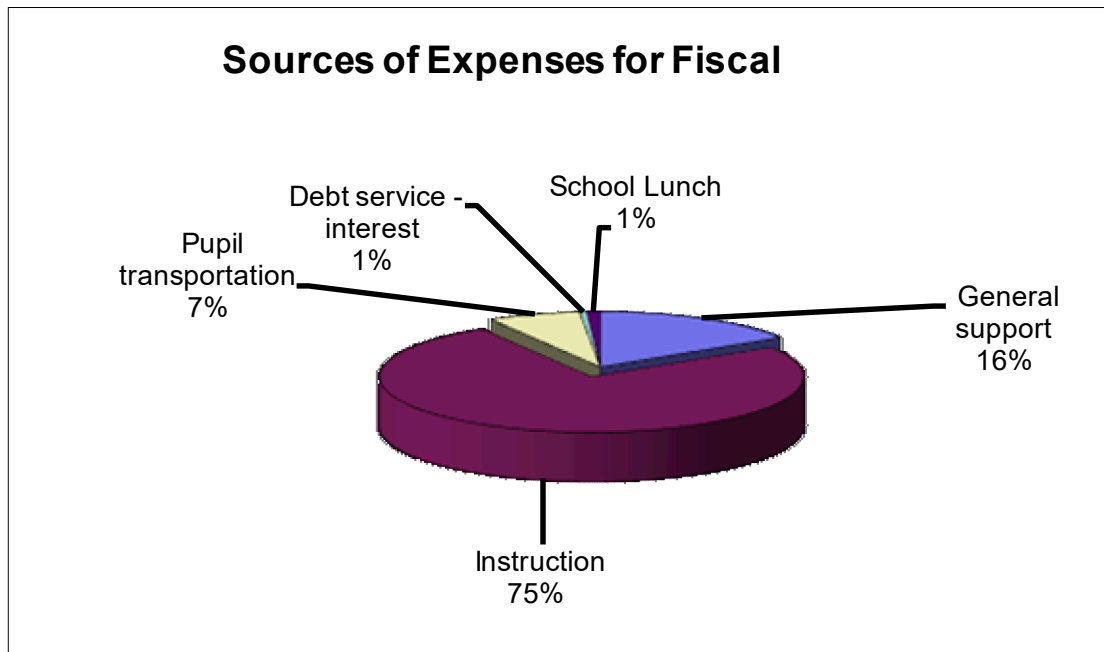


Table A-6 Sources of Expenses for 2021



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities

Revenue for the School District's governmental activities totaled \$42,842,697 while total expenses were \$61,460,271, accordingly, net position decreased by \$18,617,574. The majority of the decrease can be attributed to depreciation, OPEB and pension costs.

Table A-7 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the local share of the School District's taxpayers by each of these functions.

Table A-7 Expenses by Function (in Millions)

Net Cost of Governmental Activities

	Total Cost Of Services <u>2021</u>	Total Cost Of Services <u>2020</u>	Percent Change	(Net) Cost Of Services <u>2021</u>	(Net) Cost Of Services <u>2020</u>	Percent Change
Functions:						
General support	\$ 9.9	\$ 9.9	-0.5%	\$ 9.9	\$ 9.9	-0.4%
Instruction	46.3	46.8	-1.0%	42.4	42.1	0.8%
Pupil transportation	4.3	4.2	2.6%	4.3	4.2	1.7%
Debt service - Interest	0.4	0.5	-29.7%	0.4	0.5	-28.3%
Cost of sales - Food	<u>0.6</u>	<u>0.7</u>	-11.2%	<u>0.0</u>	<u>0.1</u>	-
Total	<u>\$ 61.5</u>	<u>\$ 62.1</u>	-1.0%	<u>\$ 56.9</u>	<u>\$ 56.8</u>	0.2%

- The cost of all governmental activities for the year was \$61,460,271.
- The users of the School District's programs financed \$1,922,991 of the cost.
- The federal and state government financed \$2,656,138 of the cost.
- The majority of costs, \$56,881,142, were financed by the School District's taxpayers and unallocated NYS aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the government-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

The following is a brief description of the activity in the governmental funds for 2021:

General Fund: Revenues exceeded expenditures by \$1,488,653.

Special Aid Fund: By the nature of the fund, special aid does not generate a fund balance. Revenue is recognized as funds are expended. Approximately \$1,500,000 was received and expended for state and federal grants in this fund.

School Lunch Fund: The school lunch fund experienced an operating surplus in the 2020-2021 fiscal year. The fund began the year with a deficit fund balance of \$43,961 and ended with a deficit fund balance of \$21,410. The positive performance this year was due in large part to the District's participation (under waiver) in the USDA Seamless Summer Option – providing free meals to all students at higher federal reimbursement rates.

Capital Projects Fund: \$502,245 was expended on buses and vans for the year ended June 30, 2021 and approximately \$322,000 was spent on Smart Schools Bond Act equipment such as laptops and contractual work such as a geothermal project, reconstruction project and a roofing project. The capital projects fund ended 2020-2021 fiscal year with a deficit fund balance of \$1,776,248, which will be eliminated once the outstanding BANs are converted to permanent financing or redeemed by appropriations.

Debt Service Fund: The debt service fund ended the year with a \$776,184 fund balance. This balance is restricted for future debt service obligations.

General Fund Budgetary Highlights

For the 2020-2021 school year, the voters of the School District approved a budget of \$43,039,365. That budget was subsequently increased by \$379,086 due to encumbrances carried over from 2019-20.

Through the careful monitoring and control of general fund expenditures for 2020-2021, and through savings resulting from the pandemic, the School District had a favorable expenditure variance of \$3,816,778 from budget to actual as of June 30, 2021.

The School District considers the results achieved regarding the 2020-2021 finances to be very satisfactory. The School District also met its target to have \$1,504,174 in fund balance available on June 30, 2021 to balance the 2021-2022 budget. Further, the School District was able to appropriately fund the allowable contribution levels for the Teachers' Retirement System and the Employees' Retirement System.

Results vs. Budget

The general fund is the only fund which a budget is submitted for the approval of the resident voters and legally adopted.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

Results vs. Budget (Continued)

	Original Budget	Final Budget	Actual	Encumbrances	Variance
Revenue:					
Real property taxes	\$ 16,854,660	\$ 16,854,660	\$ 14,911,551	\$ -	\$ (1,943,109)
Other tax items	784,776	784,776	2,723,586	-	1,938,810
Charges for services	1,950,751	1,950,751	1,911,390	-	(39,361)
Use of money and property	60,000	60,000	11,149	-	(48,851)
Sale of property and compensation for loss	-	-	60	-	60
Medicaid	75,000	75,000	3,970	-	(71,030)
State sources	20,487,561	20,487,561	20,541,009	-	53,448
Federal sources	426,617	426,617	428,786	-	2,169
Miscellaneous	210,000	210,000	301,832	-	91,832
Total revenue	<u>40,849,365</u>	<u>40,849,365</u>	<u>40,833,333</u>	<u>-</u>	<u>(16,032)</u>
Expenditures:					
Board of education	19,206	19,460	12,702	1,961	4,797
Central administration	244,226	248,315	246,893	640	782
Finance	337,445	357,388	328,649	19,000	9,739
Staff	206,004	249,808	202,906	-	46,902
Central services	2,643,078	2,731,569	2,333,723	22,374	375,472
Special items	342,504	317,504	310,997	-	6,507
Instruction, administration, and improvement	1,229,039	1,232,967	1,102,141	4,815	126,011
Teaching - regular school	8,490,051	8,608,903	8,141,524	65,395	401,984
Programs for children with handicapping conditions	5,724,154	5,723,053	4,521,941	33,950	1,167,162
Occupational education	1,084,514	1,084,514	933,796	-	150,718
Teaching - special school	38,000	28,000	17,890	-	10,110
Instructional media	990,640	1,003,381	922,420	14,124	66,837
Pupil services	2,012,102	2,037,971	1,744,813	56,647	236,511
Pupil transportation	1,987,628	2,081,825	1,801,641	38,087	242,097
Employee benefits	13,549,419	13,552,438	12,589,467	-	962,971
Debt Service	542,199	542,199	542,199	-	-
Total expenses	<u>39,440,209</u>	<u>39,819,295</u>	<u>35,753,702</u>	<u>256,993</u>	<u>3,808,600</u>
Other financing sources:					
Transfer to other funds	<u>3,599,156</u>	<u>3,599,156</u>	<u>3,590,978</u>	<u>-</u>	<u>8,178</u>
Total expenditures and other financing sources	<u>43,039,365</u>	<u>43,418,451</u>	<u>39,344,680</u>	<u>256,993</u>	<u>3,816,778</u>
Net change in fund balance	(2,190,000)	(2,569,086)	1,488,653	(256,993)	3,800,746
Fund balance - beginning of year	<u>12,819,518</u>	<u>12,819,518</u>	<u>12,819,518</u>		
Fund balance - end of year	<u>\$ 10,629,518</u>	<u>\$ 10,250,432</u>	<u>\$ 14,308,171</u>		

As noted above in the results vs. budget table, the School District has an overall favorable budgetary surplus of \$3,800,746. This was due primarily to the COVID-19 pandemic and the School District's proactive response to the threat of state aid reductions.

In June of 2020, the New York State began withholding 20% of the state aid payments due to the School District for both 2019-20 and 2020-21 fiscal years. The School District was told that all or a portion of these withholds could potentially become permanent reductions in the absence of significant and timely federal stimulus aid. For Cobleskill-Richmondville, the total reductions could amount to over \$4.2 million in aid. The School District management developed a contingency plan and reduced expenditures in an effort to avoid mid-year layoffs and program cuts. The plan including implementing a spending freeze, offering incentives for employees to migrate to lower-cost health plans, and leaving many of the School District's vacancies unfilled.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

Results vs. Budget (Continued)

The School District realized many other pandemic-related savings as well. Students withdrew from outside academic programs; athletics and extracurricular activities were limited; conferences and field trips were canceled; and certain high-cost services could not be provided to students who were learning remotely.

Capital Assets

As of June 30, 2021, the School District had \$33,648,943 invested in a broad range of capital assets including buildings, buses, athletic facilities, computers, and other educational equipment.

Table A-8 Capital Assets (Net of Depreciation, in Thousands of Dollars)

<u>Category</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Percent Change</u>
Buildings and improvements	\$ 32,442	\$ 33,355	-3%
Equipment, furniture and vehicles	<u>1,207</u>	<u>1,311</u>	-8%
Total	<u>\$ 33,649</u>	<u>\$ 34,666</u>	-3%

Long-Term Liabilities

As of June 30, 2021, the School District had \$239,249,007 in general obligation bonds and other long-term liabilities outstanding. More detailed information about the School District's long-term liabilities is included in the notes to the financial statements.

Table A-9 Long-Term Liabilities (In Thousands of Dollars)

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
General obligation bonds	\$ 5,275	\$ 8,445
OPEB and other	<u>233,974</u>	<u>234,823</u>
Total	<u>\$ 239,249</u>	<u>\$ 243,268</u>

During 2021, the School District paid down its debt by retiring \$3,170,000 of outstanding bonds.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The School District recently negotiated changes to health insurance plan offerings with two of their three bargaining units that are expected to provide considerable savings in future health insurance costs.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Carl Mummenthey, Superintendent
Cobleskill-Richmondville Central School District
155 Washington Avenue
Cobleskill, NY 12043

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT**STATEMENT OF NET POSITION
JUNE 30, 2021****ASSETS**

CURRENT ASSETS:

Cash and cash equivalents - Unrestricted	\$ 8,826,267
Cash and cash equivalents - Restricted	6,874,636
Investment in community library renovation, current portion	110,000
Due from other governments	83,664
State and federal aid receivable	2,131,346
Other receivables	3,294
Inventory	26,563
Total current assets	<u>18,055,770</u>

NON-CURRENT ASSETS:

Investment in community library renovation, net of current portion	5,000
Capital assets, net	<u>33,648,943</u>
Total non-current assets	<u>33,653,943</u>

DEFERRED OUTFLOWS OF RESOURCES:

Deferred outflows of resources - OPEB	61,223,507
Deferred outflows of resources - pension ERS	2,855,192
Deferred outflows of resources - pension TRS	<u>7,776,323</u>
Total deferred outflows of resources	<u>71,855,022</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

123,564,735**LIABILITIES**

CURRENT LIABILITIES:

Bond anticipation notes	\$ 1,620,669
Accounts payable and accrued liabilities	894,062
Due to other governments	233,105
Due to Teachers' Retirement System	1,419,549
Due to Employees' Retirement System	165,742
Bonds payable due within one year	1,280,000
Bond interest accrued	<u>21,671</u>
Total current liabilities	<u>5,634,798</u>

LONG-TERM LIABILITIES:

Bonds payable	3,995,000
Compensated absences payable	981,970
Net pension liability - ERS	12,863
Net pension liability - TRS	2,252,875
Other postemployment benefits liability	<u>230,726,299</u>
Total long-term liabilities	<u>237,969,007</u>

DEFERRED INFLOWS OF RESOURCES:

Deferred inflows of resources - pensions ERS	3,747,078
Deferred inflows of resources - pensions TRS	1,232,683
Deferred inflows of resources - OPEB	<u>11,784,585</u>
Total deferred inflows of resources - pensions	<u>16,764,346</u>

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

260,368,151**NET POSITION**

Net investment in capital assets	26,753,274
Restricted	7,559,391
Unrestricted	<u>(171,116,081)</u>
TOTAL NET POSITION	<u>\$ (136,803,416)</u>

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenue		Net (Expense)
	Expenses	Charges for Services	Operating Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS:				
General support	\$ 9,850,647	\$ -	\$ -	\$ (9,850,647)
Instruction	46,327,945	1,911,390	2,043,435	(42,373,120)
Pupil transportation	4,308,459	-	-	(4,308,459)
School lunch	621,794	11,601	612,703	2,510
Debt service - interest	<u>351,426</u>	<u>-</u>	<u>-</u>	<u>(351,426)</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 61,460,271</u>	<u>\$ 1,922,991</u>	<u>\$ 2,656,138</u>	<u>(56,881,142)</u>
GENERAL REVENUE:				
Real property taxes				14,801,551
Other tax items				2,723,586
Use of money and property				12,190
Sale of property and compensation for loss				60
Miscellaneous				407,095
State sources				20,315,116
Medicaid				3,970
Federal sources				<u>-</u>
TOTAL GENERAL REVENUE				<u>38,263,568</u>
CHANGE IN NET POSITION				(18,617,574)
NET POSITION - beginning of year, as previously stated				(118,478,619)
RESTATEMENT (Note 17)				<u>292,777</u>
NET POSITION - beginning of year, as restated				<u>(118,185,842)</u>
TOTAL NET POSITION - end of year				<u>\$ (136,803,416)</u>

The accompanying notes are an integral part of these financial statements.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Governmental Fund Types						Total
	General	Special Aid	School Lunch	Capital Projects	Debt Service	Misc. Special Revenue	Governmental Funds
ASSETS							
Cash and cash equivalents - Unrestricted	\$ 7,291,282	\$ 1,501,830	\$ 7,969	\$ -	\$ 25,186	\$ -	\$ 8,826,267
Cash and cash equivalents - Restricted	6,457,261	-	-	91,429	-	325,946	6,874,636
Due from other funds	2,417,908	33,501	-	-	750,998	-	3,202,407
Due from other governments	83,664	-	-	-	-	-	83,664
State and federal aid receivable	1,359,037	626,979	145,330	-	-	-	2,131,346
Other receivable	228	555	2,511	-	-	-	3,294
Inventory	-	-	26,563	-	-	-	26,563
TOTAL ASSETS	\$ 17,609,380	\$ 2,162,865	\$ 182,373	\$ 91,429	\$ 776,184	\$ 325,946	\$ 21,148,177
LIABILITIES AND FUND BALANCES							
Accounts payable and accrued liabilities	\$ 681,050	\$ 15,529	\$ 3,783	\$ 193,700	\$ -	\$ -	\$ 894,062
Bond anticipation notes	-	-	-	1,620,669	-	-	1,620,669
Due to other funds	901,793	2,047,306	200,000	53,308	-	-	3,202,407
Due to other governments	133,075	100,030	-	-	-	-	233,105
Due to Teachers' Retirement System	1,419,549	-	-	-	-	-	1,419,549
Due to Employees' Retirement System	165,742	-	-	-	-	-	165,742
TOTAL LIABILITIES	3,301,209	2,162,865	203,783	1,867,677	-	-	7,535,534
FUND BALANCE							
Non-spendable							
Reserve for inventory	-	-	26,563	-	-	-	26,563
Restricted							
Debt Service	-	-	-	-	776,184	-	776,184
Capital	3,000,000	-	-	-	-	-	3,000,000
Retirement contributions - ERS	1,200,260	-	-	-	-	-	1,200,260
Retirement contributions - TRS	810,309	-	-	-	-	-	810,309
Employee benefits and accrued liabilities	1,013,817	-	-	-	-	-	1,013,817
Unemployment	75,000	-	-	-	-	-	75,000
Repairs	357,875	-	-	-	-	-	357,875
Other	-	-	-	-	-	325,946	325,946
Total restricted fund balance	6,457,261	-	-	-	776,184	325,946	7,559,391
Assigned							
Appropriated	256,993	-	-	-	-	-	256,993
Appropriated for subsequent year's expenditures	1,504,174	-	-	-	-	-	1,504,174
Total assigned fund balance	1,761,167	-	-	-	-	-	1,761,167
Unassigned	6,089,743	-	(47,973)	(1,776,248)	-	-	4,265,522
TOTAL FUND BALANCE	14,308,171	-	(21,410)	(1,776,248)	776,184	325,946	13,612,643
TOTAL LIABILITIES AND FUND BALANCE	\$ 17,609,380	\$ 2,162,865	\$ 182,373	\$ 91,429	\$ 776,184	\$ 325,946	\$ 21,148,177

The accompanying notes are an integral part of these financial statements.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION JUNE 30, 2021

A reconciliation of total governmental fund balance to government-wide net position follows:

Total governmental fund balance	\$ 13,612,643
Investment in serial bond borrowings in community library	115,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	33,648,943
Pension related government-wide activities are not recorded at the fund level:	
Deferred outflows of resources	10,631,515
Net pension liability - ERS	(12,863)
Net pension asset - TRS	(2,252,875)
Deferred inflows of resources	(4,979,761)
Bonds payable are not due and payable in the current period and; therefore, are not reported in the funds	(5,275,000)
Compensated absences at year-end in government-wide statements under full accrual accounting	(981,970)
Other postemployment benefits liability are not due and payable in the current period and, therefore, are not reported in the funds	(230,726,299)
Deferred outflows of resources related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds	61,223,507
Deferred inflows of resources related to other postemployment benefits are applicable to future periods and, therefore, are not reported in	(11,784,585)
Interest payable at year end in the government-wide statements under full accrual accounting	<u>(21,671)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (136,803,416)

The accompanying notes are an integral part of these financial statements.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	Debt Service	Misc. Special Revenue	
REVENUE:							
Real property taxes	\$ 14,911,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,911,551
Other tax items	2,723,586	-	-	-	-	-	2,723,586
Contributions	-	-	-	-	-	33,124	33,124
Charges for services	1,911,390	-	-	-	-	-	1,911,390
Use of money and property	11,149	-	20	944	77	-	12,190
Sale of property and compensation for loss	60	-	-	-	-	-	60
Miscellaneous	301,832	-	21	-	-	72,118	373,971
State sources	20,541,009	592,967	20,561	75,600	-	-	21,230,137
Federal sources	428,786	946,082	592,142	-	-	-	1,967,010
Medicaid	3,970	-	-	-	-	-	3,970
Sales	-	-	11,601	-	-	-	11,601
Total revenue	<u>40,833,333</u>	<u>1,539,049</u>	<u>624,345</u>	<u>76,544</u>	<u>77</u>	<u>105,242</u>	<u>43,178,590</u>
EXPENDITURES:							
General support	3,435,870	-	-	-	-	-	3,435,870
Instruction	17,384,525	1,565,871	-	-	-	-	18,950,396
Pupil transportation	1,801,641	-	-	-	-	-	1,801,641
Employee benefits	12,589,467	-	383,308	-	-	-	12,972,775
Debt service - Principal	519,050	-	-	-	3,170,000	-	3,689,050
Debt service - Interest	23,149	-	-	-	374,166	-	397,315
Capital outlays	-	-	-	824,854	-	-	824,854
School lunch	-	-	238,486	-	-	-	238,486
Other	-	-	-	-	-	72,073	72,073
Total expenditures	<u>35,753,702</u>	<u>1,565,871</u>	<u>621,794</u>	<u>824,854</u>	<u>3,544,166</u>	<u>72,073</u>	<u>42,382,460</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	5,079,631	(26,822)	2,551	(748,310)	(3,544,089)	33,169	796,130
OTHER SOURCES AND (USES):							
BANs redeemed from appropriations	-	-	-	519,050	-	-	519,050
Operating transfers in	-	26,822	20,000	-	3,544,156	-	3,590,978
Operating transfers (out)	(3,590,978)	-	-	-	-	-	(3,590,978)
Total other sources (uses)	<u>(3,590,978)</u>	<u>26,822</u>	<u>20,000</u>	<u>519,050</u>	<u>3,544,156</u>	<u>-</u>	<u>519,050</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>1,488,653</u>	<u>-</u>	<u>22,551</u>	<u>(229,260)</u>	<u>67</u>	<u>33,169</u>	<u>1,315,180</u>
FUND BALANCE - beginning of year, as previously reported	12,819,518	-	(43,961)	(1,546,988)	776,117	-	12,004,686
RESTATEMENT (Note 17)	-	-	-	-	-	292,777	292,777
FUND BALANCE - beginning of year, as restated	<u>12,819,518</u>	<u>-</u>	<u>(43,961)</u>	<u>(1,546,988)</u>	<u>776,117</u>	<u>292,777</u>	<u>12,297,463</u>
FUND BALANCE - end of year	<u>\$ 14,308,171</u>	<u>\$ -</u>	<u>\$ (21,410)</u>	<u>\$ (1,776,248)</u>	<u>\$ 776,184</u>	<u>\$ 325,946</u>	<u>\$ 13,612,643</u>

The accompanying notes are an integral part of these financial statements.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Net changes in fund balance - Total governmental funds	\$ 1,315,180
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net assets	939,329
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	(1,956,252)
State aid revenue in the statement of activities is recognized as revenue in the government-wide financial statements in prior year recognized as revenue in current year under the modified accrual basis of accounting in the fund financial statements	(225,893)
Pension expense resulting from GASB 68 related reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	(1,500,073)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net assets	3,689,050
BANs redeemed from appropriations are recorded as revenue in the government funds, but are not recorded in the statement of activities	(519,050)
Other postemployment benefits expense resulting from GASB 75 related reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	(20,535,193)
Accrued compensated absences do not require the expenditure of current resources and are, therefore not reported as expenditures in the governmental funds	239,439
Accrued interest expense does not require the expenditure of current resources and is, therefore, not reported as an expenditure in the governmental funds	45,889
Collection from community library is recognized as a reduction in receivable in the statement of net position as opposed to tax revenue in the governmental funds	<u>(110,000)</u>
Change in net position - Governmental activities	<u>\$ (18,617,574)</u>

The accompanying notes are an integral part of these statements.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021**

	<u>Custodial Funds</u>
ASSETS:	
Cash	<u>-</u>
Total assets	<u>\$ -</u>
LIABILITIES:	
Other liabilities	<u>-</u>
Total liabilities	<u>-</u>
NET POSITION:	
Restricted for others	<u>\$ -</u>

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021**

	<u>Custodial Funds</u>
ADDITIONS:	
Tax collections on behalf of other governments	<u>\$ 269,850</u>
Total additions	<u>269,850</u>
DEDUCTIONS:	
Payments of tax to other governments	<u>269,850</u>
Total deductions	<u>269,850</u>
NET INCREASE	-
NET POSITION - beginning of year	<u>-</u>
NET POSITION - end of year	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

1. NATURE OF OPERATIONS

Cobleskill-Richmondville Central School District (School District) provides free public K-12 education to students living within its geographic boundaries.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cobleskill-Richmondville Central School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the School District are described below:

Reporting Entity

The Cobleskill-Richmondville Central School District is governed by the Laws of New York State. The School District is an independent entity governed by an elected Board of Education (BOE). The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity* as amended by GASB 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the School District's reporting entity:

Extraclassroom Activity Funds

The extraclassroom activity funds of the School District represent funds of the students of the School District. The board of education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in the Miscellaneous Special Revenue fund.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Venture

The School District is a component school district in Capital Region Board of Cooperative Education Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES board as a corporation (§1950(6)). In addition, BOCES boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component school districts pay tuition or a service fee for programs in which its students participate.

Financial Statements for the BOCES are available from the BOCES administrative office.

Basis of Presentation

The School District's financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund level financial statements which provide more detailed information.

Government-Wide Statements

The statement of net position and the statement of activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between program expenses and revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

The School District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The fund statements provide information about the School District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The accounts of the School District are organized into funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types and account groups used by the School District are as follows:

Governmental Fund Types

Governmental funds are those in which most governmental functions of the School District are reported. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities (except those accounted for in the proprietary and fiduciary funds) are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position rather than upon determination of net income. The following are the School District's governmental fund types:

General Fund: This is the School District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The School District utilizes three special revenue funds:

- *Special Aid Fund:* This fund accounts for the proceeds of specific federal and state grants revenue sources that are legally restricted to expenditures for specified purposes (e.g. special education) and other activities whose funds are restricted as to use.
- *School Lunch Fund:* This fund accounts for the proceeds of specific federal and state grants revenue sources that are legally restricted to expenditures for school lunch operations.
- *Miscellaneous Special Revenue Fund:* This fund accounts for proceeds from various funding sources, which may be restricted by a donor or designated by the School District for special purposes. The transaction of the Extraclassroom Activity Funds are included in this fund.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and payment of principal and interest on long-term general obligation debt of the governmental activities.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governmental units, and/or other funds because their resources do not belong to the School District and are not available to be used.

There is one type of fiduciary fund:

- Custodial Fund: This fund is strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as agent for various groups.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the School District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The School District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and investments consists of funds deposited in demand deposit accounts, and amounts with the New York Cooperative Liquid Assets Securities System (NYCLASS). The School District's deposit and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include NYCLASS, obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions and accordingly, the School District's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by FDIC insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but no in the School District's name.

The School District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby the School District holds a portion of the investments in cooperation with other participants. At June 30, 2021, the School District held \$7,986,326 in NYCLASS consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated 'AAAm' from Standard & Poor's Global Ratings. Amounts held with both NYCLASS are highly liquid and the amount held represents the cost of the investment pool shares, which are considered to approximate fair value. Additional information concerning NYCLASS, including the annual report, can be found on its website www.newyorkclass.org.

Restricted Cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Investment in Community Library Renovations

Cobleskill-Richmondville Central School District is the taxing authority for the Community Library. As the taxing authority, the School District issued a 15 year \$1,300,000 serial bond at a variable interest rate of 3.75% to 4.125% for the reconstruction and renovation of the community library on March 1, 2007. As of June 30, 2021, the School District has offsetting amounts due from the Library and bonds payable owned on the Library's behalf of \$115,000.

Property Taxes

Real property taxes are levied annually by the board of education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to November 30.

Uncollected real property taxes are subsequently enforced by the County of Schoharie in which the School District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the School District no later than the following April 1.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Inventories

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates fair value. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

A reserve for these non-liquid assets (inventories) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Interfund Transactions

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all significant interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the School District's practice to settle these amounts at a net balance based upon the right of legal offset.

Capital Assets

Capital assets are reported at actual cost for acquisitions if actual cost information is available cost. If actual cost information is not available, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	SL	30-50
Furniture and equipment	5,000	SL	5-10
Vehicles	5,000	SL	5-10

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

The government has the following items that qualify for reporting in this category:

Deferred charges result from pension contributions made subsequent to the measurement date of the plan.

Deferred charges result from differences between expected and actual experience of the plan.

Deferred charges result from net differences between projected and actual earnings on pension plan investments of the plan.

These amounts are deferred and amortized and expensed against pension expense in future periods.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

The government has the following items that qualify for reporting in this category:

The net amount of the School District's balances of deferred inflows of resources related to pensions is reported in the Government-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension asset or liability and the difference during the measurement period between the School District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

Vested Employee Benefits

Compensated absences:

School District employees are granted vacation, unpaid sick leave, and sabbatical time in varying amounts, based primarily on length of service and position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

School District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

The liability for compensated absences has been calculated using the vesting/termination method and an accrual for that liability is included in the Government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Other benefits:

Eligible School District employees participate in the New York State Employees' Retirement System or the New York State Teachers' Retirement System.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits

In addition to providing pension benefits, the School District provides post-employment health insurance coverage and survivor benefits to its retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The School District recognizes the costs of providing health insurance by recording its share of insurance premiums as an expenditure.

In accordance with the provisions of generally accepted accounting principles, the School District has recorded within the government-wide statement of net position the required other postemployment benefits accrual totaling \$230,726,299 as of June 30, 2021. The financial disclosures relating to the School District's other post-employment benefits are reflected in Note 13.

Unearned Revenues

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when the School District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Unearned revenue recorded in governmental funds is generally not recorded in the Government-wide statements.

Short-Term Debt

The School District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sales of serial bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be redeemed or converted to long-term financing within five years after the original issue date.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the Government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the School District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

Equity Classifications

Government-Wide Statements

In the Government-wide statements, there are three classes of net position:

Net investment in capital assets - consists of net capital assets, (cost less accumulated depreciation) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors, (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Restricted net position consists of the following:

Debt service	\$ 776,184
Capital	3,000,000
Retirement contributions - ERS	1,200,260
Retirement contributions - TRS	810,309
Employee benefits	1,013,817
Unemployment	75,000
Repairs	357,875
Other	<u>325,946</u>
Total restricted net position	<u>\$ 7,559,391</u>

Unrestricted net position reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the School District.

Fund Balance – Reservations and Designations

In the fund statements there are five classifications of fund balance:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Fund Balance – Reservations and Designations (Continued)

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has available the following restricted fund balances:

Capital

Capital reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The reserve is accounted for in the general fund under restricted fund balance.

Repair

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The board of education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserve is accounted for in the general fund under restricted fund balance.

Workers' Compensation

Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund under restricted fund balance.

Retirement Contribution

Reserve for retirement contribution (GMU §6-r) is used for the purpose of financing retirement contributions. This reserve must be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Unemployment Insurance

Unemployment insurance reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Fund Balance – Reservations and Designations (Continued)

Unemployment Insurance (Continued)

If the School District elects to convert to tax, (contribution), basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund under restricted fund balance.

Tax Reduction

Reserve for tax reduction (Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of the school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the School District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the general fund under restricted fund balance.

Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of school district property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of school district property or capital improvement. The reserve is accounted for in the general fund under restricted fund balance.

Insurance

Insurance reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund under restricted fund balance.

Liability Claims and Property Loss

Liability claims and property loss reserve, (Education Law §1709(8) (c), are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by districts, except city districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.

Tax Certiorari

Tax certiorari reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Fund Balance – Reservations and Designations (Continued)

Tax Certiorari (Continued)

Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund under restricted fund balance.

Insurance Recoveries

Reserve for insurance recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the general fund under restricted fund balance.

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund under restricted fund balance.

Encumbrances

Encumbrance accounting is used for budgetary control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid. All encumbrances are classified as either Restricted or Assigned Fund Balance in the General Fund, or as Restricted Fund Balance in the non-general funds.

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2021.

Assigned fund balance – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the general fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$256,993.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

As of June 30, 2021, the School District's encumbrances were classified as follows:

Assigned fund balance:

General support	\$ 43,975
Instruction	174,931
Pupil transportation	<u>38,087</u>
Total encumbrances	<u>\$ 256,993</u>

Unassigned fund balance – Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no more than 4% of the School District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

The School District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities, compared with the current financial resources focus of the governmental funds.

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the School District's governmental funds differs from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)

Statement of Revenue, Expenditures, and Changes in Fund Equity vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown below represent:

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

Pension Differences

Pension differences occur as a result of changes in the School District's proportion of the collective net pension asset/liability and differences between the School District's contributions and its proportionate share of the total contributions to the pension system.

OPEB Differences

OPEB differences occur as a result of changes in the School District's total OPEB liability and differences between the School District's contributions and OPEB expense.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets (Continued)

Appropriations authorized for the current year are increased by the planned use of specific reserves and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The School District made no supplemental appropriations during the year.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the School District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Fund Balances

The School District's unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the School District's budget for the upcoming school year. The School District plans to address this issue in future budgets.

Fund Deficits

The capital projects fund has a fund deficit of \$1,776,248 which will be funded when the School District redeems BANs from appropriations or obtains permanent financing.

The school lunch fund has a fund deficit of \$21,410 which will be funded by future contributions from the general fund.

Portions of fund balances are restricted and not available for current expenses or expenditures, as reported in the governmental funds balance sheet.

5. CUSTODIAL CREDIT, CONCENTRATION OF CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial risk, New York State statutes govern the School District's investment policies, as discussed previously in these Notes.

5. CUSTODIAL CREDIT, CONCENTRATION OF CREDIT RISK (Continued)

The School District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash, including trust funds	<u>\$ 8,443,907</u>	<u>\$ 7,714,577</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the school district's name	\$ 7,943,907	
Covered by FDIC insurance	<u>500,000</u>	
Total	<u>\$ 8,443,907</u>	

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Restricted Cash consists of the following at June 30, 2021:

General fund:	
Capital	\$ 3,000,000
Retirement contributions - ERS	1,200,260
Retirement contributions - TRS	810,309
Employee benefits and accrued liabilities	1,013,817
Unemployment	75,000
Repairs	<u>357,875</u>
Total general fund restricted cash	<u>\$ 6,457,261</u>
Total Capital Project fund restricted cash	<u>\$ 91,429</u>
Total Misc. Special Revenue fund restricted cash	<u>\$ 325,946</u>

6. PARTICIPATION IN BOCES

During the year, the School District was billed \$2,445,030 for BOCES administrative and program costs.

The School District's share of BOCES aid amounted to \$1,196,786.

Financial statements for BOCES are available from the BOCES administrative office.

7. TAX ABATEMENTS

All real property in New York State is subject to taxation unless specific legal provision grants it exempt status. Real property exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the Real Property Tax Law, the Agriculture and Markets Law and the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for county, city/town, and school purposes, whereas others pertain only to certain of these purposes. Some tax exemptions are mandated by State law, others are subject to local option and/or local determination of eligibility criteria.

The School District has two (2) real property tax abatement agreements that are entered into by the Schoharie County Industrial Development Agency (IDA) and two (2) real property tax abatement agreements that are entered into by Village of Cobleskill. These agreements provide for abatement of real property taxes in exchange for payment in lieu of taxes (PILOT) in accordance with the IDA's Tax Exemption Policy. PILOTs are granted in accordance with various activities such as new affordable housing construction, purchase of an existing facility, or the improvement or expansion of an existing facility. There are also policies for recapture of PILOTs should the applicant not meet certain criteria.

The following are the PILOT agreements and the percentage of real property tax that has been abated for the year ended June 30, 2021:

<u>Agreement with</u>	<u>Purpose</u>	<u>Assessment</u>	<u>Tax Rate</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Amount of Tax Abated</u>
Schoharie County IDA	Industrial Development	\$ 36,452,699	28.330758	\$ 1,032,733	\$ 716,062	\$ 316,671
Schoharie County IDA	Industrial Development	1,641,170	22.094439	\$ 36,261	\$ -	\$ 36,261
Village of Cobleskill	Affordable housing	972,000	26.006789	\$ 25,279	5,964	\$ 19,315
Village of Cobleskill	Affordable housing	2,360,000	20.400942	\$ 48,146	13,114	\$ 35,032
Total				<u>\$ 1,142,418</u>	<u>\$ 735,140</u>	<u>\$ 407,278</u>

8. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

	July 1, 2020 <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	June 30, 2021 <u>Balance</u>
Governmental activities:				
Non-depreciated construction in progress	\$ 857,646	322,609	\$ -	\$ 1,180,255
Capital assets that are depreciated:				
Buildings and improvements	58,137,030	-	-	58,137,030
Furniture and equipment	4,275,817	114,475	-	4,390,292
Vehicles	<u>5,534,699</u>	<u>502,245</u>	<u>587,005</u>	<u>5,449,939</u>
Total depreciable historical cost	<u>67,947,546</u>	<u>616,720</u>	<u>587,005</u>	<u>67,977,261</u>
Less accumulated depreciation:				
Buildings	25,639,769	1,235,177	-	26,874,946
Furniture and equipment	3,897,787	121,150	-	4,018,937
Vehicles	<u>4,601,770</u>	<u>599,925</u>	<u>587,005</u>	<u>4,614,690</u>
Total accumulated depreciation	<u>34,139,326</u>	<u>1,956,252</u>	<u>587,005</u>	<u>35,508,573</u>
Total depreciable cost, net	<u>\$ 34,665,866</u>	<u>\$ (1,016,923)</u>	<u>\$ -</u>	<u>\$ 33,648,943</u>

Depreciation expense for the year ended June 30, 2021, was allocated to specific functions as follows:

General support	\$ 156,500
Instruction	1,623,689
Cost of sales	39,125
Pupil transportation	<u>136,938</u>
	<u>\$ 1,956,252</u>

9. SHORT-TERM DEBT

Transactions in short-term debt for the year are summarized below:

<u>Type</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	10/29/2021	1.38%	\$ -	\$ 1,620,669	\$ -	\$ 1,620,669
BAN	10/31/2020	0.56%	<u>1,677,473</u>	<u>-</u>	<u>1,677,473</u>	<u>-</u>
			<u>\$ 1,677,473</u>	<u>\$ 1,620,669</u>	<u>\$ 1,677,473</u>	<u>\$ 1,620,669</u>

10. LONG-TERM DEBT

Interest on debt for the year was composed of:

Interest on both short-term and long-term debt for the year was composed of:

Interest paid	\$ 397,315
Less: Interest accrued in the prior year	(67,560)
Plus: Interest accrued in the current year	<u>21,671</u>
Total expense	<u>\$ 351,426</u>

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance <u>7/1/2020</u>	Issued	Redeemed	Ending Balance <u>6/30/2021</u>	Amounts Due Within <u>One Year</u>	Long-term Portion
Government activities:						
Bonds and notes payable:						
General obligation debt:						
Serial bond - 2007	\$ 225,000	\$ -	\$ 110,000	\$ 115,000	\$ 115,000	\$ -
Serial bond - 2011	1,950,000	-	1,950,000	-	-	-
Serial bond - 2012	4,130,000	-	605,000	3,525,000	640,000	2,885,000
Serial bond - 2015	<u>2,140,000</u>	<u>-</u>	<u>505,000</u>	<u>1,635,000</u>	<u>525,000</u>	<u>1,110,000</u>
Total bonds	<u>8,445,000</u>	<u>-</u>	<u>3,170,000</u>	<u>5,275,000</u>	<u>1,280,000</u>	<u>3,995,000</u>
Other liabilities:						
Compensated absences	1,221,409	-	239,439 (A)	981,970	-	981,970
Net pension liability - ERS	3,335,233	-	3,322,370	12,863	-	12,863
Net pension liability - TRS	-	2,252,875		2,252,875	-	2,252,875
Other postemployment benefits	<u>230,266,120</u>	<u>15,109,831</u>	<u>14,649,652</u>	<u>230,726,299</u>	<u>-</u>	<u>230,726,299</u>
Total other liabilities	<u>234,822,762</u>	<u>17,362,706</u>	<u>18,211,461</u>	<u>233,974,007</u>	<u>-</u>	<u>233,974,007</u>
Total long-term liabilities	<u>\$243,267,762</u>	<u>\$ 17,362,706</u>	<u>\$ 21,381,461</u>	<u>\$239,249,007</u>	<u>\$ 1,280,000</u>	<u>\$237,969,007</u>

(A) Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately.

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

10. LONG-TERM DEBT (Continued)

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Serial bond	2007	2022	4.05%	\$ 115,000
Serial bond	2012	2026	3.00%	3,525,000
Serial bond	2015	2020	3.00%	<u>1,635,000</u>
Total				<u>\$ 5,275,000</u>

The following is a summary of the maturity of bonds payable:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Fiscal Year Ending June 30:</u>			
2022	\$ 1,280,000	\$ 235,894	\$ 1,515,894
2023	1,210,000	177,750	1,387,750
2024	1,270,000	122,300	1,392,300
2025	740,000	75,750	815,750
2026	<u>775,000</u>	<u>38,750</u>	<u>813,750</u>
Total	<u>\$ 5,275,000</u>	<u>\$ 650,444</u>	<u>\$ 5,925,444</u>

11. INTERFUND BALANCES AND ACTIVITY

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 2,417,908	\$ 901,793	\$ -	\$ 3,590,978
Special aid fund	33,501	2,047,306	26,822	-
School lunch fund	-	200,000	20,000	-
Capital projects fund	-	53,308	-	-
Debt service	<u>750,998</u>	<u>-</u>	<u>3,544,156</u>	<u>-</u>
Total government activities	<u>\$ 3,202,407</u>	<u>\$ 3,202,407</u>	<u>\$ 3,590,978</u>	<u>\$ 3,590,978</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

12. PENSION PLANS

New York State Employee Retirement System

The School District participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27th, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2021	\$587,699
2020	\$591,921
2019	\$572,715

Chapter 260 of the Laws of 2004 of the State of New York allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees' covered pensionable salaries, with the first payment of those pensions' costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5 percent of the employee's covered pensionable salaries.

This law requires all participating employers to make payments on the current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008.

- Chapter 57 of the Laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

12. PENSION PLANS (Continued)

New York State Employee Retirement System (Continued)

- For state fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on the current basis while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The School District had no unpaid liability at the end of the fiscal year.

- Chapter 105 of the Laws of 2010 of the State of New York authorizes local governments to make available a retirement benefit incentive program. The costs of the program will be billed and paid over five years beginning February 1, 2012. The School District had no retirement incentive liability at year end.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School District reported a liability of \$12,863 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the School District's proportion was 0.0129179 percent, which was an increase of 0.0003229 percent from its proportion measured June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of \$374,903. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,091	\$ -
Changes of Assumptions	2,365,072	44,606
Net difference between projected and actual earnings on pension plan investments	-	3,694,982
Changes in proportion and differences between the District's contributions and proportionate share of contributions	167,287	7,490
Contributions subsequent to the measurement date	165,742	-
	<u>\$ 2,855,192</u>	<u>\$ 3,747,078</u>

12. PENSION PLANS (Continued)

New York State Employee Retirement System (Continued)

The School District recognized \$165,742 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021 which will be recognized on a reduction of the net pension liability in the year ended June 30, 2022.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	(160,983)
2023	(33,629)
2024	(169,777)
2025	(693,239)
Thereafter	-
	<u>\$ (1,057,628)</u>

Actuarial Assumptions

The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.4% indexed by service
Projected COLAs	1.4% compounded annually
Decrement	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses, including inflation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

12. PENSION PLANS (Continued)

New York State Employee Retirement System (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized below:

Long Term Expected Rate of Return		
<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate or return</u>
Domestic Equity	32.0%	4.05%
International Equity	15.0%	6.30%
Private Equity	10.0%	6.75%
Real Estate	9.0%	4.95%
Opportunistic/ARS Portfolio	3.0%	4.50%
Credit	4.0%	3.63%
Real Asset	3.0%	5.95%
Fixed Income	23.0%	0.00%
Cash	1.0%	0.50%
	<u>100.0%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9 percent. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (4.9%) or 1 percent higher (6.9%) than the current rate:

Sensitivity of the Proportionate Share of the net Pension Liability to the Discount Rate Assumption			
	1 % Decrease (4.90%)	Assumption (5.90%)	1% Increase (6.90%)
Proportionate Share of Net Pension liability (asset)	\$ 3,570,234	\$ 12,863	\$ (3,267,866)

12. PENSION PLANS (Continued)

New York State Employee Retirement System (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2021, were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$220,680,157,000	\$ 28,507,242	0.0129179%
Net position	(220,580,583,000)	(28,494,379)	0.0129179%
Net pension liability (asset)	<u>\$ 99,574,000</u>	<u>\$ 12,863</u>	0.0129179%
Fiduciary net position as a percentage of total pension liability	99.95%	99.95%	

New York State Teacher Retirement System

The School District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. The system offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The New York State Teachers' Retirement Board administers NYSTRS. The system provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The School District is required to contribute at an actuarially determined rate. The School District contributions made to the systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

2021	\$1,307,827
2020	\$1,226,056
2019	\$1,432,212

12. PENSION PLANS (Continued)

New York State Teacher Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School District reported a liability of \$2,252,875 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021 the School District's proportion was 0.081529 percent, which was an increase of 0.000734 percent from its proportion measured June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of \$3,032,203. At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,973,969	\$ 115,456
Changes of Assumptions	2,849,363	1,015,649
Net difference between projected and actual earnings on pension plan investments	1,471,325	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	62,117	101,578
Contributions subsequent to the measurement date	1,419,549	-
	<u>\$ 7,776,323</u>	<u>\$ 1,232,683</u>

The School District recognized \$1,419,549 reported as deferred outflows of resources related to pensions resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:

2021	\$ 876,659
2022	1,770,656
2023	1,442,340
2024	900,668
2025	35,791
Thereafter	97,977
	<u>\$ 5,124,091</u>

12. PENSION PLANS (Continued)

New York State Teacher Retirement System (Continued)

Actuarial Assumptions

The total pension liability at the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. These actuarial valuations used the following actuarial assumptions:

Inflation	2.20%										
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.										
	<table><tr><th><u>Service</u></th><th><u>Rate</u></th></tr><tr><td>5</td><td>4.72%</td></tr><tr><td>15</td><td>3.46%</td></tr><tr><td>25</td><td>2.37%</td></tr><tr><td>35</td><td>1.90%</td></tr></table>	<u>Service</u>	<u>Rate</u>	5	4.72%	15	3.46%	25	2.37%	35	1.90%
<u>Service</u>	<u>Rate</u>										
5	4.72%										
15	3.46%										
25	2.37%										
35	1.90%										
Projected COLAs	1.3% compounded annually										
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expenses, including inflation										

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

12. PENSION PLANS (Continued)

New York State Teacher Retirement System (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the valuation date of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Long Term Expected Rate of Return		
<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate or return</u>
Domestic Equity	33.0%	7.1%
International Equity	16.0%	7.7%
Global Equity	4.0%	7.4%
Real Estate Equity	11.0%	6.8%
Private Equities	8.0%	10.7%
Domestic Fixed Income	16.0%	1.8%
Global Bonds	2.0%	1.0%
High-Yield Bonds	1.0%	3.9%
Private Debt	1.0%	5.2%
Real Estate Debt	7.0%	3.6%
Cash Equivalents	1.0%	0.7%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the net pension liability (asset) of the School District calculated using the discount rate of 7.10 percent, as well as what the School District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percent lower (6.10%) or 1 percent higher (8.10 %) than the current rate:

	<u>1 % Decrease (6.10%)</u>	<u>Current Assumption (7.10%)</u>	<u>1% Increase (8.10%)</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 14,230,632	\$ 2,252,875	\$ (7,799,500)

12. PENSION PLANS (Continued)

New York State Teacher Retirement System (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as June 30, 2020, were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$123,242,776,215	\$ 100,478,603	0.081529%
Net position	(120,479,505,380)	(98,225,736)	0.081529%
Net pension liability (asset)	<u>\$ 2,763,270,835</u>	<u>\$ 2,252,875</u>	0.081529%
Fiduciary net position as a percentage of total pension liability	97.76%	97.76%	

13. OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Plan Description

The School District's defined benefit OPEB plan, provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the School District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the School District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits.

The plan is a single-employer defined benefit OPEB plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The School District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	292
Active employees	376
Total participants	<u>668</u>

Total OPEB Liability

The School District's total OPEB liability of \$230,726,299 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

13. OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount Rate	2.16%
Salary Increases	Vary by pension retirement system membership
Healthcare Cost Trend Rates:	
Medical	5.70% in 2021 decreasing to an ultimate rate of 4.04% by 2075
Part B Reimbursement	2.70% for 2021 decreasing to an ultimate rate of 4.04% by 2075

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates are based on recent mortality tables published by Society of Actuaries' Scale (Pub-2010) projected fully generationally using MP 2020.

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 230,266,120
Changes for the Year	
Service cost	9,852,811
Interest	5,257,020
Changes of benefit terms	-
Changes in assumptions or other inputs	(4,981,243)
Differences between expected and actual experience	(5,154,302)
Benefit payments	(4,514,107)
Net changes	460,179
Balance at June 30, 2021	<u>\$ 230,726,299</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (1.16%) or 1 percent higher (3.16%) than the current discount rate:

	1% Decrease (1.21%)	Current Discount (2.16%)	1% Increase (3.16%)
Total OPEB Liability	<u>\$289,790,320</u>	<u>\$230,726,299</u>	<u>\$201,839,851</u>

13. OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percent lower (4.70%) or 1 percent higher (6.70%) than the current healthcare cost trend rate:

Healthcare		
1% <u>Decrease</u>	Current <u>(5.70%)</u>	1% <u>Increase</u>
<u>\$194,690,550</u>	<u>\$230,726,299</u>	<u>\$301,629,639</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the School District recognized OPEB expense of \$25,049,300. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of assumptions	\$ 58,741,393	\$ 7,366,612
Differences between expected and actual experience	<u>2,482,114</u>	<u>4,417,973</u>
Total	<u>\$ 61,223,507</u>	<u>\$ 11,784,585</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2022	\$ 9,939,469
2023	9,939,469
2024	9,939,469
2025	10,271,682
2026	10,796,768
Thereafter	<u>(1,447,935)</u>
	<u>\$ 49,438,922</u>

14. RISK MANAGEMENT

General

The School District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

The School District does not purchase insurance for the risk of losses of unemployment and workers' compensation claims. Instead, the School District manages its risk for these losses internally and accounts for these in the School District's general fund, including provisions for unexpected and unusual claims.

Claims are recognized as expenditures when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. At June 30, 2021, management estimates there are no outstanding claims liabilities.

15. CONTINGENCIES AND COMMITMENTS

Other Contingencies

The School District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial.

16. COVID-19 PANDEMIC

As of the date of this report, the United States continues to be affected by a regional health emergency related to a virus, commonly known as novel coronavirus (COVID-19). During 2020, the NYS Governor put the economy "on pause" in an effort to combat the spread of COVID. As a result, many businesses were closed, or their operations were severely curtailed. The School District acted proactively as well in an effort to protect its employees as well as the School District population.

In response to the economic impact, the COVID pandemic, the United States government passed several stimulus bills (CARES, CRRSA, and ARPA) in an effort to provide relief to businesses, families and government that have been devastated by the closure of large segments of the economy.

The School District's remaining allocations for each of the stimulus plans are:

CARES \$1,435 of budget left to spend on for ESSER and \$184 left to spend on for GEER
CRRSA \$1,497,715
ARPA \$4,821,206

17. CHANGE IN ACCOUNTING PRINCIPLE

The District adopted GASB Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

	Governmental Activities		
	Cash and Cash Equivalents	Accrued/Other Liabilities	Net Position
Balance at June 30, 2020, as previously reported	\$ 13,779,325	\$ 472,875	\$ (118,478,619)
Restatement of beginning balance - Adoption of GASB Statement No. 84	443,410	150,633	292,777
Balance at July 1, 2020, as restated	<u>\$ 14,222,735</u>	<u>\$ 623,508</u>	<u>\$ (118,185,842)</u>

	General Fund		
	Cash and Cash Equivalents	Accrued/Other Liabilities	Due to Other Funds
Balance at June 30, 2020, as previously reported	\$ 12,381,069	\$ 470,379	\$ 944,438
Restatement of beginning balance - Adoption of GASB Statement No. 84	202,892	150,633	52,259
Balance at July 1, 2020, as restated	<u>\$ 12,583,961</u>	<u>\$ 621,012</u>	<u>\$ 996,697</u>

	Fiduciary Activity				
	Cash and Cash Equivalents	Due From Other Funds	Accrued/Other Liabilities	Due to Other Funds	Net Position
Balance at June 30, 2020, as previously reported	\$ 443,410	\$ 52,259	\$ 267,409	\$ 52,259	\$ 176,001
Restatement of beginning balance - Adoption of GASB Statement No. 84	(443,410)	(52,259)	(267,409)	(52,259)	\$ (176,001)
Balance at July 1, 2020, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Miscellaneous Special Revenue Fund		
	Cash and Cash Equivalents	Due From Other Funds	Net Position
Balance at June 30, 2020, as previously reported	\$ -	\$ -	\$ -
Restatement of beginning balance - Adoption of GASB Statement No. 84	240,518	52,259	292,777
Balance at July 1, 2020, as restated	<u>\$ 240,518</u>	<u>\$ 52,259</u>	<u>\$ 292,777</u>

REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Budgetary Actual and Encumbrances
REVENUE					
Local sources:					
Real property taxes	\$ 16,854,660	\$ 16,854,660	\$ 14,911,551	\$ -	\$ (1,943,109)
Other tax items	784,776	784,776	2,723,586	-	1,938,810
Charges for services	1,950,751	1,950,751	1,911,390	-	(39,361)
Use of money and property	60,000	60,000	11,149	-	(48,851)
Sale of property and compensation for loss	-	-	60	-	60
Miscellaneous	210,000	210,000	301,832	-	91,832
Total local sources	19,860,187	19,860,187	19,859,568	-	(619)
Medicaid	75,000	75,000	3,970	-	(71,030)
State sources	20,487,561	20,487,561	20,541,009	-	53,448
Federal sources	426,617	426,617	428,786	-	2,169
Total revenue	40,849,365	40,849,365	40,833,333	-	(16,032)

See independent auditor's report

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	19,206	19,460	12,702	1,961	4,797
Central administration	244,226	248,315	246,893	640	782
Finance	337,445	357,388	328,649	19,000	9,739
Staff	206,004	249,808	202,906	-	46,902
Central services	2,643,078	2,731,569	2,333,723	22,374	375,472
Special items	342,504	317,504	310,997	-	6,507
Total general support	3,792,463	3,924,044	3,435,870	43,975	444,199
INSTRUCTION:					
Instruction, administration, and improvement	1,229,039	1,232,967	1,102,141	4,815	126,011
Teaching - Regular school	8,490,051	8,608,903	8,141,524	65,395	401,984
Programs for children with handicapping conditions	5,724,154	5,723,053	4,521,941	33,950	1,167,162
Occupational education	1,084,514	1,084,514	933,796	-	150,718
Teaching - Special schools	38,000	28,000	17,890	-	10,110
Instructional media	990,640	1,003,381	922,420	14,124	66,837
Pupil services	2,012,102	2,037,971	1,744,813	56,647	236,511
Total instruction	19,568,500	19,718,789	17,384,525	174,931	2,159,333
Pupil transportation	1,987,628	2,081,825	1,801,641	38,087	242,097
Employee benefits	13,549,419	13,552,438	12,589,467	-	962,971
Debt service	542,199	542,199	542,199	-	-
Total expenditures	39,440,209	39,819,295	35,753,702	256,993	3,808,600
OTHER FINANCING SOURCES					
Transfers to other funds	3,599,156	3,599,156	3,590,978	-	8,178
Total expenditures and other financing sources	43,039,365	43,418,451	39,344,680	256,993	3,816,778
NET CHANGE IN FUND BALANCE	(2,190,000)	(2,569,086)	1,488,653	(256,993)	3,800,746
FUND BALANCE - beginning of year	12,819,518	12,819,518	12,819,518	-	-
FUND BALANCE - end of year	\$ 10,629,518	\$ 10,250,432	\$ 14,308,171	\$ (256,993)	\$ 3,800,746

See independent auditor's report

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)							2014	2013	2012
	2021	2020	2019	2018	2017	2016	2015			
Proportion of the net pension liability (asset)	0.0129179%	0.0125950%	0.0127418%	0.0126968%	0.0128811%	0.0127561%	0.0127719%			
Proportionate share of the net pension liability (asset)	\$ 12.9	\$ 3,335	\$ 903	\$ -	\$ 1,210.3	\$ 2,047.4	\$ 431.5			
Covered-employee payroll	\$ 4,458.6	\$ 4,312.2	\$ 4,176.0	\$ 4,049.7	\$ 4,247.7	\$ 4,067.7	\$ 4,089.2			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.29%	77.34%	21.62%	0.00%	28.49%	50.33%	10.55%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)							2014	2013	2012
	2021	2020	2019	2018	2017	2016	2015			
Proportion of the net pension liability (asset)	0.0815290%	0.0807950%	0.0809840%	0.0816050%	0.0795940%	0.0808050%	0.0809550%			
Proportionate share of the net pension liability (asset)	\$ 2,252.9	\$ (2,099)	\$ (1,464)	\$ -	\$ 852.5	\$ (8,393.0)	\$ (9,017.9)			
Covered-employee payroll	\$ 13,723.3	\$ 13,838.1	\$ 13,486.0	\$ 13,191.4	\$ 12,931.6	\$ 12,137.9	\$ 11,958.3			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.42%	-15.17%	-10.86%	0.00%	6.59%	-69.15%	-75.41%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 587.7	\$ 570.1	\$ 572.7	\$ 576.3	\$ 586.0	\$ 624.5	\$ 694.0			
Contributions in relation to the contractually required contribution	587.7	570.1	572.7	576.3	586.0	624.5	694.0			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Covered-employee payroll	\$ 4,458.6	\$ 4,312.2	\$ 4,176.0	\$ 4,049.7	\$ 4,049.7	\$ 4,247.7	\$ 4,089.2			
Contributions as a percentage of covered-employee payroll	13.18%	13.22%	13.71%	14.23%	14.47%	14.70%	16.97%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,307.8	\$ 1,226.1	\$ 1,432.2	\$ 1,292.8	\$ 1,515.6	\$ 2,127.8	\$ 1,943.2			
Contributions in relation to the contractually required contribution	1,307.8	1,226.1	1,432.2	1,292.8	1,515.6	2,127.8	1,943.2			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Covered-employee payroll	\$ 13,723.3	\$ 13,838.1	\$ 13,486.0	\$ 13,191.4	\$ 13,191.4	\$ 12,137.9	\$ 11,958.3			
Contributions as a percentage of covered-employee payroll	9.53%	8.86%	10.62%	9.80%	11.49%	17.53%	16.25%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability										
Service cost	\$ 9,852,811	\$ 6,181,195	\$ 3,389,541	\$ 3,553,376						
Interest	5,257,020	6,141,732	5,016,950	4,606,772						
Changes of benefit terms	-	-	(639,258)	-						
Differences between expected and actual experience	(5,154,302)	419,532	3,491,915	-						
Changes in assumptions	(4,981,243)	50,956,834	35,749,848	(6,526,163)						
Benefit payments	(4,514,107)	(4,422,055)	(4,492,385)	(3,684,967)						
Total change in total OPEB liability	460,179	59,277,238	42,516,611	(2,050,982)						
Total OPEB liability - beginning	230,266,120	170,988,882	128,472,271	130,523,253						
Total OPEB liability - ending	\$ 230,726,299	\$ 230,266,120	\$ 170,988,882	\$ 128,472,271						
Covered-employee payroll	\$ 17,534,771	\$ 17,549,638	\$ 16,817,606	\$ 16,891,758						
Total OPEB liability as a percentage of covered-employee payroll	1315.8%	1312.1%	1016.7%	760.6%						

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	2.16%	2.21%	3.51%	3.87%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The healthcare trend cost rates have been reset to an initial rate of 5.70% for 2020 decreasing to an ultimate rate of 4.04% by 2075 and beyond.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

OTHER INFORMATION (UNAUDITED)

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION FOR THE YEAR ENDED JUNE 30, 2021 (UNAUDITED)

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 43,039,365	
Add: Prior year's encumbrances	<u>379,086</u>	
Original budget	43,418,451	
Budget revision	<u>-</u>	
Final budget	<u>\$ 43,418,451</u>	

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget	\$ 43,140,237	
Maximum allowed (4% of 2021-2022 budget)		<u>\$ 1,725,609</u>

General Fund, Fund Balance Subject to Section 1318 of Real Property Tax Law :*

Total fund balance: \$ 14,308,171

Less:

Restricted fund balance	6,457,261	
Assigned fund balance:		
Appropriated fund balance	1,504,174	
Encumbrances included in committed and assigned fund balance	<u>256,993</u>	
Total adjustments	<u>\$ 8,218,428</u>	

General Fund, Fund Balance Subject to Section 1318 of Real Property Tax Law \$ 6,089,743

Actual percentage 14.12%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of General Fund, fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Capital project						
Equipment - Laptop Class Learning	\$ 62,500	\$ 75,600	\$ -	\$ 75,600	\$ 75,600	\$ -
Contractual - Geothermal	53,309	53,309	-	53,309	53,309	-
Contractual - Reconstruction	525,000	525,000	-	105,000	105,000	420,000
Contractual - Roofing	135,000	142,700	-	88,700	88,700	54,000
Bus purchases 2020-2021	509,022	509,022	-	502,245	502,245	6,777
			-			
	<u>\$ 1,284,831</u>	<u>\$ 1,305,631</u>	<u>\$ -</u>	<u>\$ 824,854</u>	<u>\$ 824,854</u>	<u>\$ 480,777</u>

See independent auditor's report

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED) JUNE 30, 2021

Capital assets, net		\$ 33,648,943
Deduct:		
Short-term portion of bonds payable	1,280,000	
Long-term portion of bonds payable	3,995,000	
Bond anticipation notes	1,620,669	
Less: upsent bond proceeds	<u>-</u>	
Total deductions		<u>6,895,669</u>
Net investment in capital assets		<u>\$ 26,753,274</u>

REQUIRED REPORTS UNDER UNIFORM GUIDANCE

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

October 4, 2021

To the Board of Education of
Cobleskill-Richmondville Central School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cobleskill-Richmondville Central School District (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 4, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompany schedule of findings and questioned costs as item 2021-001.

School District's Response to Finding

The School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

October 4, 2021

To the Board of Education of
Cobleskill-Richmondville Central School District:

Report on Compliance for Each Major Federal Program

We have audited Cobleskill-Richmondville Central School District's (School District) compliance with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2021. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

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(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

(Continued)

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S Department of Agriculture</u>			
National School Lunch Program (food donations)	10.555	N/A	\$ 23,516
<u>Passed through New York State Dept. of Education</u>			
Summer Food Service Program for Children	10.559	N/A	<u>568,626</u>
Total U.S. Department of Agriculture			<u>592,142</u>
<u>U.S. Department of Education</u>			
<u>Pass-Through New York State Dept. of Education</u>			
Title I grants to local educational agencies	84.010	0021-21-2765	381,659
Title I grants to local educational agencies	84.010	0021-20-2765	<u>800</u>
Total Title I grants to local educational agencies			382,459
IDEA - Part B, Section 611	84.027	* 0032-21-1187	465,546
IDEA - Part B, Section 619	84.173	* 0033-21-1187	<u>23,076</u>
Special Education Cluster (IDEA)			488,622
ESEA Title II Part A, Improving Teacher Quality grant	84.367	0147-21-2765	57,268
Student Support and Academic Enrichment Program	84.424	0204-21-2765	17,732
COVID-19 - Economic Security Act - GEER	84.425C		61,956
COVID-19 - Economic Security Act - ESSER	84.425D		<u>365,211</u>
Total COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act			427,167
Total U.S. Department of Education			<u>1,373,248</u>
Total Expenditures of Federal Awards			<u>\$ 1,965,390</u>

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Cobleskill-Richmondville Central School District (School District), under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows for the School District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are presented in conformity with accounting principles generally accepted in the United States and amounts presented are derived from the School District's general ledger.

3. PASS-THROUGH PROGRAMS

Where the School District receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Assistance Listings number advertised by the pass-through grantor.

Identifying numbers, other than the Assistance Listing numbers, which may be assigned by pass-through grantors are not maintained in the School District's financial management system. The School District has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

The School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

Matching costs, i.e. the School District's share of certain program costs, are not included in the reported expenditures.

6. NON-MONETARY FEDERAL PROGRAM

The School District is the recipient of a federal financial award program that does not result in cash receipts or disbursements termed a non-monetary program. During the year ended June 30, 2021, the School District received food commodities, the fair value of which amounted to \$23,516, and is presented in the Schedule as National Food Lunch Program (Division of Donated Foods, Assistance Listing #10.555) and was considered in the School District's single audit.

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of independent auditor's report issued on whether the financial statements were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ None reported

Noncompliance material to financial statements noted? ☒ yes ☐ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ None reported

Type of independent auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? ☐ yes ☒ no

Identification of major programs:

CFDA Number(s)

84.425C

84.425D

Name of Federal Program or Cluster

Education Stabilization Fund Under the Coronavirus Aid, Relief, Economic Security Act - GEER

Education Stabilization Fund Under the Coronavirus Aid, Relief, Economic Security Act - ESSER

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) FOR THE YEAR ENDED JUNE 30, 2021

Section II - Financial Statement Findings

Finding #2021-001 – Stewardship and Compliance

Criteria

The School District's unreserved, unrestricted fund balance was outside the New York State Real Property Tax Law 1318 limit, which restricts it to an amount not greater than 4% of the School District's budget for the upcoming year.

Condition

General fund unrestricted fund balance exceeded 4% of the subsequent year's budget.

Questioned Costs

None

Cause and Effect

The current year surplus resulted in School District unrestricted fund balance exceeding limitations.

Recommendation

We recommend that management take the excess fund balance into consideration when preparing next year's budget.

Management's response

District management will ensure the excess fund balance is considered when preparing next year's budget. Additionally, the School District plans to be proactive and use excess fund balance to help mitigate the large increase in net debt service payments that will be coming up over the next few years.

Section III – Federal Award Findings and Questioned Costs

No findings or questioned costs to be reported.



**COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL
DISTRICT**

Business Office

Tracy L. Fraleigh
School Business Manager

Section IV – Summary Schedule of Prior Year Audit Findings

Finding #2020-001 – Stewardship and Compliance

Condition

General fund unrestricted fund balance exceeded 4% of the subsequent year's budget.

Status

This is a repeat comment in the current year.