

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2021

	<u>Page</u>
Management's Discussion and Analysis (Unaudited)	1-13
Independent Auditor's Report	14-16
Government-wide Financial Statements	
Statement of Net Position (Deficit)	17
Statement of Activities	18
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of Total Governmental Fund Balances to Net Position (Deficit) of Governmental Activities	20
Statement of Revenue, Expenditures and Changes in Fund Balances (Deficit) - Governmental Funds	21
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances (Deficit) to the Statement of Activities	22
Notes to Financial Statements	23-47
Required Supplementary Information	
1. Schedule of General Fund Revenue and Expenditures - Budget and Actual	48-49
2. Schedule of Funding Progress - Other Postemployment Benefit Plans	50
3. Schedule of Proportionate Share of Net Pension Asset/Liability	51
4. Schedule of District Contributions - Pension Plans	52
Other Supplementary Information	
5. Schedule of Changes from Adopted Budget to Final Budget and the Real Property Tax Limit	53
6. Capital Projects Fund - Summary Statement of Project Expenditures	54
7. Schedule of Investment in Capital Assets, Net of Related Debt	55
8. Combined Balance Sheet - Other Special Revenue Funds	56
9. Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Other Special Revenue Funds	57

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS (CONTINUED)
JUNE 30, 2021

	<u>Page</u>
Federal Award Program Information	
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 <i>Government Auditing Standards</i>	58-59
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	60-61
Schedule of Expenditures of Federal Awards	62
Notes to the Schedule of Expenditures of Federal Awards	63
Schedule of Findings and Questioned Costs	64
Federal Award Findings and Questioned Costs	65-66
Extraclassroom Activity Fund	
Independent Auditor's Report	67-68
Statement of Assets and Fund Balances Resulting from Cash Transactions	69
Statements of Cash Receipts and Disbursements	70-72
Note to Financial Statements	73
Governance Letter	74-76

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION

AND ANALYSIS (UNAUDITED)

JUNE 30, 2021

This section of the South Colonie Central School District's financial report presents its discussion and analysis of financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net position computed in accordance with GASB No. 34 decreased \$34,614,774 or 17.8% and includes a prior period adjustment of \$301,693 relating to GASB 84 implementation. The decrease is primarily attributable to the net impact of the postemployment benefit adjustment;
- Governmental revenues increased from \$106.3 million to \$107.6 million or 1.2%;
- The District has received AA3 bond rating from Moodys; and
- The District continued to offer all programs, maintaining its core academic programs, while maintaining fund balances at levels allowed by state law.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial report consists of three parts: management's discussion and analysis (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 District:

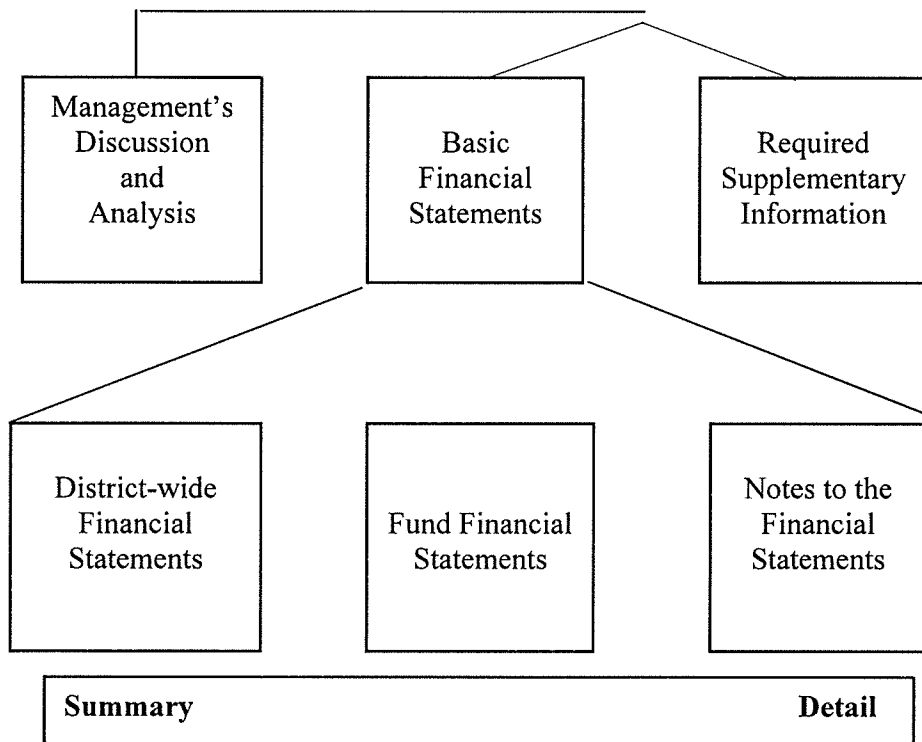
- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the entity-wide statements.
- The *governmental fund statements* tell how basic services such as instruction and support functions were financed in the *short-term* as well as what remains for future spending.

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 District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2021*

**Table A-1: Organization of South Colonie Central School District's
Comprehensive Annual Financial Report**



SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2021*

Table A-2 Summarizes the major features of the District's financial statements, including the portion of the District's activities covered and the types of information contained. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Table A-2: Major Features of the Entity-wide and Fund Financial Statements

	Entity-wide Statements	Fund Financial Statements
<u>Description</u>		<u>Governmental</u>
1. Scope	Entire district (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction
2. 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
3. Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus
4. Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
5. Type of inflow and outflow information	All revenue and expenditures during year; regardless of when cash is received or paid	Revenue for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2021*

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenue and expenditures are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

- Over time, increases and decreases in net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base 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 (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources management focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalized current outlays for capital assets;
- Report long-term liabilities including debt and compensated absences;
- Depreciate capital assets;
- Calculate revenue and expenditures using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net asset balances as follows:
 - *Net position* invested in capital assets, net of related debt;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
 - *Unrestricted net position* are net assets that do not meet any of the above restrictions.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2021*

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has one kind of fund:

- ***Governmental funds***: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that 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 fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information on the next page of the governmental fund statements explains the relationship (or differences) between them. In summary, the governmental fund statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund and capital project funds. Required statements are the Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balances.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2021*

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position computed in accordance with GASB No. 34 decreased \$34,614,774 million, or 17.8%, to \$(229.4) million in 2021 as detailed in Tables A-3 and A-4.

**Table A-3: Condensed Statement of Net Position - Governmental Activities
(in Thousands)**

	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>
Current Assets	\$ 22,418	\$ 20,557
Net Pension Assets	-	7,253
Noncurrent and Capital Assets, Net of Depreciation	<u>64,891</u>	<u>59,506</u>
Total Assets	<u>87,309</u>	<u>87,316</u>
Deferred Outflows of Resources	<u>134,534</u>	<u>144,997</u>
Current Liabilities	12,616	14,509
Long-Term Liabilities	<u>406,687</u>	<u>393,325</u>
Total Liabilities	<u>419,303</u>	<u>407,834</u>
Deferred Inflows of Resources	<u>31,934</u>	<u>19,258</u>
Net Position		
Investment in Capital Assets, Net of Related Debt	30,741	30,439
Restricted for Reserves	6,188	7,598
Unassigned (Deficit)	<u>(266,323)</u>	<u>(232,816)</u>
Total Net Position	<u>\$ (229,394)</u>	<u>\$ (194,779)</u>

CHANGES IN NET POSITION

The District's total fiscal year 2021 revenue totaled \$107.6 million as compared to \$106.3 million for 2020 (See Table A-4). Property taxes and state formula aid accounted for most of the District's revenue by contributing approximately 91% of every dollar raised for 2021 and 2020 (See Table A-5). The remainder came from fees charged for services, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$142.5 million for fiscal year 2021 as compared to \$145.9 million for fiscal year 2020. These expenditures are predominately related to general instruction (79%) and student support services and transporting students (5%) (See Table A-6). The District's administrative, business and operating activities accounted for 12% of total costs.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION

AND ANALYSIS (UNAUDITED) (CONTINUED)

JUNE 30, 2021

**Table A-4: Changes in Net Position from Operating Results
(in Thousands)**

	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>
Revenue		
Program Revenue		
Charges for Services	\$ 1,597	\$ 2,456
Operating Grants	5,995	5,470
General Revenue		
Property Taxes	74,757	72,743
State Formula Aid	23,962	24,054
Investment Earnings	69	423
Other	<u>1,175</u>	<u>1,152</u>
Total Revenue	<u>107,555</u>	<u>106,298</u>
Expenditures		
Instruction	112,502	114,634
Pupil Transportation	6,857	7,509
Administration, Business and Operations	16,578	17,120
Other, Including Depreciation	<u>6,534</u>	<u>6,690</u>
Total Expenditures	<u>142,471</u>	<u>145,953</u>
Decrease in Net Position	<u>\$ (34,916)</u>	<u>\$ (39,655)</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)*
JUNE 30, 2021

Table A-5: Sources of Revenue for Fiscal Year 2021

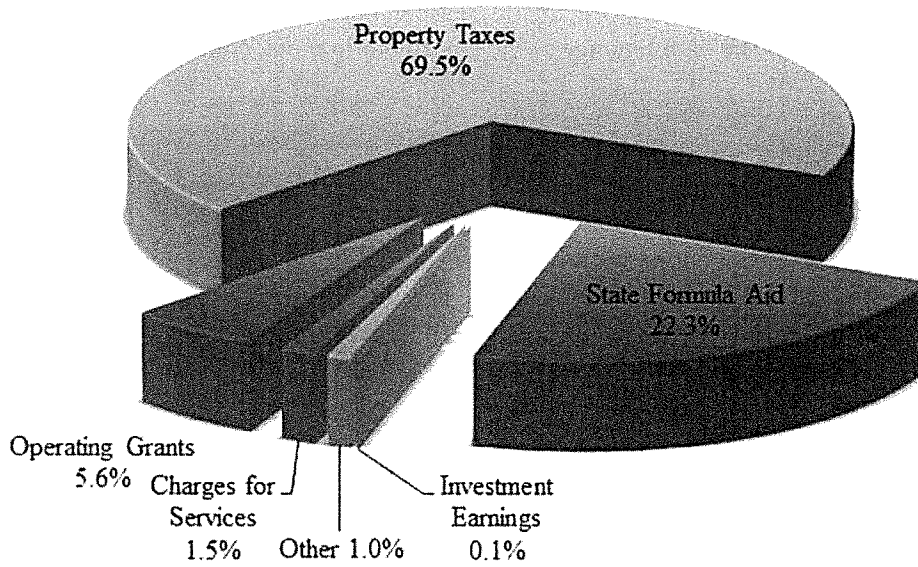
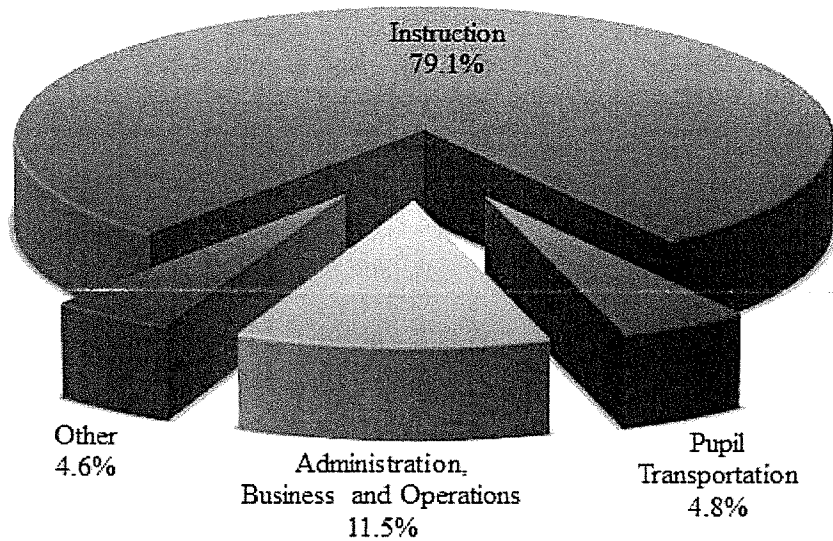


Table A-6: Expenditures for Fiscal Year 2021



SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2021*

GOVERNMENTAL ACTIVITIES

Revenue for the District's governmental activities totaled \$107.5 million while total expenditures equaled \$142.4 million in 2021. Therefore, the decrease in net position for governmental activities was \$34.9 million in 2021. The maintenance of the District's financial condition is dependent upon:

- Continued leadership of the District's board;
- Approval of the District's proposed annual budget;
- Continued state and federal aid

Table A-7 presents the cost of four major District activities: instruction, pupil transportation, administration, business and operations and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for special programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Table A-7: Net Cost of Governmental Activities
(in Thousands)**

<u>Category</u>	<u>Fiscal Year 2021</u>		<u>Fiscal Year 2020</u>	
	<u>Total Cost</u>	<u>Net Cost</u>	<u>Total Cost</u>	<u>Net Cost</u>
Instruction	\$ 112,502	\$ 106,490	\$ 114,634	\$ 108,206
Pupil Transportation	6,857	6,813	7,509	7,385
Administration, Business and Operations	16,578	16,578	17,120	17,120
Other	<u>6,534</u>	<u>4,998</u>	<u>6,690</u>	<u>5,316</u>
Total	<u>\$ 142,471</u>	<u>\$ 134,879</u>	<u>\$ 145,953</u>	<u>\$ 138,027</u>

The cost of all governmental activities in 2021 was \$142.5 (Statement of Activities-Expenditures column).

- The users of the District's programs (\$1.6 million) financed some of the cost in 2021 (Statement of Activities-Charges for Services and Sales column).
- In 2021, the federal and state governments subsidized certain programs with grants and contributions (\$6.0 million) (Statement of Activities-Operating Grants column).
- Most of the District's net costs (\$134.9 million) were financed by District taxpayers and state and federal aid in 2021 (Statement of Activities-Net (Expenditures) Revenue and Change in Net Position column).

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2021*

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

The general fund equity increased by \$691,493 and decreased by \$2,787,131 in 2021 and 2020, respectively. The school lunch fund equity increased by \$264,491 and decreased by \$377,633 in 2021 and 2020, respectively. The capital projects fund equity increased by \$975,811 and decreased by \$528,279 in 2021 and 2020, respectively.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its budget several times. These budget amendments fall into two categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances and encumbrances carried over from the prior year.
- Changes made to account for significant events.

The District had two significant amendments during fiscal year 2021. The original budget was amended to include encumbrances carried over from the prior year of \$135,763. Amendments totaling \$22,996 for miscellaneous items increased miscellaneous revenue.

No other budgetary variances are considered to be significant during fiscal year 2021.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following table reflects the total cumulative cost of various building renovations and additions, technology and equipment expenditures through the end of fiscal year 2021 and 2020:

Table A-8: Capital Assets
(in Thousands)

<u>Category</u>	<u>Fiscal Year-End</u> <u>2021</u>	<u>Fiscal Year-End</u> <u>2020</u>
Land and Land Improvements	\$ 1,992	\$ 1,992
Buildings	111,505	111,315
Machinery and Equipment	9,275	8,573
Vehicles	8,090	7,655
Construction in Progress	<u>9,227</u>	<u>3,213</u>
Total	<u>\$ 140,089</u>	<u>\$ 132,748</u>

Long-Term Debt

At fiscal year-end 2021 and 2020, the District had \$20.3 and \$17.2 million, respectively, in general obligation bonds outstanding. More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.

Table A-9: Outstanding Long-Term Debt
(in Thousands)

<u>Category</u>	<u>Fiscal Year-End</u> <u>2021</u>	<u>Fiscal Year-End</u> <u>2020</u>
General Obligation Bonds	<u>\$ 20,295</u>	<u>\$ 17,220</u>

During fiscal years ended 2021 and 2020, the District paid down its debt, retiring \$3.4 and \$2.9 million of outstanding bonds, respectively.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2021*

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the School District was aware of the following existing circumstances which may impact its financial position in the future:

Public school districts in New York State continue to operate under a school tax levy cap which limits the amount of tax revenue that can be raised each year. Tax levy increases are limited to the lesser of two percent or the rate of inflation, subject to exemptions and other adjustments. The tax levy limit impacts the District's ability to raise revenue to support school programs. The property assessment base has remained stable with modest increases. It is anticipated the outcome of current property assessment challenges will have a minimal effect on the School District's overall tax base.

District enrollment is expected to remain stable with marginal increases over the next several years. The District has experienced fluctuation in costs for health insurance and pension contributions, at times exceeding the rate of inflation. Program and student support service needs, mandates and new academic standards at the State and Federal level may require additional resources. New York State's 2021 commitment to fully fund Foundation Aid, coupled with the allocation of over \$9 million dollars in Federal Stimulus funds over the next several years will help to stabilize revenues and provide funding to meet program and operational needs. Going forward, the allocation of State and Federal support to schools remains a critical factor in maintaining the District's financial position. Collectively, these factors will affect the District's current and future operating budgets.

To respond to the changing environment, the School District continues to engage in programmatic and operational review, as it seeks opportunities for technology integration, remote learning, shared services, re-allocation of resources and greater efficiency district-wide. To promote long-term fiscal sustainability, the District continues to explore cost savings measures and engage in long-term planning for contractual wages and benefits. The School District continually strives to provide the best possible educational program for our students, moderate tax increases for the school community and protect the financial integrity of the District.

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 with the money it receives. If you have questions about this report or need additional financial information, please contact:

South Colonie Central School District
Attn: Sherri Fisher
Assistant Superintendent for
Management Services and Strategic Planning
102 Loralee Drive
Albany, New York 12205
(518) 869-3576

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2021*

Principal Officers Who Served

Board of Education

Ms. Rose Gigliello, President
Mr. Brian Casey, Vice President
Mr. Edward Sim
Mr. David Kiehle
Ms. Stephanie Cogan
Mr. Neil Johanning
Ms. Colleen Gizzi
Mr. Michael Keane
Mr. James (Tim) Ryan

Superintendent

Dr. David Perry

Assistant Superintendent for Management
Services and Strategic Planning

Ms. Sherri Fisher

Assistant Superintendent for Instruction

Mr. Timothy Backus

Assistant Superintendent for Human Resources,
Safe Schools and IT

Mr. Christopher Robilotti

District Treasurer/Business Office Manager

Ms. Anjelieeque Martinez

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACK.CPA
WWW.CUSACK.CPA

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
South Colonie Central School District
Albany, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of South Colonie Central School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 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 opinion.

Emphasis of Matter

As discussed in Note 1, the District adopted the Governmental Accounting Standards Board's statement No. 84, *Fiduciary Activities*, as of and for the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South Colonie 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.

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, the schedules of funding progress - other postemployment benefit plans, proportionate share of net pension asset/liability and district contributions - pension plans on pages 1-13 and 48-52 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information on pages 53-57 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 62 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The supplementary information on pages 53-57 and the schedule of expenditures of federal awards on page 62 are the responsibility of management and were derived from and relate 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 supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021, on our consideration of the 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 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 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 23, 2021

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets:

Unrestricted Cash	\$ 11,148,989
Restricted Cash	6,187,923
State and Federal Aid Receivable	4,384,294
Due from Other Governments	16,182
Other Receivables - Net	573,342
Inventories	<u>107,235</u>
Total Current Assets	<u>22,417,965</u>

Noncurrent Assets:

Depreciable Capital Assets - Net	43,787,028
Non-depreciable Capital Assets	11,219,494
Due from Health Insurance Consortium	<u>9,884,855</u>
Total Noncurrent Assets	<u>64,891,377</u>

Total Assets 87,309,342

Deferred Outflows of Resources:

Related to Pensions	34,241,987
Related to OPEB	<u>100,291,670</u>
Total Deferred Outflows of Resources	<u>134,533,657</u>

Total Assets and Deferred Outflows of Resources \$ 221,842,999

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)

Current Liabilities:

Accounts Payable	\$ 870,111
Bond Anticipation Notes	2,406,060
Current Portion of Bonds Payable	1,950,000
Accrued Interest Payable	452,896
Due to Other Governments	133,404
Due to Retirement Systems	5,378,997
Accrued Expenses	863,520
Agency Payroll Liabilities	391,518
Unearned Revenue	<u>169,081</u>
Total Current Liabilities	<u>12,615,587</u>

Noncurrent Liabilities:

Bonds Payable	18,345,000
Postemployment Benefits	378,574,517
Proportionate Share of Net Pension Liability	7,873,062
Compensated Absences	1,894,606
Unamortized Bond Premium	<u>1,564,633</u>
Total Noncurrent Liabilities	<u>408,251,818</u>

Total Liabilities 420,867,405

Deferred Inflows of Resources:

Related to Pensions	13,903,148
Related to OPEB	<u>16,466,030</u>
Total Deferred Inflows of Resources	<u>30,369,178</u>

Net Position (Deficit):

Invested in Capital Assets, Net of Related Debt	30,740,829
Restricted for Reserves	6,187,924
Unassigned Deficit	<u>(266,322,337)</u>
Total Net Position (Deficit)	<u>(229,393,584)</u>

Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit) \$ 221,842,999

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Expenditures</u>	<u>Program Revenue</u>		<u>Net (Expenditures) Revenue and Change in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants</u>	
<u>Functions/Programs</u>				
General Support	\$ 16,578,628	\$ -	\$ -	\$ (16,578,628)
Instruction	112,502,390	1,591,349	4,420,913	(106,490,128)
Pupil Transportation	6,856,736	-	43,667	(6,813,069)
Community Services	54,299	-	-	(54,299)
Debt Service - Interest	790,858	-	-	(790,858)
Cost of Cafeteria Sales	1,521,595	5,347	1,530,739	14,491
Depreciation - Unallocated	<u>4,166,602</u>	<u>-</u>	<u>-</u>	<u>(4,166,602)</u>
Total Functions and Programs	<u>\$ 142,471,108</u>	<u>\$ 1,596,696</u>	<u>\$ 5,995,319</u>	<u>(134,879,093)</u>
General Revenue				
Real Property Taxes				74,757,409
Use of Money and Property				68,964
Sale of Property and Compensation for Loss				3,361
Miscellaneous				929,408
State Aid				23,961,446
Federal Aid				<u>242,038</u>
Total General Revenue				<u>99,962,626</u>
Change in Net Position				(34,916,467)
Net Position (Deficit) - July 1, 2020				(194,778,810)
Prior Period Adjustment Relating to Change in Accounting Principle				<u>301,693</u>
Net Position (Deficit) - June 30, 2021				<u>\$ (229,393,584)</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Other Special Revenue</u>	<u>Total Governmental Funds</u>
Assets						
Unrestricted Cash	\$ 10,050,303	\$ 199,724	\$ 458,753	\$ 131,273	\$ 308,936	\$ 11,148,989
Restricted Cash	6,187,923	-	-	-	-	6,187,923
State and Federal Aid Receivable	1,692,873	2,372,699	318,722	-	-	4,384,294
Due From Other Governments	16,182	-	-	-	-	16,182
Other Receivables, Net	571,222	2,120	-	-	-	573,342
Due From Other Funds	2,440,758	-	-	-	-	2,440,758
Inventories	-	-	107,235	-	-	107,235
Total Assets	<u>\$ 20,959,261</u>	<u>\$ 2,574,543</u>	<u>\$ 884,710</u>	<u>\$ 131,273</u>	<u>\$ 308,936</u>	<u>\$ 24,858,723</u>
Liabilities						
Accounts Payable	\$ 778,663	\$ 8,040	\$ 9,443	\$ 73,965	\$ -	\$ 870,111
Bond Anticipation Notes	-	-	-	2,406,060	-	2,406,060
Due to Other Funds	-	2,440,758	-	-	-	2,440,758
Due to Other Governments	116,237	17,162	5	-	-	133,404
Due to Retirement Systems	5,378,997	-	-	-	-	5,378,997
Accrued Expenses	838,798	7,406	17,316	-	-	863,520
Agency Payroll Liabilities	391,518	-	-	-	-	391,518
Unearned Revenue	11,920	101,177	55,984	-	-	169,081
Total Liabilities	<u>7,516,133</u>	<u>2,574,543</u>	<u>82,748</u>	<u>2,480,025</u>	<u>-</u>	<u>12,653,449</u>
Fund Balance (Deficit)						
Nonspendable:						
Inventories	-	-	107,235	-	-	107,235
Restricted:						
Workers Compensation Reserve	380,333	-	-	-	-	380,333
Unemployment Insurance Reserve	46,923	-	-	-	-	46,923
Reserve for Retirement Contributions	2,586,990	-	-	-	-	2,586,990
Insurance Reserve	47,641	-	-	-	-	47,641
Reserve for Tax Certiorari	650,000	-	-	-	-	650,000
Reserve for Employee Benefit Accrued Liability	818,919	-	-	-	-	818,919
Capital Reserve	1,503,818	-	-	-	-	1,503,818
Other Restricted Fund Balance	153,300	-	-	-	-	153,300
Total Restricted Fund Balance	<u>6,187,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,187,924</u>
Assigned:						
General Support	9,871	-	-	-	-	9,871
Instruction	65,097	-	-	-	-	65,097
Designated for Subsequent Year's Expenditures	3,038,536	-	-	-	308,936	3,347,472
Total Assigned Fund Balance	<u>3,113,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,936</u>	<u>3,422,440</u>
Unassigned (Deficit)	<u>4,141,700</u>	<u>-</u>	<u>694,727</u>	<u>(2,348,752)</u>	<u>-</u>	<u>2,487,675</u>
Total Fund Balance (Deficit)	<u>13,443,128</u>	<u>-</u>	<u>801,962</u>	<u>(2,348,752)</u>	<u>308,936</u>	<u>12,205,274</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 20,959,261</u>	<u>\$ 2,574,543</u>	<u>\$ 884,710</u>	<u>\$ 131,273</u>	<u>\$ 308,936</u>	<u>\$ 24,858,723</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

TOTAL BALANCES FOR GOVERNMENTAL FUNDS	\$ 12,205,274
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets that were acquired or disposed of in current and prior periods are recognized as governmental fund economic resources net of accumulated depreciation.	55,006,522
Bonds payable are long term liabilities and are not reported in the governmental funds statements.	(20,295,000)
Compensated absences are long-term liabilities and are not reported in the governmental funds statement.	(1,894,606)
Interest payable at June 30, 2021 is recognized in the district-wide statements under full accrual accounting. No accrual is recorded in the governmental fund statements for interest that was not paid from current financial resources.	(452,896)
Postemployment benefit liability and deferred inflows/outflows of resources related to postemployment benefits are not recorded in the governmental funds, but are reflected in the statement of net position.	(294,748,877)
Net pension assets/liabilities and deferred inflows/outflows of resources related to pensions are not recorded in the governmental funds, but are reflected in the statement of net position.	12,465,777
Long-term receivable due from health insurance consortium.	9,884,855
Bond premium is reported in the governmental funds as revenue in the year received but is reported as a liability in the district-wide statements to be amortized over life of bond.	<u>(1,564,633)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (229,393,584)</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Other Special Revenue</u>	<u>Total Governmental Funds</u>
Revenue						
Real Property Taxes	\$ 67,699,881	\$ -	\$ -	\$ -	\$ -	\$ 67,699,881
Other Real Property Tax Items	7,057,528	-	-	-	-	7,057,528
Charges for Services	1,591,349	-	-	-	-	1,591,349
Use of Money and Property	68,953	-	-	-	11	68,964
Sale of Property and Compensation for Loss	3,361	-	-	-	-	3,361
Miscellaneous	555,344	113,015	544	-	89,346	758,249
State Aid	23,961,446	1,017,107	50,596	-	-	25,029,149
Federal Aid	801,970	2,774,527	1,480,143	-	-	5,056,640
Sales	-	-	4,803	-	-	4,803
Total Revenue	<u>101,739,832</u>	<u>3,904,649</u>	<u>1,536,086</u>	<u>-</u>	<u>89,357</u>	<u>107,269,924</u>
Other Sources						
Interfund Transfers	290,356	312,768	250,000	400,000	-	1,253,124
Total Revenue and Other Sources	<u>102,030,188</u>	<u>4,217,417</u>	<u>1,786,086</u>	<u>400,000</u>	<u>89,357</u>	<u>108,523,048</u>
Expenditures						
General Support	8,786,787	-	-	-	82,114	8,868,901
Instruction	56,791,704	3,711,824	668,279	-	-	61,171,807
Pupil Transportation	3,624,412	43,667	-	-	-	3,668,079
Community Services	29,048	-	-	-	-	29,048
Employee Benefits	26,202,751	461,926	288,224	-	-	26,952,901
Debt Service	4,941,225	-	-	-	-	4,941,225
Cost of Cafeteria Sales	-	-	460,046	-	-	460,046
Capital Outlay	-	-	-	6,631,091	-	6,631,091
Other Expenses	-	-	105,046	-	-	105,046
Total Expenditures	<u>100,375,927</u>	<u>4,217,417</u>	<u>1,521,595</u>	<u>6,631,091</u>	<u>82,114</u>	<u>112,828,144</u>
Other Uses						
Interfund Transfers	962,768	-	-	290,356	-	1,253,124
Total Expenditures and Other Uses	<u>101,338,695</u>	<u>4,217,417</u>	<u>1,521,595</u>	<u>6,921,447</u>	<u>82,114</u>	<u>114,081,268</u>
Excess (Deficiency) of Revenue over Expenditures	<u>691,493</u>	<u>-</u>	<u>264,491</u>	<u>(6,521,447)</u>	<u>7,243</u>	<u>(5,558,220)</u>
Other Financing Sources (Uses)						
Premium on BANs	-	-	-	50,170	-	50,170
BAN Redeemed From	-	-	-	-	-	-
Appropriations	-	-	-	687,127	-	687,127
Premium on Serial Bonds	-	-	-	259,961	-	259,961
Proceeds from Serial Bonds	-	-	-	6,500,000	-	6,500,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,497,258</u>	<u>-</u>	<u>7,497,258</u>
Net Change in Fund Balance (Deficit)	691,493	-	264,491	975,811	7,243	1,939,038
Fund Balance (Deficit), Beginning of Year	12,751,635	-	537,471	(3,324,563)	-	10,266,236
Prior Period Adjustment Relating To Change to Accounting Principle	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,693</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 13,443,128</u>	<u>\$ -</u>	<u>\$ 801,962</u>	<u>\$ (2,348,752)</u>	<u>\$ 308,936</u>	<u>\$ 12,205,274</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021*

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,939,038
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as additions to capital assets under the full accrual basis of accounting.	7,412,429
Depreciation expense is recorded under the full accrual basis of accounting.	(4,166,602)
Loss on asset disposition is recorded under the full accrual basis of accounting.	(1,697)
Interest (expense) benefit is reported in the governmental funds as the amount paid during the year. Adjustments are made to record the accrued interest expense under the full accrual basis of accounting.	38,239
The net compensated absences change in balance is reported as an (increase)/reduction of liability when incurred/paid under full accrual accounting.	(184,545)
The current year's various debt principal payments are recognized as a reduction of liability when paid and are not reported as expenditures in the district-wide statements.	3,425,000
Certain postemployment benefits are recognized as an expense in the statement of activities under full accrual accounting.	(33,779,152)
Certain changes to pension expense are not reflected in the governmental funds, but are reflected in the statement of activities.	(5,217,433)
Increase in long-term receivable due from consortium.	2,141,972
Amortization of bond premium is recorded as an offset to expense under the full accrual basis of accounting.	236,245
Proceeds from serial bonds are reported as an increase in liabilities when received under full accrual accounting.	(6,500,000)
Bond premium reflected as revenue in governmental funds, but deferred and amortized over the life of the bond in the statement of activities.	<u>(259,961)</u>
Change in Net Position (Deficit) of Governmental Activities	<u>\$ (34,916,467)</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the South Colonie Central School District (“the School District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below.

A. Reporting Entity

The 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 consisting of 9 members. The President of the Board serves as the 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 financial statements include all funds of the School District as well as the component units and other organizational entities determined to be includible in the School District’s financial reporting entity.

The decision to include a potential component unit in the School District’s reporting entity is based on criteria set forth in GASB Statement 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of the activity included in the School District’s reporting entity:

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the South Colonie Central 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. The cash and investment balances are reported in the Agency Funds of the School District. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at pages 67-73 of this document.

B. Joint Ventures

The School District is a component district in Capital Region BOCES. BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its 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 General Municipal Law.

A BOCES’ budget is comprised of separate budgets for administrative, program and capital costs. Each component district’s share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7).

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Ventures (Continued)

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law.

During the year ended June 30, 2021, the School District was billed approximately \$3,914,110 related to Capital Region BOCES administrative and program costs. The financial statements for the Capital Region BOCES are available from the BOCES administrative offices at 900 Watervliet-Shaker Road, Albany, New York 12205. The School District's share of BOCES income amounted to approximately \$1,203,516.

The School District is also a member in The Capital Area Schools Health Insurance Consortium (the "Consortium"). The Consortium is considered a public entity risk pool, which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under §510(c)(9) of the Internal Revenue Code. The Consortium includes New York public school districts located in Albany, Schenectady, Schoharie and Washington Counties. The Consortium was formed May 1, 1994 to allow member schools to obtain health insurance and prescription drug benefits at a lower cost through a pooled purchasing arrangement.

The Consortium procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits. The Consortium is not liable for any medical or dental claims. However, the Consortium also maintains a self-insured prescription drug plan for which the individual Consortium members are liable for any claims in excess of the balances maintained by the trust. As of June 30, 2021 the School District's prescription drug plan account balance maintained by the Consortium is \$5,028,117. In addition, the Consortium also maintains an account balance for the School District of \$4,856,438, held to fund health premium payments that may be required under the retrospective funding arrangement in place for one of the insured health insurance contracts.

C. Basis of Presentation

The School District's financial statements are presented on a government-wide and governmental fund basis in accordance with GASB Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. As a result, these financial statements include a management discussion and analysis of the School District's overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the School District's activities.

Government-wide Financial Statements

The government-wide financial statements present aggregated information for the overall government, excluding activities reported in fiduciary funds, on a full accrual, economic resource basis. This government-wide focus is more on the sustainability of the School District as an entity and the change in the School District's net assets resulting from the current year's activities. Internal fund transactions, including, but not limited to, operating transfers, receivables and payables have been eliminated. Government-wide financial statements include a statement of net position and a statement of activities.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

The statement of net position recognizes all current and non-current assets including capital assets as well as long-term debt and obligations. The School District's net position is reported in three parts: invested in capital assets, net of related debt and accumulated depreciation; restricted net assets due to legal limitations imposed on their use by legislation or external restrictions by other position; and unrestricted net position.

The statement of activities presents a comparison between direct expenses (including depreciation) and related program revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services are allocated among the programs and functions using appropriate allocation methods such as payroll costs and square footage. Program revenue includes charges paid by the recipient for the 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. The School District's primary program revenue is operating grants. Revenue which is not classified as program revenue is presented as general revenue and consist primarily of property taxes, investment earnings, and state and federal aid.

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the School District's funds. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The focus of governmental fund financial statements is on major funds rather than reporting funds by type with each major fund presented in a separate column. The following funds are used by the School District.

- a. General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.
- b. Special Aid and School Lunch - is used to account for the proceeds of specific revenue sources such as federal and state grants, that are legally restricted to expenditures for specified purposes, school lunch operations, and other activities whose funds are restricted as to use, other than expendable trusts or major capital projects. These legal restrictions may be imposed by either governments that provide the funds or outside parties.
- c. Capital Project Funds - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities for the funds each capital project is assessed to determine whether it is a major or non-major fund.
- d. Other Special Revenue - These funds are used to account for trust endowment activity for scholarship and awards and extraclassroom activity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus

Government-wide and Fiduciary Fund Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenditures are recorded at the time the liabilities are incurred regardless of when the related cash flows take place. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property and utility taxes, grants and donations. On an accrual basis, revenue from nonexchange transactions are recognized in the fiscal year for which the taxes are levied or the underlying transaction takes place. Revenue from grants and donations are recognized in the fiscal year in which the eligibility requirements have been satisfied. This approach differs from the manner in which governmental fund financial statements are prepared. The governmental fund financial statements are reconciled to the government-wide financial statements in separate financial statements.

The basis of accounting determines when revenue and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Measurement focus is the determination of what is measured. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and interfund balances are included in the fund types on the balance sheet. Operating statements of these fund types present increases (*i.e.*, revenue and other financing sources) and decreases (*i.e.*, expenditures and other financing uses) in fund equity.

Governmental Fund Financial Statements

Modified Accrual Basis - accounting principles generally accepted in the United States of America and the New York State Uniform System of Accounts for School Districts require that the School District use the modified accrual basis of accounting for recording transactions in its governmental fund types and expendable trust and agency funds as applicable. Under this basis of accounting, revenue is recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition for governmental fund revenue. Material revenue that is susceptible to accrual include charges for services, intergovernmental revenue and operating transfers. If expenditures are the prime factor for determining eligibility, revenue from federal and state grants are accrued when the expenditure is made. Expenditures are recorded when the fund liability is incurred except that:

- a. Expenditures for prepaid items are recognized at the time of disbursement when the School District is liable for payment.
- b. Principal and interest on long-term debt is recognized as an expenditure when due.
- c. Interest on short-term debt is recognized as an expenditure when due.
- d. Pension costs are recognized as an expenditure when billed by the State.
- e. Compensated absences for vacation leave and other compensated absences with similar characteristics should be accrued as a liability when expected to be paid in the following year.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

- f. Certiorari claims paid and real estate tax reductions are recognized as expenditures upon receipt of court orders.

Accounts Receivable

Accounts receivable are shown as gross with uncollectible amounts recognized using the direct write-off method. No allowance for uncollectible accounts has been provided since it is estimated 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. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

Capital Assets and Depreciation

Capital assets are reported at actual or estimated historical cost based on appraisal or deflated current replacement cost. Contributed assets are reported at estimated fair market values at the time received.

Capital assets with a minimum depreciable base of \$500 are depreciated in the government-wide financial statements using the straight-line method, and capital assets below this threshold being expensed in the year acquired. Estimated useful lives of the various classes of depreciable assets are as follows: buildings - 15 to 30 years, building improvements - 10 to 30 years, land improvements - 15 to 20 years, machinery and equipment - 10 to 20 years, vehicles and trucks - 5 to 10 years, and equipment and furniture - 5 to 15 years.

Short-Term Debt

The School District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of 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 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 district-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.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Unearned Revenue and Deferred Outflows and Inflows of Resources

The School District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the School District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

In addition to assets, the Statement of Net Position reports 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 (expense/expenditure) until then. There are generally three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item relates to both pensions and OPEB items reported in the district-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 differences during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Lastly is the School District's contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position reports 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to premium on installment purchase debt, the School District has two other items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue. The second item relates to both pensions and OPEB items reported in the district-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension liability and differences during the measurement periods between the School District's contributions and its proportionate share of total contributions to the pension system not included in pension expense.

Postemployment Benefits

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. 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 cost of providing postemployment benefits by the School District is in the same proportion of current employees as stated in the various contracts. The School District recognizes the cost of providing health insurance by recording insurance premiums (for retirees and their dependents) as an expenditure in the year paid. (See Note 7 for additional information on GASB 75).

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Fund Balance-Reservations and Designations

The School District has implemented GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

1. Assigned Fund Balance Policy

The School District's Assigned Fund Balance is a fund balance reporting occurring by School Board Administration authority, under the direction of the Business Manager.

The Administration's accounting software utilizes encumbrance-based accounting. As of June 30, 2021 there was a cumulative \$74,968 in non-restricted encumbrances included in the general assigned fund balance. Additionally, \$3,038,536 has been appropriated for the ensuing years budget.

2. Order of Fund Balance Spending Policy

The School District's policy is to apply expenditures against nonspendable 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, nonspendable 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. Categories

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District Board and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements such as the award of a bid by the School District Board.

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. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the School District or designated by the School District Board for the ensuing year's budget.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Fund Balance-Reservations and Designations (Continued)

4. *Unassigned Fund Balance*

NYS Real Property Tax Law §1318 restricts the unreserved, unassigned fund balance of the General Fund to an amount not greater than 4% of the School District's budget for the ensuing fiscal year.

5. *Restricted Fund Balance*

Fund balance restrictions are created to satisfy legal restrictions or plan for future expenditures. The following restricted funds are available to school districts within the State of New York. These restricted funds are established through Board action or voter approval and a separate identity must be maintained for each restriction. Earnings on the invested resources become part of the respective restricted funds; however, separate bank accounts are not necessary for each restricted fund. The following is a description of the restrictions utilized by the School District.

Reserve for Retirement Contributions

Authorized by General Municipal Law §6-r, the Retirement Contribution Reserve is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. An additional teacher's retirement reserve has also been established. This reserve is accounted for in the General Fund.

Reserved for 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 judgements and claims arising out of tax certiorari proceedings. 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.

Reserve for Employee Benefit Accrued Liability

Reserve for Employee Benefit Accrued Liability (General Municipal Law §6-p) is used to reserve funds for the payment of accrued employee benefits 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 services and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Masurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Fund Balance-Reservations and Designations (Continued)

5. *Restricted Fund Balance (Continued)*

Reserve for Insurance Claims

The School District is insured through a self insurance plan for workers' compensation and administrators disability (General Municipal Law §6-j). Additionally, the School District has provided for a reserve for unemployment insurance 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 reserves are funded annually through budgetary provisions in the General Fund and, in the opinion of management, are adequate to fund the eventual loss on claims arising prior to year end.

E. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education and approved by the voters within the School District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. 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. Supplemental appropriations of \$22,996 occurred during the year (Schedule #5).

2. Budget Basis of Accounting

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

F. Premium on Installment Purchase Debt

The School District was issued \$21,595,000 of installment purchase debt at an original issue premium of \$1,849,961. The premium is amortized over the life of the debt using the effective interest method.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. New Accounting Standard

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. This statement 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.

The 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.

As a result of implementing Statement No. 84, beginning fund balance and net assets were increased by \$301,693 to recognize the Extraclassroom Activity Fund and Trust Endowment Fund as other special revenue funds, which had previously been reported as fiduciary funds.

2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 for collection during the period from September 1 through October 31.

Enforcement

Uncollected real property taxes are subsequently enforced by the counties of Albany and Schenectady, in which the School District is located. An amount representing uncollected real property taxes transmitted to each county for enforcement is paid to the School District no later than the forthcoming April 1.

Interfund Transfers

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 District-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 interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

Deficit Fund Balances

The Capital Projects Fund includes a \$2,348,752 deficit. The deficit is anticipated to be eliminated in future (general fund) budgets and/or long-term borrowings.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

Future Changes in Accounting Standards

GASB has issued GASB Statement No. 87, *Leases*, effective for the year ending June 30, 2022.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

The School District will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported could differ from the estimates.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through September 23, 2021, the date the financial statements were available to be issued. There were no matters to disclose.

3. CASH AND INVESTMENTS

1. Cash

The School District's aggregate bank balances are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the School District's agent in the School District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the School District's name, or (3) uncollateralized. Total bank balances at June 30, 2021 were \$25,114,444. The bank balance is fully insured by the FDIC or FSLIC, or collateralized by securities held by a third party in the School District's name.

2. Investment and Deposit Policy

The School District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Assistant Superintendent for Finance and Operations.

3. CASH AND INVESTMENTS (CONTINUED)

3. Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The School District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

4. Credit Risk

The School District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The School District's investment and deposit policy authorizes the School District to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

5. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the School District's investment and deposit policy, all deposits of the School District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The School District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical ratings organizations.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

4. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund receivables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. Transactions are recorded in the accounting system and payments between funds are made.

Interfund balances at June 30, 2021 and for the year then ended are as follows:

	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 290,356	\$ 962,768	\$ 2,440,758	\$ -
Special Aid Fund	312,768	-	-	2,440,758
School Lunch	250,000	-	-	-
Capital Projects	400,000	290,356	-	-
Total	<u>\$ 1,253,124</u>	<u>\$ 1,253,124</u>	<u>\$ 2,440,758</u>	<u>\$ 2,440,758</u>

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 1,992,456	\$ -	\$ -	\$ 1,992,456
Buildings	111,314,639	190,171	-	111,504,810
Machinery and Equipment	8,572,586	713,715	(10,909)	9,275,392
Vehicles	7,655,577	494,229	(59,810)	8,089,996
Construction in Progress	<u>3,212,724</u>	<u>6,198,837</u>	<u>(184,523)</u>	<u>9,227,038</u>
	<u>132,747,982</u>	<u>7,596,952</u>	<u>(255,242)</u>	<u>140,089,692</u>
Less Accumulated Depreciation:				
Buildings	70,439,426	2,901,878	-	73,341,304
Machinery and Equipment	6,369,286	608,394	(9,212)	6,968,468
Vehicles	<u>4,176,878</u>	<u>656,330</u>	<u>(59,810)</u>	<u>4,773,398</u>
	<u>80,985,590</u>	<u>\$ 4,166,602</u>	<u>\$ (69,022)</u>	<u>85,083,170</u>
Net Capital Assets	<u>\$ 51,762,392</u>			<u>\$ 55,006,522</u>

GASB Statement No. 34 requires the School District to record capital assets in the financial statements, and to reflect depreciation on its capital assets. The School District's capitalization policy increases the capitalization threshold to \$500 for financial reporting purposes. Capital assets below this threshold are now recorded as an expense in the year acquired. Any construction in progress completed during the year has been reclassified to the appropriate capital asset category and reflected as a transfer.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM

Teachers' Retirement System

Plan Description

As an employer, the School District makes contributions to the New York State Teachers' Retirement System (the "System"), a cost-sharing, multiple-employer defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides retirement, disability and death 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. The System 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 the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395, or by referring to the System's website at www.nystrs.org.

Funding Policy

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate applicable to member salaries and adopted annually by the Retirement Board. The actuarially determined contribution rate applicable to 2020-21 member salaries was 9.53%. Tier 3 and 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The School District is required to contribute at an actuarially determined rate. The approximate required contributions and contribution percentage rates for the current year and two preceding years were as follows:

	<u>Contribution</u>	<u>Rate</u>
2021	\$ 4,267,000	9.53%
2020	\$ 4,982,000	8.86%
2019	\$ 4,500,000	10.62%

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Employees' Retirement System

Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS), which is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds.

The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Employees' Retirement Systems, 110 State Street, Albany, NY 12244, or by referring to www.state.ny.us/retire/publications/index.php.

Funding Policy

The System is noncontributory except for the employees who joined the System after July 27, 1976 who contribute 3% of their salary, for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally must contribute 3% 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.

The School District is required to contribute at an actuarially determined rate. The required contributions and contribution percentage rates for the current year and two preceding years were as follows:

	<u>Contribution</u>	<u>Average Rate</u>
2021	\$ 1,720,896	14.60%
2020	\$ 1,721,720	14.70%
2019	\$ 1,730,314	14.90%

The School District's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

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

At June 30, 2021, the School District reported a liability of \$7,840,863 (TRS) for its proportionate share of the net pension liability. At June 30, 2021, the District reported a liability of \$32,199 (ERS) for its proportionate share of the net pension liability. The net pension asset/liability (ERS) was measured as of March 31, 2021 and (TRS) June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The School District's proportion of the net pension asset/liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2021, the School District's proportion was .28% for TRS and .03% for ERS.

For the year ended June 30, 2021, the School District recognized pension expense of \$10,486,945 for TRS and \$1,099,668 for ERS.

At June 30, 2021, the School District reported deferred outflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 6,870,165	\$ 393,239	\$ 7,263,404
Changes of Assumptions	9,916,866	5,920,383	15,837,249
Net differences between protected and actual earnings on pension plan investments	5,120,771	-	5,120,771
Changes in proportion and differences between employer contributions and proportionate share of contributions	108,020	831,233	939,253
District's contributions subsequent to the measurement date	<u>4,604,970</u>	<u>476,340</u>	<u>5,081,310</u>
	<u>\$ 26,620,792</u>	<u>\$ 7,621,195</u>	<u>\$ 34,241,987</u>

At June 30, 2021, the School District reported deferred inflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 401,829	\$ -	\$ 401,829
Changes of Assumptions	3,534,845	111,660	3,646,505
Net differences between projected and actual earnings on pension plan investments	-	9,249,489	9,249,489
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>508,645</u>	<u>96,680</u>	<u>605,325</u>
	<u>\$ 4,445,319</u>	<u>\$ 9,457,829</u>	<u>\$ 13,903,148</u>

The net amount of the employer's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30, 2022	\$ 8,066,141
June 30, 2023	5,845,796
June 30, 2024	4,995,323
June 30, 2025	2,710,915
June 30, 2026	(1,602,862)
Thereafter	<u>323,526</u>
	<u>\$ 20,338,839</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	<u>TRS</u>	<u>ERS</u>
Covered Payroll	<u>\$ 47,680,653</u>	<u>\$ 14,060,689</u>

TRS Actuarial Assumptions

The total pension liability for the June 30, 2021 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. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.2%
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<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 expense, including inflation

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active members mortality rates are based on plan member experience.

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 returns (expected return, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

ERS Actuarial Assumptions

The total pension liability at June 30, 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.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

ERS Actuarial Assumptions (Continued)

Significant actuarial assumptions used in the valuation were a follows:

Inflation rate	2.7%
Salary increase	4.4%
Projected COLA	1.4%
Investment rate of return	5.9%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

Rates of Return

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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for TRS and ERS are as follows:

<u>Asset Class</u>	<u>TRS</u>	<u>ERS</u>
Domestic equity	7.1%	4.05%
International equity	7.7%	6.3%
Global equities	7.4%	- %
Real estate	6.8%	4.95%
Private equities	10.4%	6.75%
Domestic fixed income securities	1.8%	- %
Global fixed income securities	1.0%	- %
High-yield fixed income securities	3.9%	- %
Private debt	5.2%	- %
Bonds and mortgages	3.6%	- %
Short-term	.7%	- %
Absolute return	- %	3.25%
Opportunistic portfolio	- %	4.5%
Real assets	- %	5.95%
Cash	- %	.5%
Credit	- %	3.63%

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

6. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.1% for TRS and 5.9% ERS. 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 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 Asset/Liability to the Discount Rate Assumption

The following presents the School District's proportionate share of the net pension asset/liability calculated using the discount rate of 7.1% (TRS) and 5.9% (ERS), as well as what the School District's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
<u>TRS</u>			
Employer's proportionate Share of the net pension asset (liabilities)	\$ <u>(49,528,027)</u>	\$ <u>(7,840,863)</u>	\$ <u>27,145,233</u>
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liabilities)	\$ <u>(8,937,235)</u>	\$ <u>(32,199)</u>	\$ <u>8,180,328</u>

Pension Plan Fiduciary Net Position

The components of the net pension asset (TRS) and liability (ERS) of the employer as of June 30, 2021 and March 31, 2021, respectively, were as follows (in thousands):

	<u>TRS</u>	<u>ERS</u>
Employers' total pension liability	\$ (123,242,776)	\$ (220,680,157)
Plan fiduciary net position	<u>120,479,505</u>	<u>220,580,583</u>
Employers' net pension asset (liability)	<u>\$ (2,763,271)</u>	<u>\$ (99,574)</u>
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	<u>97.8%</u>	<u>99.95%</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

7. POSTEMPLOYMENT BENEFITS

A. General Information about the OPEB Plan

Plan Description - The School District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. 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 and life insurance benefits for retirees and their dependants. 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 benefit payments	560
Active employees	816
	1,376

B. Total OPEB Liability

The School District's total OPEB liability of \$378,574,517 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases, Including Wage Inflation	Varied by years of service and retirement system
Discount Rate	2.16%
Healthcare Cost Trend Rates	5.70% for 2020 decreasing to an ultimate rate of 4.04% by 2075.
Retirees' Share of Benefit-Related Costs	5.70% for 2020 decreasing to an ultimate rate of 4.04% by 2075.

The discount rate was based on Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the April 1, 2010 - March 31, 2015 NYSLRA experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

7. POSTEMPLOYMENT BENEFITS

B. Total OPEB Liability (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period April, 2010 - March 31, 2015.

C. Changes in the Total OPEB Liability

<u>Balance at June 30, 2020</u>	\$ 369,142,857
<u>Changes for the Year -</u>	
Service cost	14,143,119
Interest	8,407,414
Changes of benefit terms	(3,838,125)
Differences between expected and actual experience	(12,919,333)
Changes in assumptions or other inputs	9,389,997
Benefit payments	<u>(5,751,412)</u>
Net Changes	<u>9,431,660</u>
Balance at June 30, 2021	<u>\$ 378,574,517</u>

Changes of benefit terms reflect

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21 percent in 2020 to 2.16 percent 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 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current discount rate:

	<u>1% Decrease</u>	Discount Rate (2.16%)	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 461,145,932</u>	<u>\$ 378,574,517</u>	<u>\$ 314,609,237</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the 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 percentage point lower (4.7 percent) or 1 percentage point higher (6.7 percent) than the current healthcare care trend rate:

	<u>1% Decrease</u>	Healthcare Trends (5.7%)	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 305,884,924</u>	<u>\$ 378,574,517</u>	<u>\$ 476,186,563</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

7. POSTEMPLOYMENT BENEFITS (CONTINUED)

D. 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 \$39,530,564. At June 30, 2021, the School District reported deferred inflows and deferred outflows of resources related to OPEB of \$16,466,030 and \$100,291,670, respectively, relating to changes of assumptions or other inputs.

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

Year Ending June 30,	Net Amount of Deferred (Inflows) and Outflows
2022	\$ 20,818,156
2023	20,818,156
2024	20,818,156
2025	21,959,398
2026	(588,226)
	<u>\$ 83,825,640</u>

8. INDEBTEDNESS

1. Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes are classified as part of the Capital Projects Fund. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Interest on short-term debt for the year was \$50,959.

The following is a summary of maturities and interest rates of the School District's short-term note indebtedness:

<u>Type</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Outstanding June 30, 2021</u>
Bond Anticipation Note	08/13/20	08/13/21	1.25%	<u>\$ 2,406,060</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

8. INDEBTEDNESS (CONTINUED)

2. Long-Term Debt

Serial Bonds and Installment Purchase Debt

The School District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the School District, are recorded in the General Long-Term Debt Account Group. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

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

Interest paid in Governmental Funds	\$ 778,138
Less: Interest accrued in the prior year	(491,135)
Plus: Interest accrued in the current year	<u>452,896</u>
Total long-term debt interest expense included in the statement of activities	<u>\$ 739,899</u>

3. Changes

The following is a summary of changes to the School District's indebtedness during the year ended June 30, 2021:

	<u>Balance, June 30, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Other</u>	<u>Balance June 30, 2021</u>
Bonds	\$ 17,220,000	\$ 6,500,000	\$ (3,425,000)	\$ -	\$ 20,295,000
Bond Anticipation Notes	2,562,188	7,031,000	(7,187,128)	-	2,406,060
Postemployment Benefits	369,142,857	-	-	9,431,660	378,574,517
Net Pension Liability	8,676,804	-	-	(803,742)	7,873,062
Compensated Absences	<u>1,710,061</u>	-	-	<u>184,545</u>	<u>1,894,606</u>
	<u>\$ 399,311,910</u>	<u>\$ 13,031,000</u>	<u>\$ (10,612,128)</u>	<u>\$ 8,812,463</u>	<u>\$ 411,043,245</u>

Additions and deletions to compensated absences are shown net as it is impractical to determine these amounts separately.

4. Maturity

The following is a summary of maturities and interest rates of the School District's long-term note indebtedness:

	<u>Type</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Outstanding June 30, 2021</u>
District-Wide Reconstruction	Serial Bond	06/15/09	06/15/23	3.125% - 4%	\$ 1,195,000
District-Wide Renovation	Serial Bond	06/10/14	06/15/29	2% - 5%	2,570,000
District-Wide Renovation	Serial Bond	07/02/18	07/01/32	5%	10,030,000
District-Wide Renovation	Serial Bond	06/30/21	06/30/36	2%	<u>6,500,000</u>
					<u>\$ 20,295,000</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

8. INDEBTEDNESS (CONTINUED)

4. Maturity (Continued)

Debt service requirements over the next five years and thereafter for general obligation bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021-2022	\$ 1,950,000	\$ 755,295
2022-2023	2,030,000	679,562
2023-2024	1,475,000	594,837
2024-2025	1,545,000	531,663
2025-2026	1,600,000	471,813
2026-2031	8,220,000	1,366,024
2031-2036	3,475,000	188,800
	<u>\$ 20,295,000</u>	<u>\$ 4,587,994</u>

9. OTHER

Contingencies and Commitments

Litigation

The School District is a defendant in various legal actions which are pending litigation. Legal counsel has reviewed the contingent liability to the School District for each of these various lawsuits. Legal counsel is of the opinion that the outcome of this litigation will not materially affect the financial position of the School District.

Compensated Absences

The School District does not accrue a liability for accumulating nonvesting sick leave since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, the value for accumulating, nonvesting sick leave is considered a contingent liability.

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

Other - Risk Financing and Related Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees and natural disasters. The School District insures through commercial insurance companies for the following:

- Health Insurance
- Life Insurance
- Commercial Property

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

9. OTHER (CONTINUED)

Other - Risk Financing and Related Insurance (Continued)

Settled claims have not exceeded this commercial coverage in any of the past three years.

Because of the prohibitive cost of certain insurance, the School District established self insurance reserves to account for and finance its uninsured risks of loss and associated expenses attributing to unemployment, disability and workers compensation claims and judgements. The School District is represented by third-party administrators who process claim payments. At June 30, 2021, the School District has paid substantially all incurred claims, including incurred but not reported claims, and has provided reserves for potential additional assessments as designations of the School District's general fund equity.

Union Contracts

School District employees are represented by collective bargaining agents. Those agents which represent them and the dates of expiration of their agreements are as follows:

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
Administrators (SCAA)	6/30/23
Confidential Unit	6/30/24
CSEA	6/30/24
District Office Administrators	6/30/24
SASIE	6/30/26
SCTA	6/30/23
Superintendent	6/30/24
Support Staff Supervisors & Technicians	6/30/24
Teaching Assistants	6/30/24
Teamsters	6/30/26
UPSEU Unit	6/30/24

10. TAX ABATEMENT

The School District enters into Payment in Lieu of Taxes ("PILOTS") agreements with some local businesses. PILOTS are often included as part of an Industrial Development Agency ("IDA") agreement with a commercial or industrial development for the purpose of attracting or retaining business within their jurisdictions. PILOT agreements normally provide for payments of amount lesser than would have been collected for real estate taxes for a number of years.

For the year ended June 30, 2021, the School District recognized \$947,371 in PILOT revenue under PILOT agreements. Abated property taxes amounted to \$13,108 under this program.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE #1

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Revenue</u>	<u>Over (Under) Revised Budget</u>
Revenue				
Local Sources				
Real Property Taxes and Tax Items	\$ 74,948,941	\$ 74,948,941	\$ 74,757,409	\$ (191,532)
Charges for Services	1,768,314	1,768,314	1,591,349	(176,965)
Use of Money and Property	251,000	251,000	68,953	(182,047)
Sale of Property and Compensation for Loss	2,500	2,500	3,361	861
Miscellaneous	310,000	332,996	555,344	222,348
State Aid				
Basic Formula	17,659,110	17,659,110	17,162,093	(497,017)
Lottery Aid	5,000,000	5,000,000	4,926,945	(73,055)
BOCES Aid	1,283,565	1,283,565	1,203,516	(80,049)
Textbooks	293,455	293,455	292,241	(1,214)
All Other Aid:				
Computer Software and Hardware Aid, Library Aid, Tuition and Transportation for Students with Disabilities, and Homeless Incarcerated Youth Aid	634,977	634,977	376,651	(258,326)
Federal Aid	<u>150,000</u>	<u>150,000</u>	<u>801,970</u>	<u>651,970</u>
Total Revenue	102,301,862	102,324,858	101,739,832	(585,026)
Other Sources				
Interfund Transfer	<u>-</u>	<u>-</u>	<u>290,356</u>	<u>290,356</u>
Total Revenue and Other Sources	102,301,862	102,324,858	<u>\$ 102,030,188</u>	<u>\$ (294,670)</u>
Appropriated Fund Balance	<u>4,699,113</u>	<u>4,834,877</u>		
Total Revenue and Appropriated Fund Balance	<u>\$ 107,000,975</u>	<u>\$ 107,159,735</u>		

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE #1 (CONTINUED)

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balances</u>
Expenditures					
General Support					
Board of Education	\$ 44,851	\$ 137,029	\$ 123,104	\$ 153	\$ 13,772
Central Administration	250,353	266,657	264,725	38	1,894
Finance	892,838	987,484	961,040	33	26,411
Staff	548,558	683,241	651,634	-	31,607
Central Services	6,539,946	6,476,373	5,654,775	9,648	811,950
Special Items	939,552	1,181,430	1,131,509	-	49,921
Instruction					
Administration and Improvement	2,980,400	2,951,052	2,781,821	1,074	168,157
Teaching - Regular School Program for Children with Handicapping Conditions	34,738,708	35,209,846	33,717,633	34,915	1,457,298
English as a New Language	14,674,566	14,374,084	13,562,518	-	811,566
Occupational Education	737,103	741,381	630,442	-	110,939
Teaching - Special Schools	455,993	455,993	444,150	-	11,843
Instructional Media	736,170	680,135	475,245	-	204,890
Pupil Services	1,789,334	1,918,083	1,803,015	10,420	104,648
	3,834,148	3,862,006	3,376,880	18,687	466,439
Pupil Transportation	4,373,441	4,396,719	3,624,412	-	772,307
Community Services	83,786	81,786	29,048	-	52,738
Employee Benefits	27,940,513	26,852,443	26,202,751	-	649,692
Debt Service					
Debt Service Principal	4,064,505	4,112,128	4,112,128	-	-
Debt Service Interest	829,097	829,097	829,097	-	-
Total Expenditures	<u>106,453,862</u>	<u>106,196,967</u>	<u>100,375,927</u>	<u>74,968</u>	<u>5,746,072</u>
Other Uses					
Interfund Transfer	<u>547,113</u>	<u>962,768</u>	<u>962,768</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 107,000,975</u>	<u>\$ 107,159,735</u>	<u>101,338,695</u>	<u>\$ 74,968</u>	<u>\$ 5,746,072</u>
Excess of Revenue Over Expenditures			<u>\$ 691,493</u>		

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE #2

Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability:				
Service cost	\$ 14,143,119	\$ 9,018,883	\$ 5,399,096	\$ 5,622,419
Interest	8,407,414	9,999,511	8,012,193	7,310,155
Changes in benefit terms	(3,838,125)	-	(3,246,772)	-
Difference between expected and actual experience	(12,919,333)	(769,294)	(1,058,574)	-
Changes of assumptions or other inputs	9,389,997	77,736,605	71,123,974	(10,305,558)
Benefit payments	<u>(5,751,412)</u>	<u>(5,374,302)</u>	<u>(6,602,881)</u>	<u>(3,833,765)</u>
Net change in total OPEB liability	9,431,660	90,611,403	73,627,036	(1,206,749)
Total OPEB liability, beginning of year	<u>369,142,857</u>	<u>278,531,454</u>	<u>204,904,418</u>	<u>206,111,167</u>
Total OPEB liability, end of year	<u>\$ 378,574,517</u>	<u>\$ 369,142,857</u>	<u>\$ 278,531,454</u>	<u>\$ 204,904,418</u>
Covered payroll	<u>\$ 54,642,523</u>	<u>\$ 56,809,683</u>	<u>\$ 50,235,623</u>	<u>\$ 54,881,820</u>
Total OPEB liability as a percentage of covered payroll	<u>692.82%</u>	<u>649.80%</u>	<u>554.50%</u>	<u>\$ 373.36%</u>

Note: 10 years of historical information will not be available upon implementation in 2021. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION ASSETS/LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

	SCHEDULE #3					
TRS	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension asset (liability)	.28%	.28%	.28%	.28%	.27%	.27%
Proportionate share of net pension asset (liability)	\$ (7,840,863)	\$ 7,252,883	\$ 5,072,762	\$ 2,112,390	\$ (2,916,304)	\$ 28,363,415
Covered payroll	\$ 47,860,653	\$ 47,435,862	\$ 44,025,339	\$ 46,445,788	\$ 44,742,882	\$ 42,658,297
Proportionate share of net pension asset (liability) as a percentage of covered payroll	16.4%	15.3%	11.5%	4.5%	6.5%	66.5%
Plan fiduciary net position as a percentage of total pension asset (liability)	97.8%	102.2%	101.53%	100.66%	99.0%	110.5%
						73.6%
ERS	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
District's proportion of the net pension asset (liability)	.03%	.03%	.03%	.03%	.03%	.04%
Proportionate share of net pension liability	\$ (32,199)	\$ (8,676,804)	\$ (2,431,869)	\$ (1,102,642)	\$ (3,119,651)	\$ (5,708,433)
Covered payroll	\$ 14,060,689	\$ 15,378,454	\$ 13,328,068	\$ 11,603,429	\$ 10,888,417	\$ 10,496,685
Proportionate share of net pension liability as a percentage of covered payroll	.2%	56.4%	18.2%	9.5%	28.7%	54.4%
Plan fiduciary net position as a percentage of total pension liability	99.95%	86.39%	96.27%	98.0%	94.7%	90.6%
						11.3%
						98.4%

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2021

SUPPLEMENTAL SCHEDULE #4

<u>TRS</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 4,267,142	\$ 4,948,728	\$ 4,478,164	\$ 5,161,433	\$ 5,571,397	\$ 7,190,636	\$ 6,569,084
Contributions in relation to the contractually required contribution	<u>\$ 4,267,142</u>	<u>\$ 4,948,728</u>	<u>\$ 4,478,164</u>	<u>\$ 5,161,433</u>	<u>\$ 5,571,397</u>	<u>\$ 7,190,636</u>	<u>\$ 6,569,084</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 47,860,653	\$ 47,435,862	\$ 44,025,339	\$ 46,445,788	\$ 44,742,882	\$ 42,658,297	\$ 41,411,521
Contributions as a percentage of covered-employee payroll	8.9%	10.4%	10.2%	11.1%	12.5%	16.9%	15.9%
<u>ERS</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Contractually required contribution	\$ 1,720,892	\$ 1,721,720	\$ 1,730,314	\$ 1,703,253	\$ 1,657,027	\$ 1,916,083	\$ 2,120,334
Contributions in relation to the contractually required contribution	<u>\$ 1,720,892</u>	<u>\$ 1,721,720</u>	<u>\$ 1,730,314</u>	<u>\$ 1,703,253</u>	<u>\$ 1,657,027</u>	<u>\$ 1,916,083</u>	<u>\$ 2,120,334</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 14,060,689	\$ 15,378,454	\$ 13,328,068	\$ 11,603,429	\$ 10,888,417	\$ 10,496,685	\$ 11,105,801
Contributions as a percentage of covered-employee payroll	12.2%	11.2%	13.0%	14.7%	15.2%	18.3%	19.1%

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

OTHER SUPPLEMENTARY INFORMATION

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE #5

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 107,000,975
Add: Prior Year's Encumbrances	<u>135,763</u>
Original Budget	107,136,738
Budget Revision: Miscellaneous	<u>22,996</u>
Final Budget	<u>\$ 107,159,734</u>

Section 1318 of Real Property Tax Law Limit Calculation

2021-22 voter-approved expenditure budget	<u>\$ 108,016,351</u>
Maximum allowed (4% of 2021-22 budget)	<u>\$ 4,320,654</u>

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

Unrestricted fund balance:		
Assigned fund balance		
Unassigned fund balance		
Total unrestricted fund balance	\$ 3,113,504	
	<u>4,141,700</u>	
Less:	<u>\$ 7,255,204</u>	
Appropriated fund balance		
Encumbrances included in assigned fund balance		
Total adjustments	\$ 3,038,536	
	<u>74,968</u>	
General Fund Fund Balance Subject to §1318 of Real Property Tax Law	<u>3,113,504</u>	<u>\$ 4,141,700</u>
Actual percentage		<u>3.8%</u>

* 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 fund balance subject to §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 and encumbrances included in committed and assigned fund balance.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY STATEMENT OF PROJECT EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE #6

Project Title	Expenditures to Date				Unexpended (Overexpended) Balance
	Original Appropriation	Revised Appropriation	Prior Year	Current Year	
Bus Purchase 2017 Vote	\$ 1,092,500	\$ 1,103,076	\$ 1,072,436	\$ -	\$ 30,640
Bus Purchase 2018 Vote	1,072,500	1,086,187	1,086,187	-	-
Bus Purchase 2019 Vote	1,082,700	1,094,948	1,035,419	59,529	-
Bus Purchase 2020 Vote	531,000	531,000	-	547,605	(16,605)
District Office Roof	300,000	240,000	184,523	115,477	(60,000)
Smart Schools Bond Act	2,051,700	1,251,700	731,148	169,338	351,214
Shaker Road (SSBA)	342,225	524,927	41,020	478,113	5,794
Veeder (SSBA)	226,200	390,928	42,656	325,530	22,742
Saddlewood	794,912	1,076,702	254,320	764,972	57,410
Roessleville	644,800	715,340	436,557	234,495	44,288
Forest Park	260,000	410,208	103,949	280,939	25,320
Lisha Kill	1,399,103	2,570,810	617,035	1,669,249	284,526
Lisha Kill (SSBA)	230,000	295,604	35,581	255,080	4,943
Sand Creek	290,665	64,315	21,757	(738)	43,296
Sand Creek High School	3,105,784	1,251,166	163,683	842,819	244,664
School Safety Project-Forest Park	179,700	204,386	15,737	172,855	15,794
School Safety Project-Roessleville	130,100	180,433	14,064	151,333	15,036
School Safety Project-Saddlewood	105,400	187,087	14,603	157,539	14,945
School Safety Project-Shaker Road	179,700	253,415	17,325	214,933	21,157
School Safety Project-Veeder	110,900	271,246	18,600	229,781	22,865
School Safety Project-Colonie Central HS	44,200	53,433	5,329	43,872	4,232
School Safety Project-Colonie Central HS	550,000	611,750	494,837	116,913	-
Emergency Asbestos Abatement-Lisha Kill	276,108	372,723	-	33,989	338,734
Colonie Central High School	58,128	78,468	-	7,155	71,313
Lisha Kill	140,476	189,631	-	17,293	172,338
Sand Creek	9,688	13,078	-	1,192	11,886
Veeder	100,000	100,000	-	7,000	93,000
DW Security Camera	472,000	472,000	-	18,900	453,100
Lisha Kill Electrical Transfer	57,000	57,000	-	6,284	50,716
Colonie 2030 Project					
	<u>\$ 15,837,489</u>	<u>\$ 15,651,561</u>	<u>\$ 6,406,766</u>	<u>\$ 6,921,447</u>	<u>\$ 2,323,348</u>

See independent auditor's report.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2021

	SCHEDULE #7
Capital Assets, Net	\$ 55,006,522
Deduct:	
Short-term portion of bonds payable	\$ 1,950,000
Long-term portion of bonds payable	18,345,000
Short-term bond anticipation notes payable	2,406,060
Unamortized bond premium	<u>1,564,633</u>
	<u>24,265,693</u>
Investment in Capital Assets, Net of Related Debt	<u>\$ 30,740,829</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE #8

	Extraclassroom Activity Funds	Trust Endowment Funds	Total
ASSETS:			
Cash	<u>\$ 194,439</u>	<u>\$ 114,497</u>	<u>\$ 308,936</u>
FUND BALANCE:			
Assigned	<u>\$ 194,439</u>	<u>\$ 114,497</u>	<u>\$ 308,936</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE #9

	Extraclassroom Activity Funds	Trust Endowment Funds	<u>Total</u>
REVENUES:			
Contributions	\$ 70,866	\$ 18,480	\$ 89,346
Interest	<u>-</u>	<u>11</u>	<u>11</u>
Total Revenues	<u>70,866</u>	<u>18,491</u>	<u>89,357</u>
 EXPENDITURES:			
Program Expense	<u>57,700</u>	<u>24,414</u>	<u>82,114</u>
Excess (Deficiency) of Revenue Over Expenditures	13,166	(5,923)	7,243
Fund Balance, Beginning of Year	<u>181,273</u>	<u>120,420</u>	<u>301,693</u>
Fund Balance, End of Year	<u>\$ 194,439</u>	<u>\$ 114,497</u>	<u>\$ 308,936</u>

FEDERAL AWARD PROGRAM INFORMATION

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACK.CPA
WWW.CUSACK.CPA

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**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***

Board of Education
South Colonie Central School District
Albany, New York

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 South Colonie Central School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 23, 2021.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 23, 2021

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACK.CPA
WWW.CUSACK.CPA

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Education
South Colonie Central School District
Albany, New York

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the 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 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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 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 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 the 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 23, 2021

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing/ CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through the Town of Colonie:				
Colonie Development Block Grants/Entitlement Grants - COVID-19	14.218	-	\$ -	\$ <u>135,850</u>
<u>U.S. Department of Education</u>				
Passed Through New York State Education Department:				
Title I, Part D Delinquent Youth	84.010	0016-21-0030	-	134,890
Title I	84.010	0021-21-0030	-	545,347
Title I	84.010	0021-20-0030	-	54,474
Title II Part A	84.367	0147-20-0030	-	14,947
Title II Part A	84.367	0147-21-0030	-	72,422
McKinney - Vento Grant	84.196	0212-20-3026	-	6,250
McKinney - Vento Grant	84.196	0212-21-3026	-	55,132
Title IV, Part A	84.424	0204-21-0030	-	14,429
Title IV, Part A	84.424	0204-20-0030	-	7,434
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act (COVID- ESSER II)	84.425D	5891-21-0030	-	482,500
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act (COVID- ESSER)	84.425D	5890-21-0030	-	478,785
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act (COVID- GEER)	84.425C	5895-21-0030	-	81,146
<i>Special Education Cluster:</i>				
IDEA Part B Section 611 PL 94-142	84.027	0032-21-0021	-	1,206,882
IDEA Pre-School Section 619 PL 99-457	84.173	0033-21-0021	-	<u>43,970</u>
Total U.S. Department of Education Passed Through New York State Education Department			<u>-</u>	<u>3,334,458</u>
<u>U.S. Department of Agriculture</u>				
Passed Through New York State Education Department:				
<i>Child Nutrition Cluster:</i>				
Food Distribution	10.553- 10.555	Not Applicable		116,127
Summer Food Service Program for Children	10.559	Not Applicable	<u>-</u>	<u>1,364,016</u>
Total U.S. Department of Agriculture Passed Through New York State Education Department			<u>-</u>	<u>1,480,143</u>
Total Federal Assistance			<u>\$ -</u>	<u>\$ 4,814,601</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained from each program, which are reconciled with the District's financial reporting system.

2. SCOPE OF THE AUDIT PURSUANT TO THE UNIFORM GUIDANCE

South Colonie Central School District is a tax-exempt local government entity. All federal grant operations of the District are included in the scope of the Single Audit.

3. SUBRECIPIENTS/LOAN OR LOAN GUARANTEES

No amounts were provided to subrecipients and there were no loans or loan guarantees at year end.

4. FEDERAL REVENUE RECONCILIATION

Total Federal Revenue Per Fund Financial Statement

General Fund	\$ 801,970
Special Aid Fund	2,774,527
School Lunch Fund	<u>1,480,143</u>
	5,056,640
Less: General Fund Medicaid Revenue	<u>(242,039)</u>

Total Federal Revenue Per Schedule of Expenditures of Federal Awards \$ 4,814,601

5. INDIRECT COST RATE

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. The District's indirect cost rate is set by the New York State Education Department.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2021

SECTION I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:		<u>Unmodified</u>
Internal control over financial reporting:		
• "Going Concern" explanatory paragraph included in audit report?	_____ Yes	___ <u>X</u> ___ No
• Significant deficiency(ies) disclosed?	_____ Yes	___ <u>X</u> ___ None reported
• Significant deficiency(ies) reported as a material weakness(es)?	_____ Yes	___ <u>X</u> ___ No
• Noncompliance material to financial statements?	_____ Yes	___ <u>X</u> ___ No

Federal Awards

Internal control over major programs:		
• Significant deficiency(ies) identified?	_____ Yes	___ <u>X</u> ___ No
• Significant deficiency(ies) reported for any major programs as a material weakness(es)?	_____ Yes	___ <u>X</u> ___ No
• Any known questioned costs reported?	_____ Yes	___ <u>X</u> ___ No
Type of auditor's report issued on compliance for major programs:		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.515(d)(2)?	_____ Yes	___ <u>X</u> ___ No

Identification of major programs:

<u>CFDA Number(s)</u> 84.425C and 84.425D	<u>Name of Federal Program or Clusters</u> Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (GEER, ESSER and ESSER II)
--	---

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	___ <u>X</u> ___ Yes _____ No

SECTION II — FINANCIAL STATEMENT FINDINGS
 No matters were reported.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
 No matters were reported.

*SOUTH COLONIE CENTRAL SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021*

Current Year Audit Findings:

None

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Prior Year Audit Findings:

None

EXTRACLASROOM ACTIVITY FUND

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACK.CPA
WWW.CUSACK.CPA

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
South Colonie Central School District

We have audited the accompanying financial statements of South Colonie Central School District ("South Colonie Central School District's Extraclassroom Activity Funds"), which comprise the statement of assets and fund balance-cash basis as of June 30, 2021, and the related statement of cash receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and fund balance of South Colonie Central School District's Extraclassroom Activity Fund as of June 30, 2021, and its cash receipts and disbursements for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 23, 2021

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF ASSETS AND FUND BALANCES
RESULTING FROM CASH TRANSACTIONS
JUNE 30, 2021

ASSETS

Cash - Checking Account - Colonie Central High School	\$ 110,123
Cash - Checking Account - Lisha Kill Middle School	54,293
Cash - Checking Account - Sand Creek Middle School	<u>30,023</u>
Total Assets	<u>\$ 194,439</u>

FUND BALANCES

Fund Balances	<u>\$ 194,439</u>
---------------	-------------------

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS - COLONIE HIGH STUDENT ACTIVITY
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

Extracurricular Accounts	Balance June 30, 2020	Receipts 2020-2021	Disbursements 2020-2021	Balance June 30, 2021
Art Club	\$ 139	\$ -	\$ -	\$ 139
Band	631	378	628	381
CHAMP (athletic media)	1,287	246	243	1,290
Class of 2020	11,853	-	11,853	-
Class of 2021	8,721	13,032	19,815	1,938
Class of 2022	6,311	4,011	2,832	7,490
Class of 2023	832	3,553	1,724	2,661
Class of 2024	-	155	-	155
ECO Club	225	-	-	225
GSA Pride	500	-	-	500
Key Club	2,406	1,138	846	2,698
Line and Cue	16,219	-	1,450	14,769
National Honor Society	4,111	310	963	3,458
NYS Sales Tax	-	97	85	12
Orchestra	681	634	884	431
Science Club	170	-	-	170
Student Advisory Committee	9,401	465	958	8,908
Student Senate	9,985	12,036	10	22,011
Rougeter	<u>25,075</u>	<u>26,324</u>	<u>8,512</u>	<u>42,887</u>
	<u>\$ 98,547</u>	<u>\$ 62,379</u>	<u>\$ 50,803</u>	<u>\$ 110,123</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRAClassroom Activity Funds - Lisha Kill Student Activity
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Extraclassroom Accounts	Balance <u>June 30, 2020</u>	Receipts <u>2020-2021</u>	Disbursements <u>2020-2021</u>	Balance <u>June 30, 2021</u>
Drama Club	\$ 18,661	\$ 79	\$ -	\$ 18,740
NYS Sales Tax	-	-	-	-
School Store	3,892	1,389	1,095	4,186
Student Council	28,377	2,166	1,912	28,631
Yearbook	<u>3,135</u>	<u>967</u>	<u>1,366</u>	<u>2,736</u>
	<u>\$ 54,065</u>	<u>\$ 4,601</u>	<u>\$ 4,373</u>	<u>\$ 54,293</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRAClassroom Activity Funds - Sand Creek Student Activity
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Extraclassroom Accounts	Balance June 30, 2020	Receipts 2020-2021	Disbursements 2020-2021	Balance June 30, 2021
Art Club	\$ 918	\$ -	\$ 335	\$ 583
Drama Club	6,143	-	61	6,082
Engineering Club	216	-	-	216
Greenhouse Club	2,410	604	325	2,689
Student Council	16,443	3,282	1,803	17,922
Yearbook	<u>2,531</u>	<u>-</u>	<u>-</u>	<u>2,531</u>
	<u>\$ 28,661</u>	<u>\$ 3,886</u>	<u>\$ 2,524</u>	<u>\$ 30,023</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTE TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the South Colonie Central School District. Consequently, such transactions are included in the Other Special Revenue Funds of the School District.

The books and records of the South Colonie Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and expenditures recognized when cash is disbursed.

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACK.CPA
WWW.CUSACK.CPA

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

September 23, 2021

To the Audit Committee
South Colonie Central School District
Albany, New York

We have audited the financial statements of the governmental activities, of South Colonie Central School District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 23, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by South Colonie Central School District is described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures affecting the financial statements.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 23, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to South Colonie Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as South Colonie Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, and other schedules on pages 1-13 and 48-52, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information on pages 53-57 and page 62, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of South Colonie School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



CUSACK & COMPANY CPA'S, LLC

APPROVED BY
BOARD OF EDUCATION

10-5-2021

