

WATERVLIET CITY SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021



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Teal, Becker & Chiaramonte™
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

CELEBRATING 50 YEARS OF SERVICE

To The Board Of Education
Watervliet City School District
Watervliet, New York

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Watervliet City 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Watervliet City 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, pension information, and OPEB information, on pages 4 through 9 and Schedules 1 through 3D be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Watervliet City School District's basic financial statements. The supplementary information presented in Schedules 4 through 7 and the Schedule of Expenditures of Federal Awards presented in Schedule 8, as required by 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), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information presented in Schedules 4 through 7 and the Schedule of Expenditures of Federal Awards presented in Schedule 8 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the identified accompanying supplementary information and the Schedule of Expenditures of Federal Awards mentioned above 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 October 14, 2021 on our consideration of the Watervliet City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Watervliet City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Watervliet City School District's internal control over financial reporting and compliance.

Paul Becker & Charamonte CPAs PC

Albany, New York
October 14, 2021

WATERVLIET CITY SCHOOL DISTRICT

Management's Discussion And Analysis For The Fiscal Year Ended June 30, 2021

The following is a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2021. It is a summary of the District's financial activities based on currently known facts, decisions, and conditions. It is based on the district-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year.

Financial Highlights

The General Fund had an operating excess of \$862,635 for the year ended June 30, 2021. The Special Aid Fund continues to provide program support while the School Lunch Fund had a decrease in fund balance of \$(212). The Capital Fund had an operating deficit of \$(991,208) for the year ended June 30, 2021.

Financial Statements

The District's basic financial statements are divided into three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

1. Government-Wide Financial Statements are designed to provide a broad overview of the District's finances. Included in this group are the Statement of Net Position and the Statement of Activities and Changes in Net Position.

The Statement of Net Position presents the assets, liabilities, deferred outflows, and inflows of resources of the District with the difference between the four reported as Net Position.

The Statement of Activities and Changes in Net Position presents information on the changes in net position for the current fiscal year. All of the current year's revenues and expenses are accounted for in this statement.

2. The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting groups the District uses to keep track of specific sources of funding and spending on particular programs. The District has two kinds of funds - Governmental and Fiduciary.

Governmental Funds - Most of the District's basic services are included in Governmental Funds, which focus on cash flow in and out and year end balances. The Governmental Funds' statements provide a detailed view of resources available to finance programs. The Funds in this group are as follows:

General Fund - This is the District's primary operating fund. It is used to account for all transactions except those specifically required to be accounted for in a separate fund.

WATERVLIET CITY SCHOOL DISTRICT

Management's Discussion And Analysis For The Fiscal Year Ended June 30, 2021

Financial Statements (Continued)

Special Revenue Funds - These Funds are used to account for revenue sources which are required by law or regulation to be accounted for in separate funds. Federal and State grants for special programs are reported in these Funds.

School Food Service Fund - The financial operation of the lunch and breakfast programs are reported in this Fund.

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

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

Fiduciary Funds - Funds in this group are used to account for assets held by the District in a trustee or agent capacity. These activities are not included in the District-Wide Financial Statements because the assets reported here do not belong to the District and are not available to be used for District expenses.

WATERVLIET CITY SCHOOL DISTRICT

Management's Discussion And Analysis
For The Fiscal Year Ended June 30, 2021

Financial Analysis Of The District As A Whole**Governmental Funds Balance Sheets**

	<u>6/30/20</u>	<u>6/30/21</u>	<u>Difference</u>
Assets	\$ <u>5,375,865</u>	\$ <u>16,429,715</u>	\$ <u>11,053,850</u>
Liabilities	\$ 2,219,883	\$ 13,304,456	\$ 11,084,573
Fund Balances	<u>3,155,982</u>	<u>3,125,259</u>	<u>(30,723)</u>
Total Liabilities And Fund Balances	\$ <u>5,375,865</u>	\$ <u>16,429,715</u>	\$ <u>11,053,850</u>

**Revenues, Expenditures, And Changes In Fund Balances -
Governmental Funds**

	<u>6/30/20</u>	<u>6/30/21</u>	<u>Difference</u>
Revenues	\$ 32,813,999	\$ 32,390,582	\$ (423,417)
Expenditures	\$ 31,955,368	\$ 32,421,305	\$ 465,937
Fund Balances	\$ 3,155,982	\$ 3,125,259	\$ (30,723)

Financial Analysis Of The District's Funds

*** Fund Balance in the General Fund increased by \$862,635 resulting in an Unassigned Fund Balance surplus of \$2,933,268 and Restricted Fund Balance of \$950,000. The District appropriated the \$100,000 of Fund Balance in the 2021-2022 budget. Revenues were \$336,893 over budget, and expenditures were \$866,700 under budget.

*** The School Lunch Fund revenues were \$973,056, while expenditures were \$973,268.

WATERVLIET CITY SCHOOL DISTRICT

Management's Discussion And Analysis For The Fiscal Year Ended June 30, 2021

Financial Analysis Of The District's Funds (Continued)

*** Revenue in the Special Revenue Fund increased from \$2,398,560 in 2019-2020 to \$2,730,211 in 2020-2021 mostly due to the District receiving additional federal funding in the 2020-2021 school year including: Elementary and Secondary School Emergency Relief Fund (ESSER) for approximately \$59,000. (The funds are provided to school districts to help safely reopen and sustain the safe operation of schools and address the impact of the COVID-19 pandemic on the Nation's students). Governor's Emergency Education Relief Fund (GEER) for approximately \$57,000. (The funds are provided to school districts to help meet the current needs of students and schools so that faculty can continue to teach and students can continue to learn during the pandemic). The District also received approximately \$90,000 in aid related to the Homeless Assistance Act (providing support to ensure that homeless children have equal access to public education including transportation and educational services). Additionally, the District received \$100,000 in additional funding for the P-TECH grant program (allowing students to earn a high school diploma and an associate's degree at no cost in a high-tech field).

*** The Capital Fund revenues were \$38,360 as authorized by the Smart School Bonds Act. Expenditures of \$38,360 financed improved educational technology and infrastructure. There were additional expenditures of \$991,208 related to the Watervliet Elementary and Jr/Sr High School Reconstruction project that commenced in the school year 2020/2021.

2020-2021 General Fund Budgetary Highlights

***** General Fund Revenues**

Total General Fund Revenues were approximately \$337,000 over budget primarily from increased State Aid.

State Aid was approximately \$317,000 over budget due to additional aid received from BOCES.

***** General Fund Expenditures**

Total General Fund Expenditures were approximately \$867,000 under budget primarily driven by reductions in employee salaries and benefits due to retirement/attrition during prior periods and reductions in transportation costs due to mandatory school closures related to the COVID-19 pandemic.

WATERVLIET CITY SCHOOL DISTRICT

Management's Discussion And Analysis For The Fiscal Year Ended June 30, 2021

2020-2021 Special Aid Fund Budgetary Highlights

Revenue in the Special Aid Fund increased by \$331,651, mostly due to an increase in the grant received by the District in 2020-2021 - P-Tech Program Grant - totaling \$450,000 (\$350,000 in 2019-2020). Additionally, there was Other Federal Aid of \$59,551 for Elementary and Secondary School Emergency Relief Fund (\$-0- in 2019-2020), and \$57,431 for the Governor's Emergency Education Relief Fund (\$-0- in 2019-2020). The District also received \$90,000 in aid related to the Homeless Assistance Act (\$-0- in 2019-2020). The UPK, EXTRA, Title I and Section 611, remain the main sources of revenue in the Special Aid Fund.

2020-2021 School Lunch Fund Budgetary Highlights

The School Lunch Fund ended the year with a Fund Balance of \$78,104, which includes \$9,617 that is non-spendable for inventory. The School Lunch Fund had a decrease in fund balance of \$(212) resulting from an increase in employee benefits expense.

Capital Asset And Debt Administration

As of June 30, 2021, the District's total outstanding indebtedness was \$33,030,000. This amount includes \$18,700,000 in serial bonds related to capital projects completed in prior years and capital projects that commenced in the 2020-2021 school year. The \$3,220,000 in Qualified School Construction Bonds (QSCB) were issued in 2013, and the \$1,110,000 of Qualified Zone Academy Bonds (QZAB) were issued in 2010. The District also has a \$10,000,000 BAN outstanding as of June 30, 2021 related to capital projects that commenced in the 2020-2021 school year.

Outstanding Indebtedness As Of June 30, 2021:

Serial Bonds	\$ 18,700,000
QSCB	3,220,000
QZAB	<u>1,110,000</u>
Total	<u>\$ 23,030,000</u>

WATERVLIET CITY SCHOOL DISTRICT

Management's Discussion And Analysis For The Fiscal Year Ended June 30, 2021

Economic Outlook

At June 30, 2021 the District's fund balance exceeded the New York State Real Property Tax Law §1318 limit, which is 4% of the District's budget for the upcoming school year. Beginning with the 2023-2024 school year through the 2033-2034 school year, the District will be facing a deficit due to debt service payments being greater than building aid of approximately \$6,600,000 with one year deficits of over \$1,000,000 beginning with the 2025-2026 school year. It is anticipated that excess fund balance that the District has accumulated will be appropriated in future years to meet the current debt service while minimizing the impact on taxpayers.

In March 2020, the World Health Organization declared COVID-19 a pandemic which continues to spread throughout the world resulting in federal, state, and local governments mandating various restrictions. The pandemic continues to have an adverse impact on the economy and has triggered a period of economic slowdown which may impact the District. As a result, the District is limiting certain activities to reduce expenditures along with reducing payroll costs. In addition, the District continues to monitor expenditures, cash flow, and reviews budgets weekly. The duration of the pandemic and any related financial impact is unknown at this time.

Questions about this report may be directed to the Business Manager at 518-629-3200.

WATERVLIET CITY SCHOOL DISTRICT

Statement Of Net Position

June 30, 2021

ASSETS

Cash		
Unrestricted		\$ 12,151,962
Restricted		969,662
Investments		1,230
Receivables		
State and Federal aid		2,330,833
Due from other governments		54,543
Inventories		9,617
Capital assets, net		<u>44,566,490</u>
Total Assets		\$ <u>60,084,337</u>

DEFERRED OUTFLOWS OF RESOURCES

OPEB (GASB 75)		\$ 24,616,011
Pension - Teachers' Retirement System, gross		4,446,099
Pension - Employees' Retirement System, gross		1,004,990
Loss on Refunding		<u>192,875</u>
Total Deferred Outflows Of Resources		\$ <u>30,259,975</u>

LIABILITIES

Payables		
Accounts payable		\$ 1,242,678
Accrued and other liabilities		83,784
Retainage payable		12,854
Interest		50,113
Due to Teachers' Retirement System		990,947
Due to Employees' Retirement System		62,325
Notes payable		
Bond anticipation		10,000,000
Long-term liabilities		
Due and payable within one year		
Bonds payable, net		2,570,623
Installment purchase debt payable		8,761
Compensated absences payable		127,450
Due and payable after one year		
Bonds payable, net		21,908,419
Other post-employment benefit obligation		77,121,231
Net pension liability - proportionate share - Teachers' Retirement System		1,558,517
Net pension liability - proportionate share - Employees' Retirement System		<u>5,007</u>
Total Liabilities		\$ <u>115,742,709</u>

DEFERRED INFLOWS OF RESOURCES

OPEB (GASB 75)		\$ 13,061,703
Pension - Teachers' Retirement System, gross		829,438
Pension - Employees' Retirement System, gross		<u>1,459,354</u>
Total Deferred Inflows Of Resources		\$ <u>15,350,495</u>

NET POSITION

Net investment in capital assets		\$ 19,087,479
Restricted for:		
Other legal restrictions:		
Reserve for Retirement Contributions - Teachers Retirement System		500,000
Reserve for Employee Benefits Accrued Liability		300,000
Reserve for Retirement Contributions - Employee Retirement System		100,000
Reserve for Unemployment Insurance		50,000
Unrestricted (deficit)		<u>(60,786,371)</u>
Total Net Position		\$ <u>(40,748,892)</u>

See accompanying notes to the basic financial statements

WATERVLIET CITY SCHOOL DISTRICT

Statement Of Activities And Changes In Net Position

For The Year Ended June 30, 2021

	Expenses	Indirect Expenses Allocation	Program Revenues Charges For Services	Operating Grants	Net Revenues (Expense) And Changes In Net Position
FUNCTIONS AND PROGRAMS					
General support	\$ 2,470,369	\$ 1,906,353	\$ -	\$ -	\$ (4,376,722)
Instruction	16,991,852	12,847,723	24,428	2,730,211	(27,084,936)
Pupil transportation	1,417,836	143,837	-	-	(1,561,673)
Employee benefits	13,600,184	(13,600,184)	-	-	-
Debt service	864,078	-	-	-	(864,078)
Other expenses	70,658	134,670	-	-	(205,328)
School Lunch Program	<u>357,917</u>	<u>147,201</u>	<u>881,895</u>	<u>-</u>	<u>376,777</u>
Total Functions and Programs	<u>\$ 35,772,894</u>	<u>\$ 1,579,600</u>	<u>\$ 906,323</u>	<u>\$ 2,730,211</u>	<u>(33,715,960)</u>
GENERAL REVENUES					
Real property taxes					7,236,805
Other tax items					230,530
Nonproperty taxes					358,073
Use of money and property					4,461
Miscellaneous					265,558
Premium on Obligations					97,830
State sources					20,255,258
Federal sources					22,115
Interest subsidy for QSCB					164,697
Other revenues					56,737
Medicaid reimbursement					<u>61,984</u>
Total General Revenues					<u>28,754,048</u>
Changes in Net Position					(4,961,912)
Total Net Position - Beginning of Year					<u>(35,892,336)</u>
Restatement of Beginning Balance Due to Change in Accounting Principle					<u>105,356</u>
Total Net Position - Beginning of Year, as Restated					<u>(35,786,980)</u>
Total Net Position - End Of Year					<u>\$ (40,748,892)</u>

See accompanying notes to the basic financial statements

WATERVLIET CITY SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

	General	Special Aid	School Lunch	Debt Service	Capital Project	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 2,900,186	\$ -	\$ 9,760	\$ -	\$9,242,016	\$ 12,151,962
Restricted	950,000	19,662	-	-	-	969,662
Investments	1,230	-	-	-	-	1,230
Receivables						
State and federal aid	1,366,856	796,348	129,269	-	38,360	2,330,833
Due from other funds	788,806	-	25,000	98,062	-	911,868
Due from other governments	54,543	-	-	-	-	54,543
Inventories	-	-	9,617	-	-	9,617
Total Assets	\$ 6,061,621	\$ 816,010	\$ 173,646	\$ 98,062	\$9,280,376	\$ 16,429,715
LIABILITIES						
Payables						
Accounts payable	\$ 936,227	\$ 195,698	\$ -	\$ -	\$ 110,753	\$ 1,242,678
Accrued and other liabilities	63,854	-	-	-	-	63,854
Due to other funds	25,000	600,382	95,542	-	190,944	911,868
Retainage payable	-	-	-	-	12,854	12,854
Due to Teachers' Retirement System	990,947	-	-	-	-	990,947
Due to Employees' Retirement System	62,325	-	-	-	-	62,325
Notes payable						
Bond anticipation	-	-	-	-	10,000,000	10,000,000
Deferred credits						
Deferred revenues - other	-	19,930	-	-	-	19,930
Total Liabilities	2,078,353	816,010	95,542	-	10,314,551	13,304,456
FUND BALANCES						
Non-spendable	-	-	9,617	-	-	9,617
Restricted	950,000	-	-	-	-	950,000
Assigned	100,000	-	-	-	-	100,000
Unassigned	2,933,268	-	68,487	98,062	(1,034,175)	2,065,642
Total Fund Balances	3,983,268	-	78,104	98,062	(1,034,175)	3,125,259
Total Liabilities And Fund Balances	\$ 6,061,621	\$ 816,010	\$ 173,646	\$ 98,062	\$9,280,376	\$ 16,429,715

See accompanying notes to the basic financial statements
(12)

WATERVLIET CITY SCHOOL DISTRICT

Reconciliation Of Governmental Funds Balance Sheet
To The Statement Of Net Position

June 30, 2021

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications And Eliminations	Statement Of Net Position Totals
ASSETS				
Cash				
Unrestricted	\$ 12,151,962	\$ -	\$ -	\$ 12,151,962
Restricted	969,662	-	-	969,662
Investments	1,230	-	-	1,230
Receivables				
State and Federal aid	2,330,833	-	-	2,330,833
Due from other funds	911,868	-	(911,868)	-
Due from other governments	54,543	-	-	54,543
Inventories	9,617	-	-	9,617
Capital assets, net	-	44,566,490	-	44,566,490
	<u>16,429,715</u>	<u>44,566,490</u>	<u>(911,868)</u>	<u>60,084,337</u>
Total Assets				
	<u>16,429,715</u>	<u>44,566,490</u>	<u>(911,868)</u>	<u>60,084,337</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB (GASB 75)	-	24,616,011	-	24,616,011
Pension - Teachers' Retirement System, gross	-	4,446,099	-	4,446,099
Pension - Employees' Retirement System, gross	-	1,004,990	-	1,004,990
Deferred loss on refunding	-	192,875	-	192,875
	<u>-</u>	<u>30,259,975</u>	<u>-</u>	<u>30,259,975</u>
Total Deferred Outflows of Resources				
	<u>-</u>	<u>30,259,975</u>	<u>-</u>	<u>30,259,975</u>
Total Assets And Deferred Outflows Of Resources	<u>\$ 16,429,715</u>	<u>\$ 74,826,465</u>	<u>\$ (911,868)</u>	<u>\$ 90,344,312</u>
LIABILITIES				
Payables				
Accounts payable	\$ 1,242,678	\$ -	\$ -	\$ 1,242,678
Accrued and other liabilities	63,854	-	-	63,854
Due to other funds	911,868	-	(911,868)	-
Retainage payable	12,854	-	-	12,854
Due to Teachers' Retirement System	990,947	-	-	990,947
Due to Employees' Retirement System	62,325	-	-	62,325
Interest	-	50,113	-	50,113
Notes payable				
Bond anticipation	10,000,000	-	-	10,000,000
Deferred inflow of resources				
Deferred revenues - other	19,930	-	-	19,930
Bonds payable, net	-	24,479,042	-	24,479,042
Installment purchase debt payable	-	8,761	-	8,761
Other post-employment benefit obligation	-	77,121,231	-	77,121,231
Compensated absences	-	127,450	-	127,450
Net pension liability - proportionate share -				
Teachers' Retirement System	-	1,558,517	-	1,558,517
Employees' Retirement System	-	5,007	-	5,007
	<u>13,304,456</u>	<u>103,350,121</u>	<u>(911,868)</u>	<u>115,742,709</u>
Total Liabilities				
	<u>13,304,456</u>	<u>103,350,121</u>	<u>(911,868)</u>	<u>115,742,709</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB (GASB 75)	-	13,061,703	-	13,061,703
Pension - Teachers' Retirement System, gross	-	829,438	-	829,438
Pension - Employees' Retirement System, gross	-	1,459,354	-	1,459,354
	<u>-</u>	<u>15,350,495</u>	<u>-</u>	<u>15,350,495</u>
Total Deferred Inflows of Resources				
	<u>-</u>	<u>15,350,495</u>	<u>-</u>	<u>15,350,495</u>
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	<u>3,125,259</u>	<u>(43,874,151)</u>	<u>-</u>	<u>(40,748,892)</u>
Total Liabilities, Deferred Inflows Of Resources And Fund Balance/Net Position	<u>\$ 16,429,715</u>	<u>\$ 74,826,465</u>	<u>\$ (911,868)</u>	<u>\$ 90,344,312</u>

See accompanying notes to the basic financial statements

WATERVLIET CITY SCHOOL DISTRICT

Statement Of Revenues, Expenditures,
And Changes In Fund Balances - Governmental Funds

For The Year Ended June 30, 2021

	General	Special Aid	School Lunch	Capital Project	Debt Service	Total Governmental Funds
REVENUES						
Real property taxes	\$ 7,236,805	\$ -	\$ -	\$ -	\$ -	\$ 7,236,805
Other tax items	230,530	-	-	-	-	230,530
Nonproperty taxes	358,073	-	-	-	-	358,073
Charges for services	24,428	-	-	-	-	24,428
Use of money and property	4,229	-	-	-	232	4,461
Miscellaneous	263,206	-	2,352	-	-	265,558
Premium on obligations	-	-	-	-	97,830	97,830
State sources	20,184,826	1,580,470	32,072	38,360	-	21,835,728
Medicaid reimbursement	61,984	-	-	-	-	61,984
Interest subsidy for QSCB	164,697	-	-	-	-	164,697
Federal sources	22,115	1,149,741	850,865	-	-	2,022,721
Surplus food	-	-	31,030	-	-	31,030
Gifts and donations	-	-	56,737	-	-	56,737
Total Revenues	28,550,893	2,730,211	973,056	38,360	98,062	32,390,582
EXPENDITURES						
General support	2,096,733	-	361,073	-	-	2,457,806
Instruction	14,413,088	2,545,844	-	-	-	16,958,932
Pupil transportation	1,417,761	-	-	-	-	1,417,761
Employee benefits	6,368,518	237,325	133,150	-	-	6,738,993
Debt service						
Principal	2,340,000	-	-	-	-	2,340,000
Interest	999,200	-	-	-	-	999,200
Cost of sales	-	-	357,917	-	-	357,917
Other expenditures	-	-	121,128	-	-	121,128
Capital outlay	-	-	-	1,029,568	-	1,029,568
Total Expenditures	27,635,300	2,783,169	973,268	1,029,568	-	32,421,305
Excess (Deficiency) of Revenues Over Expenditures	915,593	(52,958)	(212)	(991,208)	98,062	(30,723)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	4,963	57,921	-	-	-	62,884
Operating transfers (out)	(57,921)	(4,963)	-	-	-	(62,884)
Total Other Financing Sources (Uses)	(52,958)	52,958	-	-	-	-
Excess of Revenues and Other Financing Sources Over Expenditures	862,635	-	(212)	(991,208)	98,062	(30,723)
Fund Balances - Beginning of year	3,015,277	-	78,316	(42,967)	-	3,050,626
Restatement of Beginning Balance Due to Change in Accounting Principle	105,356	-	-	-	-	105,356
Total Fund Balance - Beginning of Year, as Restated	3,120,633	-	78,316	(42,967)	-	3,155,982
Fund Balances - End Of Year	\$ 3,983,268	\$ -	\$ 78,104	\$ (1,034,175)	\$ 98,062	\$ 3,125,259

See accompanying notes to the basic financial statements

WATERVLIET CITY SCHOOL DISTRICT

Reconciliation Of Governmental Funds Revenues, Expenditures, And Changes In Fund Balances To The Statement Of Activities

For The Year Ended June 30, 2021

	Total Governmental Funds	Long-Term Revenues, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement Of Activities Totals
REVENUES					
Real property taxes	\$ 7,236,805	\$ -	\$ -	\$ -	\$ 7,236,805
Other tax items	230,530	-	-	-	230,530
Nonproperty taxes	358,073	-	-	-	358,073
Charges for services	24,428	-	-	-	24,428
Use of money and property	4,461	-	-	-	4,461
Miscellaneous	265,558	-	-	-	265,558
Premium on obligations	97,830	-	-	-	97,830
State sources	21,835,728	-	-	-	21,835,728
Medicaid reimbursement	61,984	-	-	-	61,984
Interest subsidy for QSCB	164,697	-	-	-	164,697
Federal sources	2,022,721	-	-	-	2,022,721
Surplus food	31,030	-	-	-	31,030
Other revenues	<u>56,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,737</u>
 Total Revenues	 <u>32,390,582</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>32,390,582</u>
 EXPENDITURES					
General support	2,457,806	19,282	(6,719)	-	2,470,369
Instruction	16,958,932	(5,440)	38,360	-	16,991,852
Pupil transportation	1,417,761	75	-	-	1,417,836
Employee benefits	6,738,993	6,861,191	-	-	13,600,184
Debt service					
Principal	2,340,000	-	-	(2,340,000)	-
Interest	999,200	-	-	(135,122)	864,078
Cost of sales	357,917	-	-	-	357,917
Other expenditures	121,128	-	(50,470)	-	70,658
Capital outlay	1,029,568	-	(1,029,568)	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>1,579,600</u>	<u>-</u>	<u>1,579,600</u>
 Total Expenditures	 <u>32,421,305</u>	 <u>6,875,108</u>	 <u>531,203</u>	 <u>(2,475,122)</u>	 <u>37,352,494</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(30,723)</u>	 <u>(6,875,108)</u>	 <u>(531,203)</u>	 <u>2,475,122</u>	 <u>(4,961,912)</u>
 OTHER FINANCING SOURCES (USES)					
Operating transfers in	62,884	-	-	-	62,884
Operating transfers (out)	<u>(62,884)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,884)</u>
 Total Other Financing Sources (Uses)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net Change For The Year	 <u><u>\$ (30,723)</u></u>	 <u><u>\$ (6,875,108)</u></u>	 <u><u>\$ (531,203)</u></u>	 <u><u>\$ 2,475,122</u></u>	 <u><u>\$ (4,961,912)</u></u>

See accompanying notes to the basic financial statements

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies

The financial statements of the Watervliet City School District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A) Reporting entity:

The Watervliet City School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of five 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 District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

i) Extraclassroom Activity Fund:

The Extraclassroom Activity Fund of the District represents accounts of the students of the District. The Board of Education exercises general oversight of this Fund. The Extraclassroom Activity Fund is independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash-basis of accounting) of the Extraclassroom Activity Fund can be found at the District's business office. The District accounts for assets held for various student organizations in the general fund.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

B) Joint venture:

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

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

A BOCES' budget comprises 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). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$4,247,343 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$988,874.

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

C) Basis of presentation:

i) District-wide statements:

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

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities and Changes in Net Position presents a comparison between direct expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Funds statements:

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

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition, or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplementary schedules either separately or in the aggregate.

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

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

The District may report the following fiduciary funds:

Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Custodial funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations.

D) Measurement focus and basis of accounting:

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions and events for recognition in the financial statements.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

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

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1st, and become a lien on December 15th. Taxes are collected during the period September 1, 2020 to December 15, 2020.

Albany County, in which the District is located, enforces uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the County to the District within two years from the return of unpaid taxes to the County. Real property taxes receivable expected to be collected within 60 days of year-end, less similar amounts collected during this period in the preceding year, are recognized as revenue. Otherwise, deferred revenues offset real property taxes receivable.

F) Restricted resources:

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

G) Interfund transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The 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 expenditures 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.

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

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

Please refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, revenues, and expenditures activity.

H) 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 the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. The application of these accounting principles involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The District periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary. Significant estimates are made in a variety of areas that may include computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets, certain assumptions related to the actuarial accrued liability for other post-employment benefits, and certain assumptions related to the actuarial determined pension assets, liabilities, deferred inflows, and outflows of resources.

I) Cash (and cash equivalents) and investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts.

Investments are stated at fair value.

J) Accounts receivable:

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

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

K) Inventories and prepaid items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out (FIFO) basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or governmental funds Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

L) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to June 30, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$20,000	Straight-line	50 Years
Buildings improvements	\$20,000	Straight-line	25 - 50 Years
Site improvements	\$20,000	Straight-line	20 Years
Furniture and equipment	\$ 1,000	Straight-line	5 - 20 Years

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

M) Unearned revenue:

The District reports unearned revenue on its Statement of Net Position and its governmental funds Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the 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 District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

N) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has four 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 is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position or governmental funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

O) Vested employee benefits:

Compensated absences

Compensated absences consist of vested sick leave and vacation time.

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

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

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rate in effect at year end.

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

P) Other benefits:

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

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

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

Q) Short-term debt:

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BANs), 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.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

R) Payables, 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, and compensated absences that will be paid from government funds, are reported as a liability in the funds 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 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.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

S) Equity classifications:

District-wide statements

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

Net investment in capital assets - Consists of net capital assets (cost less accumulated depreciation) and bond issue costs (cost less amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvement of those assets.

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

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

Funds statements

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

Non-spendable 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. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$9,617.

Restricted fund balance - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The School District has established and is currently using the following restricted fund balances:

Unemployment Insurance

According to General Municipal Law §6-m, the Unemployment Insurance Reserve must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

Employee Benefit Accrued Liability

Reserve for Employee Benefit Accrued Liability (GML §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 reserves and funds that may be legally appropriated.

Retirement Contributions

Reserve for Retirement Contributions (GML §6-p) is used to reserve funds for the payment of retirement contributions. All expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. 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. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

Restricted fund balance includes the following:

General Fund:

Retirement Contributions - TRS	\$ 500,000
Employee Benefit Accrued Liability	300,000
Retirement Contributions - ERS	100,000
Unemployment Insurance	<u>50,000</u>
Total General Fund	<u>950,000</u>
Total Restricted Funds	<u>\$ 950,000</u>

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

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance in the General Fund. Encumbrances reported in the General Fund amounted to \$-0-.

Unassigned fund balance - Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of use of fund balance:

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

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 1 - Summary Of Significant Accounting Policies (Continued)

T) New accounting standards:

The District has adopted all current statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021, the District implemented the following new standard issued by GASB:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ended June 30, 2021. Certain assets that were previously recorded in the Fiduciary fund have been reclassified to the General fund due to the new definition of what is considered a Fiduciary fund under GASB 84. As a result of implementation of GASB 84, there are no assets remaining in the Fiduciary fund at June 30, 2021. The implementation of GASB 84 has resulted in a restatement of beginning fund balance in the general fund of \$105,356.

U) Future changes in accounting standards

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

The District will evaluate future pronouncements and the impact the pronouncements may have on its financial statements and will implement them as applicable and when material.

Note 2 - Explanation Of Certain Differences Between Governmental Fund Statements And District-Wide Statements

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

A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position vs. the solely current financial resources focus of the governmental funds Balance Sheet.

B) Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities and Changes in Net Position:

Differences between the funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities and Changes in Net Position fall into one of four broad categories.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 2 - Explanation Of Certain Differences Between Governmental Fund Statements And District-Wide Statements (Continued)

The amounts shown below represent:

i) Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities and Changes in Net Position reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities and Changes in Net Position.

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities and Changes in Net Position as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension differences:

Pension differences occur as a result of changes in the District’s proportion of the collective net pension asset (liability) and differences between the District’s contributions and its proportionate share of the total contributions to the pension systems. See Note 1 for amounts recognized as pension expense (benefit) for the current fiscal year.

v) OPEB differences:

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

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 2 - Explanation Of Certain Differences Between Governmental Fund Statements And District-Wide Statements (Continued)

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the governmental funds Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original Cost Of Capital Assets	<u>\$ 62,275,854</u>
Accumulated Depreciation	<u>\$ 17,709,364</u>

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds Payable, Net	<u>\$ 24,479,042</u>
Installment Purchase Debt Payable	<u>\$ 8,761</u>
Other Post-Employment Benefit Obligation	<u>\$ 77,121,231</u>
Compensated Absences Payable	<u>\$ 127,450</u>

In the Statement of Activities and Changes in Net Position, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences (vacations used) of \$113,533 were less than the amounts earned of \$127,450.

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$1,579,600 exceeded capital expenditures of \$1,031,830 in the current year.

Repayment of bond principal of \$2,340,000 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities and Changes in Net Position.

Interest on long-term debt in the Statement of Activities and Changes in Net Position differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities and Changes in Net Position, however, interest expense is recognized as the interest accrues, regardless of when it is due.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 2 - Explanation Of Certain Differences Between Governmental Fund Statements And District-Wide Statements (Continued)

The interest reduction reported in the Statement of Activities and Changes in Net Position is the result of five factors. First, interest accrued on the District's capital appreciation bonds decreased by \$5,538, second, \$1,968 of bond discounts were amortized on the QSCB as an additional interest expense adjustment, third, \$17,459 of bond premiums were amortized on the 2015 Serial Bonds as an additional interest expense adjustment, forth, \$135,132 of bond premiums were amortized on the 2019 Serial Bonds as an additional interest expense adjustment, and fifth, \$21,041 of deferred losses were amortized on the 2019 Serial Bonds as an additional interest expense adjustment.

GASB Statement 75 requires recognition of a portion of the unfunded actuarial accrued liability as the Net OPEB Obligation in the Statement of Net Position, but not in the governmental funds. The Net OPEB obligation is \$77,121,231 as of June 30, 2021. OPEB related expense in the Statement of Activities and Changes in Net Position differs from the amount reported in the governmental funds because only the actual contributions paid by the District are recognized in the governmental funds. In the Statement of Activities and Changes in Net Position, however, a portion of the unfunded actuarial accrued liability is amortized and recognized as expense each year. OPEB expense reported in the Statement of Activities and Changes in Net Position was \$5,687,846 higher than the amount reported in the governmental funds as a result of the amortization of the unfunded actuarial accrued liability.

As more fully described in Notes 8 and 10, the District has several pension and post-employment benefit components present on the Statement of Net Position noted below:

Deferred Outflows of Resources:

OPEB (GASB 75)	<u>\$ 24,616,011</u>
Pension - Teachers' Retirement System, Gross	<u>\$ 4,446,099</u>
Pension - Employees' Retirement System, Gross	<u>\$ 1,004,990</u>

Deferred Inflows of Resources:

OPEB (GASB 75)	<u>\$ 13,061,703</u>
Pension - Teachers' Retirement System, Gross	<u>\$ 829,438</u>
Pension - Employees' Retirement System, Gross	<u>\$ 1,459,354</u>

Long-Term Liabilities:

Net Pension Liability - Proportionate Share - Teachers' Retirement System	<u>\$ 1,558,517</u>
Net Pension Liability - Proportionate Share - Employees' Retirement System	<u>\$ 5,007</u>

For the year ended June 30, 2021, the District's recognized pension expense in total for TRS and ERS was \$1,173,345 and is reported in the Statement of Activities and Changes in Net Position.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 3 - Stewardship, Compliance, And Accountability

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which legal (appropriated) budgets are adopted:

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves and budget amendments approved by the Board of Education, as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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

Encumbrances

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

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include the development of a reserve plan and capital improvement plan.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 4 - Cash (And Cash Equivalents) - Custodial Credit, Concentration Of Credit, Interest Rate, And Foreign Currency Risks

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

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

Uncollateralized	\$ <u>6,574</u>
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Collateralized With Securities Held By The Pledging Financial Institution, Or Its Trust Department Or Agent, But Not In The District's Name	\$ <u>13,516,812</u>
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Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$969,662 within the governmental funds.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 5 - Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 634,241	\$ -	\$ -	\$ 634,241
Construction in progress	<u>42,967</u>	<u>991,208</u>	<u>-</u>	<u>1,034,175</u>
Total nondepreciable historical cost	<u>677,208</u>	<u>991,208</u>	<u>-</u>	<u>1,668,416</u>
Capital assets that are depreciated:				
Buildings	57,807,749	-	-	57,807,749
Furniture and equipment	2,563,249	40,622	-	2,603,871
Vehicles	123,330	-	-	123,330
Land improvements	<u>72,488</u>	<u>-</u>	<u>-</u>	<u>72,488</u>
Total depreciable historical cost	<u>60,566,816</u>	<u>40,622</u>	<u>-</u>	<u>60,607,438</u>
Less accumulated depreciation:				
Buildings	14,057,940	1,407,558	-	15,465,498
Furniture and equipment	1,885,173	162,875	-	2,048,048
Vehicles	114,163	9,167	-	123,330
Land improvements	<u>72,488</u>	<u>-</u>	<u>-</u>	<u>72,488</u>
Total accumulated depreciation	<u>16,129,764</u>	<u>1,579,600</u>	<u>-</u>	<u>17,709,364</u>
Net Depreciable Historical Cost	<u>44,437,052</u>	<u>(1,538,978)</u>	<u>-</u>	<u>42,898,074</u>
Capital Assets, Net	<u>\$ 45,114,260</u>	<u>\$ (547,770)</u>	<u>\$ -</u>	<u>\$ 44,566,490</u>
Depreciation expense was charged to governmental functions as follows:				
Regular instruction		\$ 1,400,744		
Administrative services		155,638		
School lunch program		14,051		
Pupil transportation		<u>9,167</u>		
Total		<u>\$ 1,579,600</u>		

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 6 - Short-Term Debt

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	4/27/2022	1.25%	\$ <u>-</u>	\$ <u>10,000,000</u>	\$ <u>-</u>	\$ <u>10,000,000</u>

Note 7 - Long-Term Debt Obligations

Long-term liability balances and activity for the year ended June 30, 2021 are summarized below:

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Serial Bonds

The District borrows money in order to acquire land or equipment, construct buildings, or make 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 are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 7 - Long-Term Debt Obligations (Continued)

Noncurrent liability balances and activity are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Long-Term Liabilities:					
Bonds payable	\$ 25,370,000	\$ -	\$ (2,340,000)	\$ 23,030,000	\$ 2,420,000
Bond discount	(17,873)	-	1,968	(15,905)	(1,968)
Bond premium	1,617,538	-	(152,591)	1,464,947	152,591
Installment purchase debt	<u>25,330</u>	<u>-</u>	<u>(16,569)</u>	<u>8,761</u>	<u>8,761</u>
Total Governmental activities	26,994,995	-	(2,507,192)	24,487,803	2,579,384
Other long-term liabilities:					
Other postemployment benefits obligation	78,377,457	-	(1,256,226)	77,121,231	-
Net pension liability - proportionate share - ERS	1,296,946	-	(1,291,939)	5,007	-
Net pension liability - proportionate share - TRS	(1,484,761)	3,043,278	-	1,558,517	-
Compensated absences payable	<u>113,533</u>	<u>127,450</u>	<u>(113,533)</u>	<u>127,450</u>	<u>127,450</u>
Total Long-Term Liabilities	<u>\$105,298,170</u>	<u>\$ 3,170,728</u>	<u>\$ (5,168,890)</u>	<u>\$ 103,300,008</u>	<u>\$ 2,706,834</u>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Bonds payable is comprised of the following:

<u>Description Of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding Balance At At June 30, 2021</u>
Serial Bonds 2019	08/31/2019	12/01/2030	2.00 - 5.00%	\$ 9,190,000
Serial Bonds 2015	06/24/2015	06/15/2034	3.00 - 4.00%	9,510,000
QSCB 2013	08/05/2013	06/15/2030	1.60 - 5.10%	3,220,000
QZAB, Series 2009	11/30/2009	06/15/2024	1.20%	<u>1,110,000</u>
Total				<u>\$ 23,030,000</u>

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 7 - Long-Term Debt Obligations (Continued)

The following is a summary of debt service requirements for bonds payable:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30,			
2022	\$ 2,420,000	\$ 741,064	\$ 3,161,064
2023	2,515,000	654,234	3,169,234
2024	2,615,000	563,544	3,178,544
2025	2,330,000	469,119	2,799,119
2026	2,000,000	394,044	2,394,044
5 subsequent years	9,125,000	1,020,731	10,145,731
3 subsequent years	<u>2,025,000</u>	<u>143,500</u>	<u>2,168,500</u>
Totals	23,030,000	3,986,236	27,016,236
Plus: bond premium	1,464,947	-	1,464,947
Less: bond discount	<u>(15,905)</u>	<u>-</u>	<u>(15,905)</u>
Totals	<u>\$ 24,479,042</u>	<u>\$ 3,986,236</u>	<u>\$ 28,465,278</u>

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

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

Interest paid	\$ 999,200
Less: interest accrued in the prior year	(55,653)
Plus: interest accrued in the current year and bond discount/premium amortization	<u>(79,469)</u>
Total Expense	<u>\$ 864,078</u>

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 7 - Long-Term Debt Obligations (Continued)

The following is a summary of installment purchase debt obligations:

Fiscal year ending June 30,	
2022	\$ 8,958
Total minimum lease payments	8,958
Less: amount representing interest	<u>197</u>
Present Value Of Minimum Lease Payment	<u>\$ 8,761</u>

Note 8 - Pension Plans

General Information

The District participates in the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS) (the Systems). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. See Note 1 for additional detail.

Provision and Administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial Report, which can be found on the System's website at: www.nystrs.org.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 8 - Pension Plans (Continued)

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at: www.osc.state.ny.us/retire/publications/index.php.

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3.0% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>NYSTRS</u>	<u>NYSERS</u>
2020 - 2021	\$ 913,032	\$ 235,161
2019 - 2020	\$ 848,173	\$ 224,659
2018 - 2019	\$ 1,013,070	\$ 220,344

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 8 - Pension Plans (Continued)

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

At June 30, 2021, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2021	June 30, 2020
District's Proportionate Share Of The Net Pension Asset (Liability)	\$ (5,007)	\$ (1,558,517)
District's Portion Of The Plan's Total Net Pension Asset (Liability)	0.005028%	0.056401%

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 8 - Pension Plans (Continued)

For the year ended June 30, 2021, the District's recognized pension benefit was \$83,521 for ERS and recognized pension expense for TRS was \$1,256,866. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources are as follows:

	<u>Deferred Outflows Of Resources</u>		<u>Deferred Inflows Of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 61,146	\$ 1,365,572	\$ -	\$ 79,871
Changes of assumptions	920,585	1,971,161	17,363	702,616
Net difference between projected and actual investment earnings on pension plan investments	-	1,017,848	1,438,242	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	<u>23,259</u>	<u>91,518</u>	<u>3,749</u>	<u>46,951</u>
Total	<u>\$ 1,004,990</u>	<u>\$ 4,446,099</u>	<u>\$ 1,459,354</u>	<u>\$ 829,438</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ending:	<u>ERS</u>	<u>TRS</u>
2022	\$ (77,711)	\$ 614,344
2023	(27,290)	1,232,802
2024	(75,060)	1,010,564
2025	(274,303)	637,364
2026	-	41,821
Thereafter	<u>-</u>	<u>79,766</u>
Total	<u>\$ (454,364)</u>	<u>\$ 3,616,661</u>

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 8 - Pension Plans (Continued)

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2021	June 30, 2020
Actuarial Valuation Date	April 1, 2020	June 30, 2019
Interest Rate	6.80%	7.10%
Salary Scale	4.40% (indexed by service)	1.90% - 4.72%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation Rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

For ERS, 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. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 8 - Pension Plans (Continued)

The long-term 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 each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2021	June 30, 2020
<u>Asset Type:</u>		
Domestic Equity	4.05%	7.10%
International Equity	6.30%	7.70%
Real Estate	4.95%	0.00%
Domestic Fixed Income Securities	0.00%	1.80%
Global Bonds	0.00%	1.00%
Cash Equivalents	0.50%	0.70%
Private Equity	6.75%	10.40%
Credit	3.63%	0.00%
Opportunistic/ARS Portfolio	4.50%	0.00%
Real Assets	5.95%	0.00%
Global Equity	0.00%	7.40%
Real Estate Equities	0.00%	6.80%
Private Debt	0.00%	5.20%
Real Estate Debt	0.00%	3.60%
High-Yield Bonds	0.00%	3.90%

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 8 - Pension Plans (Continued)

Discount Rates

The discount rates used to calculate the total pension liability were 5.90% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rates 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 Systems' 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 for the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rates of 5.90% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is one percentage point lower (4.90% for ERS and 6.10% for TRS) or one percentage point higher (6.90% for ERS and 8.10% for TRS) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
<u>ERS</u>			
Employer's Proportionate Share			
Of The Net Pension Asset (Liability)	<u>\$ (1,389,688)</u>	<u>\$ (5,007)</u>	<u>\$ 1,271,993</u>
<u>TRS</u>			
Employer's Proportionate Share			
Of The Net Pension Asset (Liability)	<u>\$ (9,844,612)</u>	<u>\$ (1,558,517)</u>	<u>\$ 5,395,617</u>

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 8 - Pension Plans (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the respective valuation dates were as follows:

	(Dollars in Thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Measurement Date	March 31, 2021	June 30, 2020	
Employer's Total Pension Liability	\$ (220,680,157)	\$(123,242,776)	\$(343,922,933)
Plan Fiduciary Net Position	<u>220,580,583</u>	<u>120,479,505</u>	<u>341,060,088</u>
Employer's Net Pension Asset (Liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>	<u>\$ (2,862,845)</u>
Ratio Of Plan Net Position To The Employers' Total Pension Liability	99.95%	97.76%	

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$62,325.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October, and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$990,947.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 9 - Interfund Transactions - Government Funds

	Interfund		Interfund	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 788,806	\$ 25,000	\$ 4,963	\$ 57,921
Special Aid Fund	-	600,382	57,921	4,963
School Lunch Fund	25,000	95,542	-	-
Debt Service Fund	98,062	-	-	-
Capital Project Fund	<u>-</u>	<u>190,944</u>	<u>-</u>	<u>-</u>
Total Governmental Funds	<u>\$ 911,868</u>	<u>\$ 911,868</u>	<u>\$ 62,884</u>	<u>\$ 62,884</u>

The District typically transfers from the General Fund to the Special Aid Fund, and the School Lunch Fund to provide cash flow.

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

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

Note 10 - Post-Employment (Health Insurance) Benefits

General Information about the OPEB Plan

Plan Description - The 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 District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 10 - Post-Employment (Health Insurance) Benefits (Continued)

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	121
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>178</u>
	<u>299</u>

Total OPEB Liability

The District's total OPEB liability of \$77,121,231 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	2.50 percent
Salary Increases, including wage inflation	Varied by years of service and retirement system
Discount Rate	2.16 percent
Healthcare Cost Trend Rates	5.70 percent of 2020, decreasing to an ultimate rate of 4.04 percent of 2075 and later years
Retirees Share of Benefit-Related Costs	Percent of projected health insurance premiums covered for retirees ranges from 94%-100%

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

Mortality rates were based on the Society of Actuaries' Scale MP-2020.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study adopted on April 1, 2020.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 10 - Post-Employment (Health Insurance) Benefits (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 78,377,457
Changes for the year -	
Service cost	3,613,289
Interest	1,794,482
Differences between expected and actual experience	(10,814,343)
Changes in assumptions or other inputs	5,744,027
Benefit payments	<u>(1,593,681)</u>
Net Changes	<u>(1,256,226)</u>
Balance at June 30, 2021	<u>\$ 77,121,231</u>

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 64,237,589</u>	<u>\$ 77,121,231</u>	<u>\$ 93,726,015</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 District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.70 percent) or 1 percentage point higher (4.70 percent) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 61,911,249</u>	<u>\$ 77,121,231</u>	<u>\$ 97,791,494</u>

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 10 - Post-Employment (Health Insurance) Benefits (Continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$5,687,846. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (11,582,036)
Changes of assumptions or other inputs	<u>24,616,011</u>	<u>(1,479,667)</u>
Total	<u>\$ 24,616,011</u>	<u>\$ (13,061,703)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 1,873,756
2023	1,873,756
2024	1,873,756
2025	1,873,756
2026	1,873,756
Thereafter	<u>2,185,528</u>
Total	<u>\$ 11,554,308</u>

Note 11 - Risk Management

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

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 12 - Contingencies And Commitments

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

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of GASB Statement 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. It is not possible to estimate the amount of such liability at this time since it cannot be reasonably determined.

Note 13 - Risks And Uncertainties

As a result of the spread of the COVID-19 coronavirus that started in March of 2020, economic uncertainties have arisen which could negatively impact current and future operating results. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak which are uncertain and cannot be predicted at this time.

To mitigate the uncertainty, the District will continue to update internal budgets as needed based upon estimated impact to revenue levels and increased in expenditures. The District also plans to continue monitoring spending levels based on cash flows and needs throughout the fiscal year. The District currently has positive government fund balances and has established reserves that will mitigate the negative financial impact as a result of the pandemic.

Note 14 - Operating Lease

The District leases three school buses (in the General Fund) under an operating lease expiring in 2022.

Minimum future rental payments under a noncancelable operating lease having initial terms in excess of one year as of June 30, 2021, are as follows:

2022	<u>\$ 153,216</u>
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Rental expense under all operating leases for the year ended June 30, 2021 was \$48,216.

WATERVLIET CITY SCHOOL DISTRICT

Notes To Basic Financial Statements

Note 15 - Donor-Restricted Endowments

The District administers endowment funds, which are restricted by the donor for the purpose of awarding grants to students.

Donor-restricted endowments are reported at fair value.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)
AND
SUPPLEMENTARY INFORMATION**

WATERVLIET CITY SCHOOL DISTRICT

Required Supplementary Information
Schedule Of Funding Progress - Other Post-Employment Benefits

For The Year Ended June 30, 2021

Measurement Date	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 3,613,289	\$ 2,345,940	\$ 1,287,755	\$ 1,344,681
Interest	1,794,482	2,146,969	1,975,502	1,809,743
Changes in benefit terms	-	-	(780,101)	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(10,814,343)	(941,784)	(2,018,785)	-
Changes of assumptions or other inputs	5,744,027	16,739,385	10,050,640	(2,561,023)
Benefit payments	<u>(1,593,681)</u>	<u>(1,456,072)</u>	<u>(1,447,872)</u>	<u>(1,337,977)</u>
Net change in total OPEB liability	(1,256,226)	18,834,438	9,067,139	(744,576)
Total OPEB liability - beginning	<u>78,377,457</u>	<u>59,543,019</u>	<u>50,475,880</u>	<u>51,220,456</u>
Total OPEB Liability - Ending	<u>\$ 77,121,231</u>	<u>\$ 78,377,457</u>	<u>\$ 59,543,019</u>	<u>\$ 50,475,880</u>
 Covered Payroll	 <u>\$ 10,321,846</u>	 <u>\$ 11,524,399</u>	 <u>\$ 9,553,129</u>	 <u>\$ 10,211,282</u>

*10 years of historical information will not be available upon implementation. 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.

See paragraph on supplementary schedules included in independent auditors' report

WATERVLIET CITY SCHOOL DISTRICT

Required Supplementary Information
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget (Non-GAAP Basis) And Actual - General Fund
For The Year Ended June 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)		Final Budget Variance With Budgetary Actual
REVENUES					
Local sources					
Real property taxes	\$ 7,239,000	\$ 7,239,000	\$ 7,236,805		\$ (2,195)
Other tax items	236,000	236,000	230,530		(5,470)
Nonproperty tax items	335,000	335,000	358,073		23,073
Charges for services	32,000	32,000	24,428		(7,572)
Use of money and property	10,000	10,000	4,229		(5,771)
Miscellaneous	190,000	190,000	263,206		73,206
Total Local Sources	8,042,000	8,042,000	8,117,271		75,271
State sources	19,868,000	19,868,000	20,184,826		316,826
Medicaid reimbursement	125,000	125,000	61,984		(63,016)
Interest subsidy for QSCB	164,000	164,000	164,697		697
Federal sources	15,000	15,000	22,115		7,115
Total Revenues	28,214,000	28,214,000	28,550,893		336,893
OTHER FINANCING SOURCES					
Transfers from other funds	-	-	4,963		4,963
APPROPRIATED FUND BALANCE					
Appropriated reserves	346,000	346,000	-		(346,000)
Total Revenues, Other Sources And Appropriated Fund Balance	\$ 28,560,000	\$ 28,560,000	\$ 28,555,856		\$ (4,144)
	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual And Encumbrances
EXPENDITURES					
General support					
Board of Education	\$ 8,000	\$ 12,000	\$ 8,385	\$ -	\$ 3,615
Central administration	244,000	244,000	234,522	-	9,478
Finance	268,000	241,000	232,563	-	8,437
Staff	167,000	131,000	129,204	-	1,796
Central services	1,190,000	1,247,000	1,220,032	-	26,968
Special items	280,000	282,000	272,027	-	9,973
Total General Support	2,157,000	2,157,000	2,096,733	-	60,267
Instruction					
Instruction, administration, and improvement	1,077,000	1,096,000	982,821	-	113,179
Teaching - regular school	7,075,000	7,171,000	7,016,311	-	154,689
Programs for children with handicapping conditions	4,996,000	4,735,000	4,715,300	-	19,700
Occupational education	529,000	369,000	368,010	-	990
Instructional media	221,000	335,000	304,934	-	30,066
Pupil services	1,228,000	1,250,000	1,025,712	-	224,288
Total Instruction	15,126,000	14,956,000	14,413,088	-	542,912
Pupil transportation	1,366,000	1,555,000	1,417,761	-	137,239
Employee benefits	6,507,000	6,485,000	6,368,518	-	116,482
Debt service	3,348,000	3,349,000	3,339,200	-	9,800
Total Expenditures	28,504,000	28,502,000	27,635,300	-	866,700
OTHER FINANCING USES					
Transfers to other funds	56,000	58,000	57,921	-	79
Total Expenditures And Other Financing Uses	\$ 28,560,000	\$ 28,560,000	\$ 27,693,221	-	\$ 866,779
Net change in fund balance	\$ -	\$ -	\$ 862,635	\$ -	\$ 862,635
Fund balance - beginning	-	-	3,015,277		
Fund Balance - Ending	\$ -	\$ -	\$ 3,877,912		

See paragraph on supplementary schedules included in independent auditors' report

WATERVLIET CITY SCHOOL DISTRICT

Required Supplementary Information
Schedule Of Watervliet City School District's (WCSD)
Proportionate Share Of The Net Pension Liability

NYSTRS Pension Plan
Last 10 Fiscal Years*

	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
WCSD's proportion of the net pension (liability)	0.056401%	0.057150%	0.057975%	0.058140%	0.056676%	0.056775%	0.056647%
WCSD's proportionate share of the net pension (liability) asset	\$(1,558,517)	\$ 1,484,761	\$ 1,048,339	\$ 441,924	\$ (607,022)	\$ 5,897,078	\$ 6,310,137
WCSD's covered payroll	\$ 9,573,063	\$ 9,539,268	\$ 9,443,320	\$ 9,213,327	\$ 8,745,656	\$ 8,528,324	\$ 8,367,664
WCSD's proportionate share of the net pension (liability) asset as a percentage of its covered payroll	-16.28%	15.56%	11.10%	4.80%	-6.94%	69.15%	75.41%
Plan fiduciary net position as a percentage of the total pension liability	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

* The amounts presented for the fiscal year were determined as of the measurement date June 30.

Note - 2015 was the initial implementation year.

See paragraph on supplementary schedules included in independent auditors' report

WATERVLIET CITY SCHOOL DISTRICT

Required Supplementary Information
Schedule Of Watervliet City School District's (WCSD) Contributions

NYSTRS Pension Plan
Last 10 Fiscal Years*

	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>
Contractually required contribution	\$ 848,174	\$ 1,013,070	\$ 925,445	\$ 1,079,802	\$ 1,159,674	\$ 1,495,015	\$ 1,359,745	\$ 1,035,428	\$ 991,354	\$ 764,956
Contributions in relation to the contractually required contribution	<u>848,174</u>	<u>1,013,070</u>	<u>925,445</u>	<u>1,079,802</u>	<u>1,159,674</u>	<u>1,495,015</u>	<u>1,359,745</u>	<u>1,035,427</u>	<u>991,354</u>	<u>764,956</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
WCSD's covered payroll	\$ 9,573,063	\$ 9,539,268	\$ 9,443,320	\$ 9,213,327	\$ 8,745,656	\$ 8,528,324	\$ 8,367,644	\$ 8,514,282	\$ 8,698,127	\$ 8,557,072
Contributions as a percentage of covered payroll	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	12.16%	11.40%	8.94%

* The amounts presented for the fiscal year were determined as of the measurement date June 30.

See paragraph on supplementary schedules included in independent auditors' report

WATERVLIET CITY SCHOOL DISTRICT

Schedule 3C

Required Supplementary Information Schedule Of Watervliet City School District's (WCSD) Proportionate Share Of The Net Pension Liability

NYSERS Pension Plan Last 10 Fiscal Years*

	<u>2021</u> *	<u>2020</u> *	<u>2019</u> *	<u>2018</u> *	<u>2017</u> *	<u>2016</u> *	<u>2015</u> *
WCSD's proportion of the net pension (liability) asset	0.0050284%	0.0048977%	0.0049622%	0.0050240%	0.0047017%	0.0048844%	0.0048556%
WCSD's proportionate share of the net pension (liability) asset	\$ (5,007)	\$ (1,296,946)	\$ (351,590)	\$ (162,148)	\$ (441,782)	\$ (783,963)	\$ (164,035)
WCSD's covered payroll	\$ 1,462,032	\$ 1,421,231	\$ 1,379,542	\$ 1,386,026	\$ 1,255,858	\$ 1,237,194	\$ 1,184,719
WCSD's proportionate share of the net pension (liability) asset as a percentage of its covered payroll	0.34%	91.26%	25.49%	11.70%	35.18%	63.37%	13.85%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%	97.90%

* The amounts presented for the fiscal year were determined as of the measurement date March 31.

Note - 2015 was the initial implementation year.

See paragraph on supplementary schedules included in independent auditors' report

WATERVLIET CITY SCHOOL DISTRICT

Required Supplementary Information
Schedule Of Watervliet City School District's (WCSD) Contributions

NYSERS Pension Plan
Last 10 Fiscal Years*

	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>	<u>2013*</u>	<u>2012*</u>
Contractually required contribution	\$ 229,815	\$ 223,573	\$ 220,461	\$ 225,658	\$ 218,100	\$ 289,977	\$ 230,192	\$ 193,570	\$ 182,716	\$ 184,110
Contributions in relation to the contractually required contribution	<u>229,815</u>	<u>223,573</u>	<u>220,461</u>	<u>225,658</u>	<u>218,100</u>	<u>289,977</u>	<u>230,192</u>	<u>193,570</u>	<u>182,716</u>	<u>184,110</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
WCSD's covered payroll	\$ 1,462,032	\$ 1,421,231	\$ 1,379,542	\$ 1,386,026	\$ 1,255,858	\$ 1,237,194	\$ 1,184,719	\$ 1,117,540	\$ 1,091,216	\$ 1,209,475
Contributions as a percentage of covered payroll	15.72%	15.73%	15.98%	16.28%	17.37%	23.44%	19.43%	17.32%	16.74%	15.22%

* The amounts presented for the fiscal year were determined as of the measurement date March 31.

See paragraph on supplementary schedules included in independent auditors' report

WATERVLIET CITY SCHOOL DISTRICT

Supplementary Information
 Schedule Of Change From Adopted Budget To Final Budget
 And The Real Property Tax Limit - General Fund

For The Year Ended June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 28,560,000
Add: Prior year's encumbrances	<u>-</u>
Original budget	28,560,000
Budget revision	<u>-</u>
Final Budget	<u>\$ 28,560,000</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 Voter-Approved Expenditure Budget	<u>\$ 30,463,000</u>
Maximum Allowed (4% Of 2021-22 Budget)	<u>\$ 1,218,520</u>

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	100,000
Unassigned fund balance	<u>2,933,268</u>
Total unrestricted fund balance	<u>3,033,268</u>
Less:	
Appropriated fund balance	(100,000)
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	<u>-</u>
Total adjustments	<u>(100,000)</u>

General Fund Balance Subject To Section 1318 Of Real Property Tax Law **\$ 2,933,268**

Actual Percentage 9.63%

See paragraph on supplementary schedules included in independent auditors' report

WATERVLiet CITY SCHOOL DISTRICT

Supplementary Information
Schedule Of Project Expenditures - Capital Projects Fund

For The Year Ended June 30, 2021

PROJECT TITLE	Original Budget	Revised Budget	Expenditures		
			Prior Years	Current Year	Total
Watervliet Elementary and Jr/Sr High School Reconstruction	<u>\$9,990,000</u>	<u>\$ -</u>	<u>\$ 42,967</u>	<u>\$ 991,208</u>	<u>\$1,034,175</u>
Smart Schools Bond Act	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,400,901</u>	<u>\$ 38,360</u>	<u>\$1,439,261</u>

See paragraph on supplementary schedules included in independent auditors' report

WATERVLIET CITY SCHOOL DISTRICT

Supplementary Information
Schedule Of Net Investment In Capital Assets

For The Year Ended June 30, 2021

Capital assets, net	\$ 44,566,490
Deduct:	
Short-term portion of bonds payable, net	(2,570,623)
Long-term portion of bonds payable, net	(21,908,419)
Bond anticipation notes	(10,000,000)
Less: Unspent bond anticipation note proceeds	9,008,792
Short-term portion of capital leases (installment purchase debt payable)	<u>(8,761)</u>
Net Investment In Capital Assets	<u><u>\$ 19,087,479</u></u>

See paragraph on supplementary schedules included in independent auditors' report

WATERVLIET CITY SCHOOL DISTRICT

Supplementary Information
Schedule Of Certain Revenues And Expenditures
Compared To ST-3 Data

For The Year Ended June 30, 2021

	<u>Code</u>	<u>ST-3 Amount</u>	<u>Audited Amount</u>
REVENUES			
Real Property Taxes	A-1001	\$ 6,546,651	\$ 7,236,805
Non-Property Taxes	AT-1199	\$ 358,073	\$ 358,073
State Aid	AT-3999	\$ 20,184,826	\$ 20,184,826
Federal Aid - Medicaid Reimbursements	AT-4999	\$ 248,795	\$ 248,796
Total Revenues	AT-5999	\$ 28,555,466	\$ 28,555,856
EXPENDITURES			
General Support	AT-1999	\$ 2,096,733	\$ 2,096,733
Pupil Transportation	AT-5599	\$ 1,417,760	\$ 1,417,761
Debt Service - Principal	AT-9798.6	\$ 2,340,000	\$ 2,340,000
Debt Service - Interest	AT-9798.7	\$ 999,200	\$ 999,200
Total Expenditures	AT-9999	\$ 27,687,072	\$ 27,693,221

Reconciliation of differences between ST-3 amounts and audited amounts:

A-1001 - The difference of \$690,154 is STAR Aid which is reported on line A-1085.

AT-4999 - The difference of \$1 is due to rounding.

AT-5999 - The difference of \$390 is due to the following:

\$189 is interest income which is now reported on line AT-2499 as a result of a GASB #84 adjustment.

\$200 is donations which is now reported on line AT-2709 as a result of a GASB #84 adjustment.

WATERVLIET CITY SCHOOL DISTRICT

Schedule Of Expenditures Of Federal Awards

For The Year Ended June 30, 2021

Federal Grantor/Pass-Through	Grantor/Program Title	CFDA Number	Agency or Pass-Through	Expenditures
<u>U.S Department of Agriculture</u>				
Passed-Through NYS Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (food distribution)				
	National School Lunch Program	10.555	-	\$ 31,030
	Non-Cash Assistance subtotal			31,030
Cash Assistance:				
	Summer Food Service for Children	10.559	-	829,764
	Cash Assistance subtotal			829,764
	Total Child Nutrition Cluster			860,794
	Fresh Fruits and Vegetables	10.582	-	21,101
	Total Passed-Through NYS Education Department			881,895
	Total U.S. Department of Agriculture			881,895
<u>U.S. Department of Education</u>				
Passed-Through NYS Education Department:				
Special Education Cluster (IDEA):				
	IDEA Part B, Section 611	84.027A	0032-21-0032	392,788
	IDEA Part B, Section 619, Preschool	84.173A	0033-21-0032	21,902
	Total Special Education Cluster (IDEA)			414,690
ESEA Title I, Basic Grant:				
	ESEA Title I, Basic Grant	84.010A	0021-21-0065	412,447
	ESEA Title I, School Improvement Grant	84.010A	0011-21-3152	6,825
	Total ESEA Title I, Basic Grant			419,272
	Title IIA, Supporting Effective Instruction	84.367A	0147-21-0065	72,162
	Title IIIA, English Language Acquisition Grants	84.365A	0293-21-0065	15,569
	ESEA Title IV Part A	84.424A	0204-21-0065	21,066
	CARES Act - Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0065	59,551
	CARES Act - Governor's Emergency Education Relief Fund	84.425C	5895-21-0065	57,431
	Homeless Assist Act - VIIB	84.196A	0212-21-3117	90,000
	Total Passed-Through NYS Education Department			1,149,741
	Impact Aid (Title VII of ESEA)	84.041A		22,115
	Total U.S. Department of Education			1,171,856
	Total Federal Awards Expended			\$ 2,053,751

See paragraph on supplementary schedules included in independent auditors' report