

**HYDE PARK CENTRAL SCHOOL DISTRICT**

**Financial Statements and Required Reports  
Under Uniform Guidance  
As of and For the Year Ended  
June 30, 2021**

**Together with Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## C O N T E N T S

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1-3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</b> .....	4-15
<b>FINANCIAL STATEMENTS</b>	
Statement of net position .....	16
Statement of activities .....	17
Balance sheet – Governmental funds .....	18-19
Statement of revenue, expenditures, and changes in fund balance – Governmental funds	20
Reconciliation of total governmental fund balance to government-wide net position .....	21
Reconciliation of the statement of revenue, expenditures, and changes in fund balance to the statement of activities .....	22
Notes to financial statements .....	23-53
<b>REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)</b>	
Schedule of revenue, expenditures, and changes in fund balance – Budget and actual - General fund .....	54-55
Schedule of proportionate share of net pension liability (asset) .....	56
Schedule of contributions – Pension Plans .....	57
Schedule of changes in total OPEB Liability and related ratios .....	58
<b>OTHER INFORMATION</b>	
Schedule of change from original budget to revised budget – General fund (Unaudited)...	59
Section 1318 of Real Property Tax Law Limit Calculation – General fund (Unaudited) .....	59
Schedule of combining balance sheet – non-major governmental funds .....	60
Schedule of combining statement of revenues, expenditures and changes in fund Balances – non-major governmental funds .....	61
Schedule of project expenditures - Capital projects fund (Unaudited) .....	62
Schedule of net investment in capital assets (Unaudited) .....	63

## C O N T E N T S (Continued)

### Page

#### **REQUIRED REPORTS UNDER UNIFORM GUIDANCE**

Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> .....	64-65
Independent auditor's report on compliance for each major federal program and on internal control over compliance required by Uniform Guidance .....	66-67
Schedule of expenditures of federal awards.....	68
Notes to the schedule of expenditures of federal awards .....	69
Schedule of findings and questioned costs .....	70-71

## **INDEPENDENT AUDITOR'S REPORT**

October 12, 2021

To the Board of Education of  
Hyde Park Central School District:

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

(Continued)

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***Opinions***

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

### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 15, during 2021 the School District adopted Governmental Accounting Standards Board Statement 84 – *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

The combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

(Continued)

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

## HYDE PARK CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2021

---

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

#### FINANCIAL HIGHLIGHTS

- Government-wide net position of the School District was (\$167,381,034).
- Government-wide net position was \$38,154,222 less than at June 30, 2020.
- Combined fund balance was \$27,959,890.
- Combined fund balance is \$1,558,499 greater than at June 30, 2020.
- The School District substantially continued to offer all programs, without reducing services, while maintaining fund balance.
- In December 2018, The Dutchess County voters approved a \$36.8 million capital project for Dutchess BOCES. The project includes renovations and an addition to their CTE building located on Salt Point Turnpike in Poughkeepsie. Hyde Park Central School District's share is \$3,208,960 and is due over three years. The first payment of \$392,400 was due and paid on 7/15/2019 from fund balance. The second payment of \$1,569,600 was paid on 7/15/2020 and the remainder of \$1,246,960 was due and paid on 7/15/2021. The School District paid cash for the first payment in 2019 and issued Bond Anticipation Notes for the second and third year payments, in the amount of \$2,816,560.
- To help mitigate the spread of COVID-19 in schools, the Hyde Park Central School District spent approximately \$1.2M during 2020-2021 on the following types of expenditures:
  - Personal, protective equipment and supplies such as disposable face masks, N-95 masks, face shields, disposable gloves, gowns, and eye goggles
  - Additional custodial supplies such as hand sanitizer, surface cleansers, and sanitizers
  - Extra air filters for ventilation systems (for more frequent replacements)
  - Equipment such as air purifiers and electrostatic sprayers (for sanitizing hard surfaces)
  - Additional staff necessary to help mitigate the spread of the virus and to meet the goals of the School District's reopening plan includes 20 part-time custodial workers, 6 licensed practical nurses and approximately 8 additional school monitors
- During 2020-2021, the School District experienced a bus driver shortage, which resulted in budget savings of \$331,500. Because of the shortage, the school district did not offer transportation to UPK students during 2020-2021.

## FINANCIAL HIGHLIGHTS (Continued)

- In the 2020-2021 school year, the School District offered remote learning in September 2020 and a hybrid model from October 1, 2020 through the end of the school year. The hybrid model included no more than 50% students in person at any one time with remote learning for all students on Wednesday. After spring break in April 2021, students were offered the opportunity to attend in person four days per week, with Wednesdays continuing as remote learning. This model of teaching and learning created cost savings such as:
  - Decreased usage of at home tutors created \$52,614 of cost savings.
  - Reduction in field trips and athletic trips resulted in a savings of pay to bus drivers in the amount of \$35,565.
  - Virtual summer school 2020 resulted in teacher salary and transportation cost savings of \$155,138.
  - There were no fall 2020 interscholastic sports and as a result the School District spent \$83,582 less on coaching stipends than budgeted.
  - Only clubs that could operate under all COVID protocols were permitted in 2020-2021 and the School District spent \$49,288 less than budgeted for club advisors.
  - As part of the budget for 2020-2021, NYS supplanted state aid with \$867,328 in federal CARES Act (Coronavirus Aid, Relief and Economic Stability Act) funds. Of that amount, the School District was required to share \$37,006 with private schools serving district resident students. Hyde Park CSD used its share of the CARES Act funding to purchase additional Chromebooks for students to use during remote learning, desk shields and barriers to provide additional protection against the spread of COVID-19, student desks to allow social distancing of students in classrooms, an interior airflow assessment of all school buildings to determine the best method for ventilating buildings, and to offset teacher salaries that would have been paid with corresponding reduction in state aid.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *Government-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the Government-wide statements.
- The *governmental funds statements* tell how basic services, such as special education, were financed in the *short-term*.

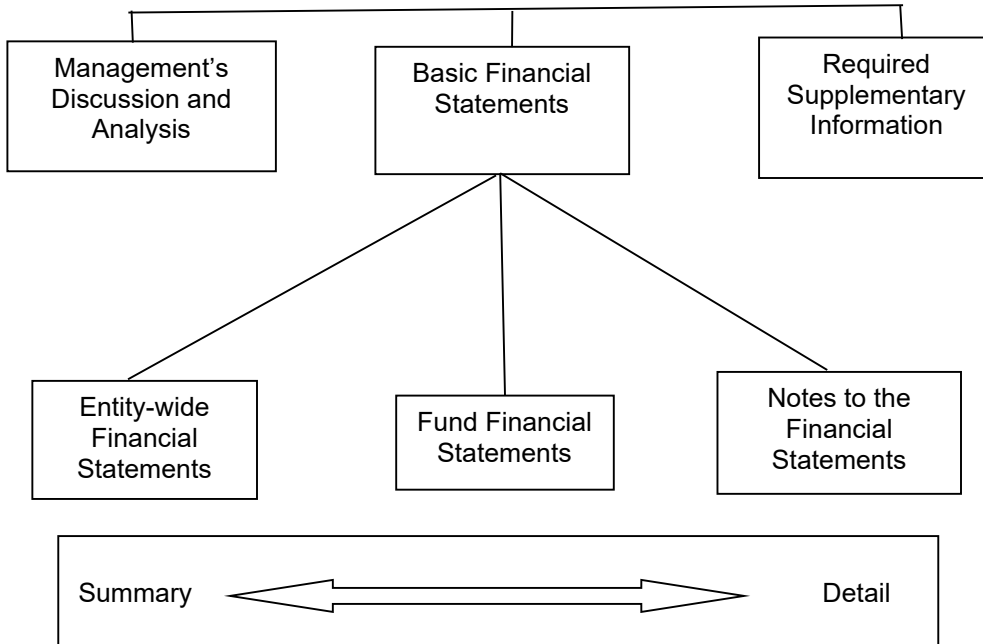
The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the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



## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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



## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

		Fund Financial Statements
	Government-Wide	Governmental Funds
Scope	Entire School District	The daily operating activities of the School District, such as instruction and special education.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and change in fund balance</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.
Type of asset/liability, deferred outflows/inflows of resources information	All assets, liabilities, deferred outflows & inflows of resources both financial and capital, short-term and long-term debt.	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.

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

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

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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

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

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

### **Fund Financial Statements**

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

The School District has the following types of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

**Figure A-3 Condensed Statement of Net Position (In Thousands of Dollars)**

	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2020</b>	<b>Percent Change</b>
Current and other assets	\$ 52,320	\$ 36,302	44.13%
Noncurrent assets	<u>72,343</u>	<u>74,607</u>	-3.04%
Total assets	<u>124,663</u>	<u>110,909</u>	12.40%
Deferred outflows of resources	<u>180,326</u>	<u>64,346</u>	180.24%
Current liabilities	26,725	9,626	177.63%
Long-term liabilities	<u>418,083</u>	<u>267,741</u>	56.15%
Total liabilities	<u>444,808</u>	<u>277,367</u>	60.37%
Deferred inflows of resources	<u>27,562</u>	<u>27,280</u>	1.03%
Net position:			
Net investment in capital assets	55,206	56,806	-2.82%
Restricted	19,663	18,005	9.21%
Unrestricted	<u>(242,250)</u>	<u>(204,203)</u>	-18.63%
Total net position	<u>\$ (167,381)</u>	<u>\$ (129,392)</u>	-29.36%

The change in current assets is primarily due to the bond anticipation note proceeds of \$17.756M dollars in June 2021, of which \$11M is for capital construction costs that have not been paid as of June 30, 2021. Those funds are recorded in current assets (cash).

The change in deferred outflows of resources is primarily due to a change in assumptions used by the actuary in calculating Other Post-Employment Benefits liability and pensions.

The increase in current liabilities in the current year is due to an increase in bond anticipation note payable. The long-term liabilities increased in current year due to an increase in Other Post-Employment Benefits liability.

### Changes in Net Position

The School District's 2021 revenue was \$103,982,251(See Figure A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 61% and 30%, respectively, of the total revenue raised (see Figure A-5). The remainder of revenue came from fees for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$142,136,473 for 2021. These expenses are predominately for the education, supervision, and transportation of students (see Figure A-6). The School District's administrative and business activities accounted for 13% of total costs.

Net position decreased during the year by \$38,154,222 due primarily to the effects of recognizing other post-employment benefits as well as the effects of ERS and TRS proportionate liabilities, deferred outflows, liabilities and deferred inflows.

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

### Changes in Net Position (Continued)

**Figure A-4 Changes in Net Position from Operating Results (In Thousands of Dollars)**

	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2020</b>	<b>Percent Change</b>
Revenue:			
Charges for services	\$ 473	\$ 880	-46.26%
Operating grants	5,784	4,815	20.15%
Capital grants	-	151	-100.00%
General revenue:			
Property taxes	63,171	61,941	1.98%
Use of money and property	117	659	-82.21%
Sale of property and compensation for loss	137	1	10699.92%
State aid	31,623	31,181	1.42%
Medicaid reimbursement	158	542	-70.84%
Miscellaneous	2,519	520	384.38%
Total revenue	<u>103,982</u>	<u>100,690</u>	3.27%
Expenses:			
General support	19,186	12,133	58.13%
Instruction	110,511	61,233	80.48%
Transportation	11,126	7,039	58.07%
Debt service - Interest	402	411	-2.07%
Community Service	2	13	-83.12%
Cost of sales - Food	909	930	-2.25%
Total expenses	<u>142,136</u>	<u>81,758</u>	73.85%
Change in net position	<u>\$ (38,154)</u>	<u>\$ 18,932</u>	301.53%

Significant changes in revenue from 2019/2020 to 2020/2021 school year included:

- Real Property Taxes: \$1,229,250 increase
- State Aid: \$1,120,349 increase
- Health Insurance Holiday: \$1,576,769 increase
- Insurance Recoveries: \$132,222 increase
- Refund of Prior Year expenditures: \$177,557 increase
- Bond Anticipation Notes for BOCES Capital Project: \$1,120,349 increase
- Interest Income: \$403,573 decrease due to interest rate changes
- Meal Sales: \$235,537 decrease due to hybrid learning and reduced number of students attending in person during 2020-2021

Significant changes in expenditures from 2019/2020 to 2020/2021 school year included increased spending on PPE & cleaning supplies to mitigate the spread of COVID, furniture and desk shield purchases to promote social distancing, Chromebook purchases for remote learning, increased salaries through the additional of LPNs and part-time custodians, and air quality testing to determine ventilation needs – approximate costs \$1.2M.

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

Figure A-5: Revenue Sources for 2021:

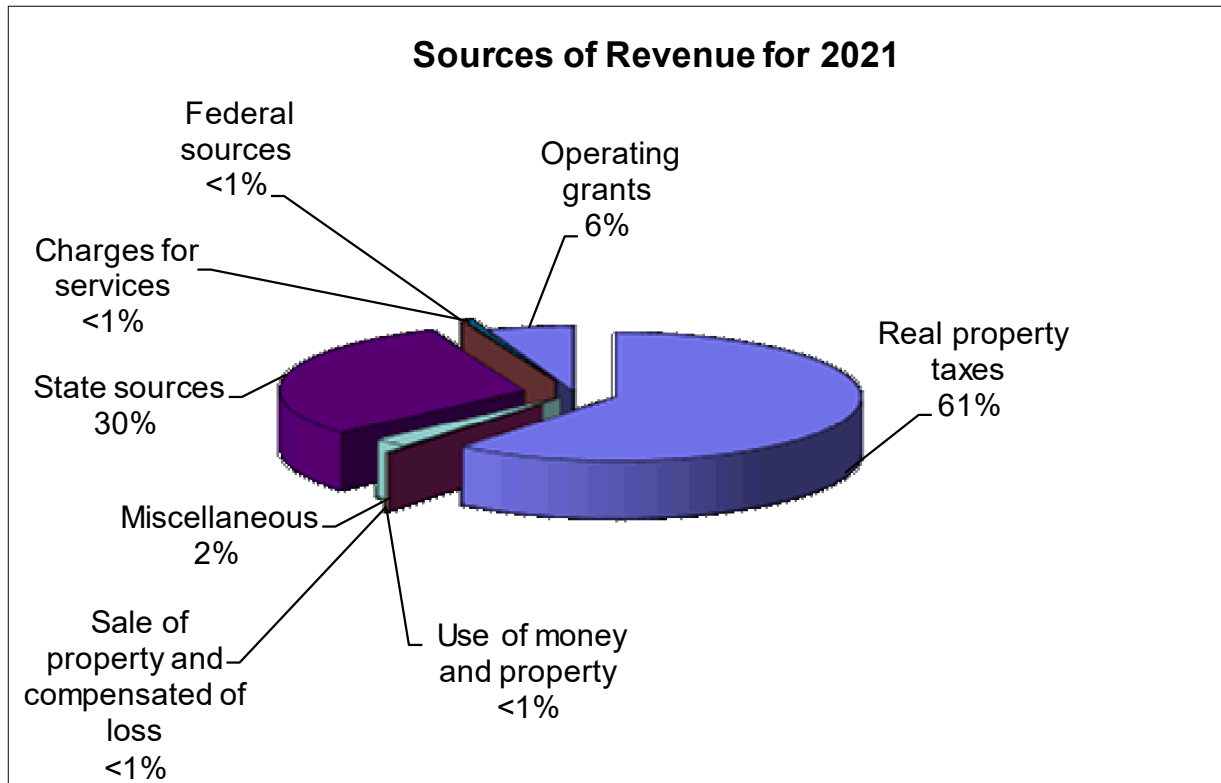
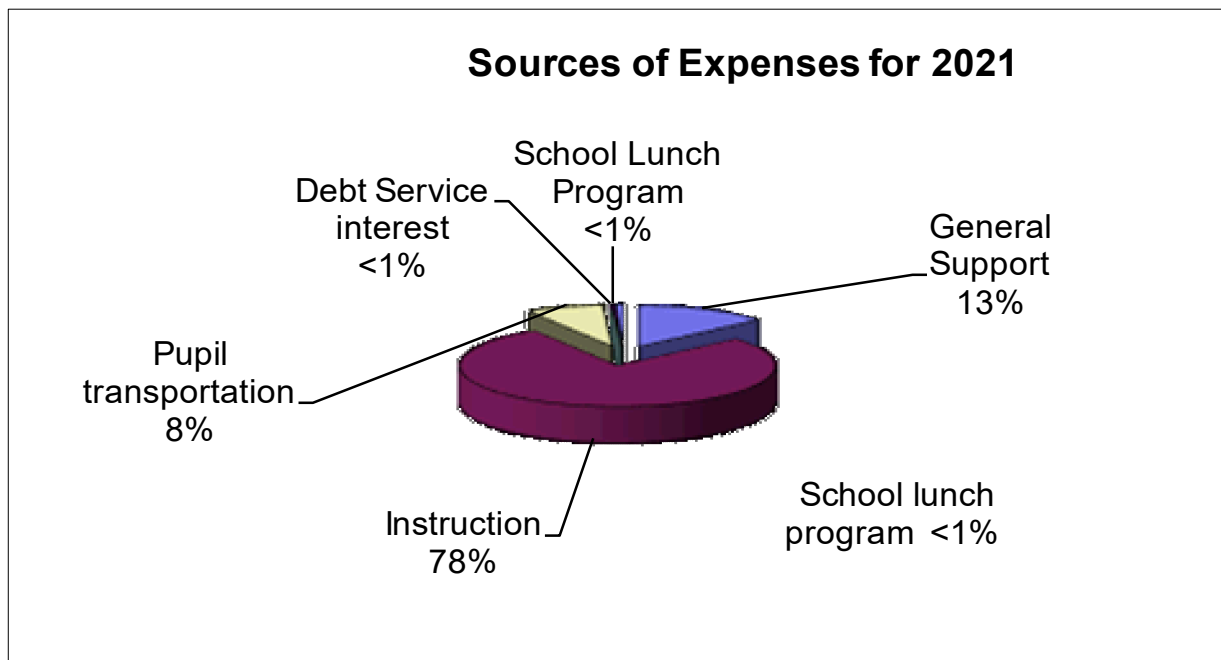


Figure A-6: Sources of Expenses for 2021:



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

### Governmental Activities

Revenue for the School District's governmental activities totaled \$103,982,251 while total expenses were \$142,136,473. Accordingly, net position decreased by \$38,154,222.

Figure A-7 presents the cost of several of the School District's major activities. The figure also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

**Figure A-7 Net Cost of Governmental Activities (In Thousands of Dollars)**

	<b>Total Cost of Services 2021</b>	<b>Net Cost of Services 2021</b>	<b>Total Cost of Services 2020</b>	<b>Net Cost of Services 2020</b>
General support	\$ 19,186	\$ 19,186	\$ 12,133	\$ 12,015
Instruction	110,511	105,306	61,233	56,782
Pupil transportation	11,126	11,126	7,039	7,027
Debt service - Interest	402	402	411	411
Community Service	2	2	13	13
Cost of sales - Food	909	(143)	930	(335)
	<u>\$ 142,136</u>	<u>\$ 135,879</u>	<u>\$ 81,758</u>	<u>\$ 75,912</u>

The cost of all governmental activities for the year was \$142,136,473.

- The users of the School District's programs financed \$472,915 of the costs through charges for services.
- The federal and state government financed \$5,784,468 of the costs through operating grants.
- The majority of costs were financed by the School District's taxpayers and unallocated NYS aid.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

### Governmental Funds Highlights

**General Fund** – The School District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The original budget for the General Fund was revised by \$1,857,031 during the year. The supplemental appropriations consist of the Dutchess Educational Health Insurance Holiday (\$1,576,768), transfers from reserves to cover tax certiorari claims (\$21,536), insurance recoveries (\$123,991), gifts & donations (\$4,573), unclassified revenues (\$1,600), and carryover encumbrances from the prior year (\$128,563).

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

### Governmental Funds Highlights

In the General Fund for the year-ended, June 30, 2021, actual revenue exceeded expenditures by \$4,737,189 and the School District continued to offer a full educational program. Significant revenue sources include Real Property Taxes, STAR Reimbursement and Other Tax Items (\$63,170,720), and State Aid (\$32,108,093). New York State operating aid is tied to the growth in New York State personal income and the available funds in the state budget. Actual expenditures and encumbrances were \$6,759,896 less than revised budget. For the fiscal year 2021-2022, the School District has appropriated \$3,625,188 of fund balance to reduce the tax levy.

The total fund balance in the General Fund increased by \$4,737,539, during the 2020-2021 school year. At June 30, 2021, unassigned fund balance amounts to \$4,884,014 and total restricted fund balance is \$15,831,310. Significant changes in restricted fund balances between 2019-2020 school year to 2020-2021 school year includes the creation and funding of a liability reserve for pending special education litigation in the amount of \$750,000, and contributions to the retirement contribution reserve (NYSLRS) and retirement contribution reserve sub-fund (NYSTRS), in the amount of \$500,000 each.

Special Aid Fund – Federal aid is expected to increase in upcoming years. Over the next four years, Hyde Park CSD will receive up to \$9,081,789 in federal stimulus funds; \$3,240,618 from CRRSA (Coronavirus Response and Relief Supplemental Appropriations Act) and \$5,841,171 from ARPA (American Rescue Plan Act).

School Lunch Fund – The fund ended the year with a fund balance of \$82,091, which is a decrease of \$62,593 from prior year. The main factor for the decrease in the school lunch fund was the significant decrease in student participation in the food service program. The decreased participation is attributed to the hybrid learning model. For most of the school year, no more than 50% of students were in attendance at any one time.

Capital Projects Fund – The fund ended the year with a deficit fund balance of \$2,350,655, a decrease of \$2,669,783 from prior year. The decrease in fund balance is due to the difference in revenues and expenditures for the science labs/HVAC project. Revenues will be recognized when the Bond Anticipation Notes used to cover the expenditures are redeemed from appropriations when the school district issues a bond for the project.

Debt Service Fund – The fund ended the year with a fund balance of \$3,656,802. In 2020-2021, \$660,000 from the Debt Service fund was used to offset some debt service payments

Miscellaneous Special Revenue Fund – The fund ended the year with a fund balance of \$174,702. This fund includes scholarships (\$24,826), extracurricular activities (\$125,813) and donations (\$24,063).

### General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

#### Revenue Variances

- Revenues are less than budgeted primarily due to increased NYS aid.

#### Expenditure Variances

The School District has a net favorable budgetary surplus of \$6,860,428. In addition, there were savings in expenditures due the pandemic such as:

- Decreased usage of at home tutors create a \$52,614 cost savings.
- Reduction in field trips and athletic trips resulted in a savings of pay to bus drivers in the amount of \$35,565.
- Virtual summer school 2020 resulted in teacher salary and transportation cost savings of \$155,138.
- There were no fall 2020 interscholastic sports and as a result the district spent \$83,582 less on coaching stipends than budgeted.
- Only clubs that could operate under all COVID protocols were permitted in 2020-2021 and the School District spent \$49,288 less than budgeted for club advisors.



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

### General Fund Budgetary Highlights (Continued)

#### Results vs. Budget (In Thousands of Dollars)

The general fund is the only fund for which a budget is legally adopted.

	Original Budget	Final Budget	Actual	Encumbrances	Variance (Actual/Budget)
Revenue:					
Local sources	\$ 65,020	\$ 66,727	\$ 66,012	\$ -	\$ (715)
State sources	31,486	31,486	32,108	-	622
Federal sources	355	355	1,192	-	837
Medicaid reimbursement	180	180	158	-	(22)
Total	<u>97,041</u>	<u>98,748</u>	<u>99,471</u>	<u>-</u>	<u>722</u>
Expenditures:					
General support	10,782	11,842	10,625	215	1,002
Instruction	48,388	48,881	45,540	75	3,266
Transportation	5,950	5,610	4,447	-	1,164
Community service	25	25	2	-	23
Employee benefits	<u>30,213</u>	<u>30,109</u>	<u>28,803</u>	<u>-</u>	<u>1,305</u>
Total	<u>95,358</u>	<u>96,467</u>	<u>89,417</u>	<u>290</u>	<u>6,760</u>
Other financing sources (uses)					
Proceeds from issuance of bonds	1,570	1,570	1,030	-	540
Transfer in	753	753	660	-	93
Transfers out	<u>(6,277)</u>	<u>(7,017)</u>	<u>(7,006)</u>	<u>-</u>	<u>(11)</u>
Total	<u>(3,955)</u>	<u>(4,694)</u>	<u>(5,316)</u>	<u>-</u>	<u>622</u>
Revenue over/under expenditures	<u>\$ (2,272)</u>	<u>\$ (2,413)</u>	<u>\$ 4,738</u>	<u>\$ (290)</u>	<u>\$ 6,860</u>

### CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2021, the School District had \$72,342,624 invested in buildings, computers, and other educational equipment.

**Figure A-8 Capital Assets (In Thousands of Dollars), net of accumulated depreciation**

	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>
Land	\$ 1,166	\$ 1,166
Buildings and improvements	51,524	53,263
Construction in progress	9,455	4,531
Land improvements	2,633	2,924
Machinery and equipment	<u>7,564</u>	<u>7,653</u>
Total	<u>\$ 72,343</u>	<u>\$ 69,536</u>

### Long-Term Liabilities

As of June 30, 2021, the School District had \$420,428,246 in long-term liabilities. Detailed information about the School District's long-term liabilities is included in the notes to the financial statements.

## CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

**Figure A-9 Outstanding Long-Term Liabilities (In Thousands of Dollars)**

	<b>Fiscal Year <u>2021</u></b>	<b>Fiscal Year <u>2020</u></b>
General obligation bonds	\$ 10,557	\$ 12,912
Compensated absences	2,443	2,437
Net pension liability	5,425	9,029
Total other postemployment benefits	<u>402,003</u>	<u>243,363</u>
Total	<u>\$ 420,428</u>	<u>\$ 267,741</u>

During 2021, the School District paid down its long term bonded debt by \$2,460,000. Further the School District's OPEB liability increased by \$158.6 million due to the net effect of changes in actuarial assumptions.

### FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the School District was aware of the following existing conditions that could significantly affect its financial health in the future:

- Over the next four years, Hyde Park CSD will receive up to \$9,081,789 in federal stimulus funds; \$3,240,618 from CRRSA (Coronavirus Response and Relief Supplemental Appropriations Act) and \$5,841,171 from ARPA (American Rescue Plan Act). These funds will be accounted for in the special aid fund.
- Health insurance, retirement costs, and other postemployment costs will continue to increase and could potentially affect the School District's financial health.
- The property tax cap continues to put pressure on the school districts to keep tax levy increases at modest levels.

### Bond Ratings

Moody's Investor Services (Moody's) has assigned a rating of Aa3 to outstanding uninsured bonds of the School District, for which the School District has continued to maintain. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investor Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the notes or the availability of a secondary market for the notes. The School District recently underwent a credit rating analysis from Standard and Poor's and received a rating of AA-.

### CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Linda Steinberg  
Assistant Superintendent for Finance & Operations  
Hyde Park Central School District  
P.O. Box 2033  
Hyde Park, New York 12538

**HYDE PARK CENTRAL SCHOOL DISTRICT****STATEMENT OF NET POSITION  
JUNE 30, 2021****ASSETS****CURRENT ASSETS:**

Cash - unrestricted	\$ 11,929,746
Cash - restricted	30,544,057
Accounts receivable	859,648
State and federal aid receivable	5,905,979
Due from other governments	1,232,430
Prepaid expenses	1,766,387
Inventory	<u>82,081</u>
Total current assets	<u>52,320,328</u>

**NONCURRENT ASSETS:**

Capital assets, net	<u>72,342,624</u>
---------------------	-------------------

<b>TOTAL ASSETS</b>	<b><u>124,662,952</u></b>
---------------------	---------------------------

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources - ERS	7,242,970
Deferred outflows of resources - TRS	18,988,552
Deferred outflows of resources - OPEB	153,799,078
Deferred outflows of resources - refunding	<u>295,689</u>

Total Deferred Outflows of Resources	<u>180,326,289</u>
--------------------------------------	--------------------

<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>304,989,241</u></b>
--	---------------------------

**LIABILITIES****CURRENT LIABILITIES:**

Accounts payable and accrued liabilities	2,003,666
Unearned revenue	116,890
Bond anticipation notes	17,756,813
Due to Teachers' Retirement System	3,498,485
Due to Employees' Retirement System	458,961
Bond interest accrual	19,499
Due to other governments	525,623
Bonds payable due within one year	<u>2,345,000</u>

Total current liabilities	<u>26,724,937</u>
---------------------------	-------------------

**LONG-TERM LIABILITIES:**

Bonds payable, net of current portion	7,695,000
Bonds premium, net	516,683
Net pension liability - ERS	32,555
Net pension liability - TRS	5,392,596
Total other postemployment benefits liability	402,003,414
Compensated absences	<u>2,442,998</u>

Total long-term liabilities	<u>418,083,246</u>
-----------------------------	--------------------

<b>TOTAL LIABILITIES</b>	<b><u>444,808,183</u></b>
--------------------------	---------------------------

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - ERS	9,597,274
Deferred inflows of resources - TRS	2,715,739
Deferred inflows of resources - OPEB	<u>15,249,079</u>

Total Deferred Inflows of Resources	<u>27,562,092</u>
-------------------------------------	-------------------

<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b><u>472,370,275</u></b>
--	---------------------------

**NET POSITION**

Net investment in capital assets	55,205,810
Restricted	19,662,814
Unrestricted	<u>(242,249,658)</u>

<b>TOTAL NET POSITION</b>	<b><u>\$ (167,381,034)</u></b>
---------------------------	--------------------------------

# HYDE PARK CENTRAL SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

		<b>Program Revenue</b>		Net (Expense)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Position</u>
FUNCTIONS/PROGRAMS:				
General support	\$ 19,185,882	\$ -	\$ -	\$ (19,185,882)
Instruction	110,510,737	472,851	4,732,232	(105,305,654)
Pupil transportation	11,125,986	-	-	(11,125,986)
Community service	2,155	-	-	(2,155)
Debt service interest	402,386	-	-	(402,386)
School lunch program	<u>909,327</u>	<u>64</u>	<u>1,052,236</u>	<u>142,973</u>
TOTAL FUNCTIONS/PROGRAMS	<u>\$ 142,136,473</u>	<u>\$ 472,915</u>	<u>\$ 5,784,468</u>	<u>(135,879,090)</u>
GENERAL REVENUE:				
Real property taxes				63,170,720
Use of money and property				117,202
Sale of property and compensation for loss				137,375
Miscellaneous				2,518,907
State sources				31,622,618
Medicaid reimbursement				<u>158,046</u>
TOTAL GENERAL REVENUE				<u>97,724,868</u>
CHANGE IN NET POSITION				<u>(38,154,222)</u>
NET POSITION - beginning of year, as previously reported				(129,392,521)
RESTATEMENT (Note 15)				<u>165,709</u>
NET POSITION - beginning of year, as restated				<u>(129,226,812)</u>
NET POSITION - end of year				<u>\$ (167,381,034)</u>

The accompanying notes are an integral part of these statements.

**HYDE PARK CENTRAL SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2021**

	General	Capital Projects	Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash - unrestricted	\$ 11,879,397	\$ -	\$ 50,349	\$ 11,929,746
Cash - restricted	15,831,310	10,880,993	3,831,754	30,544,057
Accounts receivable	61,995	790,715	6,938	859,648
Due from other funds	2,309,192	2,465,249	-	4,774,441
State and federal aid receivable	3,536,228	-	2,369,751	5,905,979
Due from other governments	1,232,430	-	-	1,232,430
Prepaid expenditures	1,766,387	-	-	1,766,387
Inventory	-	-	82,081	82,081
<b>TOTAL ASSETS</b>	<u>\$ 36,616,939</u>	<u>\$ 14,136,957</u>	<u>\$ 6,340,873</u>	<u>\$ 57,094,769</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,415,360	\$ 517,759	\$ 70,547	\$ 2,003,666
Bond anticipation notes	1,786,960	15,969,853	-	17,756,813
Unearned revenue	69,354	-	47,536	116,890
Due to other funds	2,465,249	-	2,309,192	4,774,441
Due to other governments	525,620	-	3	525,623
Due to Teachers' Retirement System	3,498,485	-	-	3,498,485
Due to Employees' Retirement System	458,961	-	-	458,961
<b>TOTAL LIABILITIES</b>	<u>10,219,989</u>	<u>16,487,612</u>	<u>2,427,278</u>	<u>29,134,879</u>

(Continued)

The accompanying notes are an integral part of these statements.

# HYDE PARK CENTRAL SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS (Continued) JUNE 30, 2021

	General	Capital Projects	Non-Major Funds	Total Governmental Funds
FUND BALANCE:				
Nonspendable:				
Inventory	\$ -	\$ -	82,081	\$ 82,081
Prepaid expenditures	1,766,387	-	-	1,766,387
Total nonspendable fund balance	1,766,387	-	82,081	1,848,468
Restricted:				
Unemployment reserve	109,480	-	-	109,480
Retirement contributions - ERS	4,942,388	-	-	4,942,388
Retirement contributions - TRS	1,411,792	-	-	1,411,792
Employee benefits and accrued liabilities	2,403,219	-	-	2,403,219
Capital projects	3,286,115	-	-	3,286,115
Tax certiorari	2,820,775	-	-	2,820,775
Liability reserve	750,000	-	-	750,000
Repair reserve	107,541	-	-	107,541
Debt service	-	-	3,656,802	3,656,802
Other	-	-	174,702	174,702
Total restricted fund balance	15,831,310	-	3,831,504	19,662,814
Assigned:				
Unappropriated	290,051	-	10	290,061
Appropriated for subsequent year expenditures	3,625,188	-	-	3,625,188
Total assigned fund balance	3,915,239	-	10	3,915,249
Unassigned	4,884,014	(2,350,655)	-	2,533,359
TOTAL FUND BALANCE	26,396,950	(2,350,655)	3,913,595	27,959,890
TOTAL LIABILITIES AND FUND BALANCE	\$ 36,616,939	\$ 14,136,957	\$ 6,340,873	\$ 57,094,769

The accompanying notes are an integral part of these statements.

# HYDE PARK CENTRAL SCHOOL DISTRICT

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

	General	Capital Projects	Non-Major Funds	Total Governmental Funds
REVENUE:				
Real property taxes	\$ 63,170,720	\$ -	\$ -	\$ 63,170,720
Charges for services	472,851	-	-	472,851
Use of money and property	101,857	-	15,345	117,202
Sale of property and compensation for loss	137,375	-	-	137,375
Miscellaneous	2,129,291	-	73,487	2,202,778
State sources	32,108,093	-	1,538,626	33,646,719
Medicaid reimbursement	158,046	-	-	158,046
Federal sources	1,192,472	-	3,053,370	4,245,842
Sales - School lunch	-	-	64	64
Total revenue	99,470,705	-	4,680,892	104,151,597
EXPENDITURES:				
General support	10,625,110	-	-	10,625,110
Instruction	45,539,717	-	3,639,169	49,178,886
Pupil transportation	4,446,558	-	19,610	4,466,168
Community services	2,155	-	-	2,155
Employee benefits	28,803,387	-	293,803	29,097,190
Debt service - Interest	-	-	407,757	407,757
Debt service - Principal	-	-	6,172,600	6,172,600
Cost of sales	-	-	909,034	909,034
Capital outlay	-	5,577,274	-	5,577,274
Other	-	-	59,699	59,699
Total expenditures	89,416,927	5,577,274	11,501,672	106,495,873
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	10,053,778	(5,577,274)	(6,820,780)	(2,344,276)
OTHER FINANCING SOURCES (USES):				
BANs redeemed from appropriations	1,029,600	2,683,000	-	3,712,600
Premium on issuance of debt	-	-	190,175	190,175
Operating transfers in	660,000	224,491	6,781,348	7,665,839
Operating transfers (out)	(7,005,839)	-	(660,000)	(7,665,839)
Total other financing sources (uses)	(5,316,239)	2,907,491	6,311,523	3,902,775
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	4,737,539	(2,669,783)	(509,257)	1,558,499
FUND BALANCE - beginning of year, as previously reported	21,659,411	319,128	4,257,143	26,235,682
RESTATEMENT (Note 15)	-	-	165,709	165,709
FUND BALANCE - beginning of year, as restated	21,659,411	319,128	4,422,852	26,401,391
FUND BALANCE - end of year	\$ 26,396,950	\$ (2,350,655)	\$ 3,913,595	\$ 27,959,890

The accompanying notes are an integral part of these statements.

## HYDE PARK CENTRAL SCHOOL DISTRICT

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

---

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balance	\$ 27,959,890
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	72,342,624
Pension related government wide activity:	
Deferred outflows - ERS/TRS	26,231,522
Deferred inflows - ERS/TRS	(12,313,013)
Net pension liability - ERS	(32,555)
Net pension liability - TRS	(5,392,596)
OPEB related government wide activity:	
Deferred outflows of resources	153,799,078
Deferred inflows of resources	(15,249,079)
Total OPEB liability	(402,003,414)
Long-term bonds payable are not due in the current period and, therefore, are not reported in the funds	(10,040,000)
Bond premium is recorded as revenue in the fund financial statements, but is amortized over the life of the bond under full accrual accounting.	(516,683)
Deferred amount on bond refundings in governmental-wide statements using the full accrual method of accounting, not recognized on the fund financial statements, which use the modified accrual method	295,689
Compensated absences are recognized as a liability under full accrual accounting	(2,442,998)
Interest payable is to be recorded in the government-wide statements under full accrual accounting	<u>(19,499)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (167,381,034)</u>

The accompanying notes are an integral part of these statements.



## HYDE PARK CENTRAL SCHOOL DISTRICT

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

---

Net changes in fund balance - Total governmental funds	\$ 1,558,499
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position.	6,524,831
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(3,718,683)
State aid revenue in the statement of activities is recognized as revenue in the government-wide statements in prior year, and was recognized as revenue in current year under the modified accrual basis of accounting in the fund financial statements.	(485,475)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	2,460,000
Bond premiums amortization is not recorded as revenue in the governmental funds, but is recorded in the statement of activities	(104,338)
Deferred amount on bond refunding amortization is not recorded as expenditures in the governmental funds, but are recorded in the statement of activities	113,856
Compensated absences do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	(6,425)
Other postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	(41,325,348)
Pension expense resulting from the GASB 68 related reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	(3,292,946)
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	<u>121,807</u>
Change in net position - Governmental activities	<u>\$ (38,154,222)</u>

The accompanying notes are an integral part of these statements.

# HYDE PARK CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

---

### 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hyde Park Central School District provides K-12 public education to students living within its geographic borders.

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

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

#### **Reporting Entity**

Hyde Park Central School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education. The President of the Board of Education serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. The Board of Education has the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

#### Extraclassroom Activity Funds

The extraclassroom activity funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. Separate audited financial statements, (cash basis) of the extraclassroom activity funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in the Miscellaneous Special Revenue fund.

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Joint Venture**

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

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

BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component School District's share of administrative and capital 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 School Districts pay tuition or a service fee for programs in which its students participate.

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

### **Basis of Presentation**

#### Government-Wide Statements

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

The statement of activities presents a comparison between program expenses and revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

#### Fund Financial Statements

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

The fund statements provide information about the School District's funds.

Separate statements for each fund category (governmental) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Basis of Presentation (Continued)**

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

Governmental Fund Types

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

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

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

*School Lunch Fund:* This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

*Capital Projects Fund:* This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

*Debt Service Fund:* This fund is used to account for and report on the accumulation of resources to be used for redemption of general long-term indebtedness.

*Miscellaneous Special Revenue Fund:* This fund accounts for proceeds from various funding sources, which may be restricted by donors or designated by the School District for specific purposes. The transactions of the Extraclassroom Activity Funds and scholarships are included in this fund.

## **1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates.

### **Measurement Focus and Basis of Accounting**

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

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

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

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

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

### **Cash and Cash Equivalents**

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

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

## **1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Cash and Cash Equivalents (Continued)**

The School District participates in NYLAF, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2021, the School District held \$6,438,277 in NYLAF consisting of various investments in securities issued by the United States and its agencies. NYLAF is rated 'AAAm' from Standard & Poor's Global Ratings. Amounts held with NYLAF are highly liquid, and the amount held represents the amortized cost of the investment pool shares, which are considered to approximate fair value. Due to the highly liquid nature of these investments, they are classified as cash equivalents in the financial statements. Additional information concerning NYLAF, including the annual report, can be found on its website at [www.nylaf.org](http://www.nylaf.org).

### **Restricted Cash**

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

### **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.

### **Inventory and Prepaid Items**

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out 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 School 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 Government-wide and fund financial statements. These items are reported as assets on the statement of net position or 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.

### **Interfund Transactions**

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

In the Government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different funds. Eliminations have been made for all interfund receivables and payables between the funds.

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

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Capital Assets, Net (Continued)**

Land and construction in progress are not depreciated. Capitalization thresholds, (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 5000	N/A	N/A
Buildings and improvements	5000	SL	20-50
Machinery and equipment	5000	SL	5-20

**Property Taxes**

Real property taxes are levied annually by the board of education no later than September 1, and become a lien on August 22. Taxes are collected during the period September to mid-October.

Uncollected real property taxes are subsequently enforced by the Town Treasurers of Poughkeepsie and Hyde Park in which the School District is located. The taxes for the Towns of Pleasant Valley, Clinton, and Rhinebeck, which are also included in the levy, are collected by the School District. The County guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

**Vested Employee Benefits**

Compensated absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

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

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

Other Benefits

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

## 1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** **(Continued)**

### **Other Postemployment Benefits**

In addition to providing the pension benefits described, the School District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the School District and the retired employee.

### **Unearned Revenue**

Unearned revenue is reported when potential revenue meets both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

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

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

### **Accrued Liabilities and Long-Term Obligations**

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

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

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

### **Restricted Resources**

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

### **Fund Balance/Net Position Classifications**

#### Government-Wide Statements

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

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



1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Fund Balance/Net Position Classifications (Continued)**

Government-wide Statements (Continued)

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

Restricted net position consists of the following:

Unemployment reserve	\$ 109,480
Retirement contributions - ERS	4,942,388
Retirement contributions - TRS	1,411,792
Employee benefits and accrued liabilities	2,403,219
Capital Projects	3,286,115
Tax certiorari	2,820,775
Liability reserve	750,000
Repair reserve	107,541
Debt service	3,656,802
Other	174,702
	<u>\$ 19,662,814</u>

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

Governmental Fund Statements

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

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

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

Capital

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

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Fund Balance/Net Position Classifications (Continued)**  
Governmental Fund Statements (Continued)

Repair

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

Workers' Compensation

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

Unemployment Insurance

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

Debt Service

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

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fund Balance/Net Position Classifications (Continued) Governmental Fund Statements (Continued)

#### Insurance

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

#### Liability Claims and Property Loss

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

#### Tax Certiorari

Tax certiorari reserve, (Education Law §3651.1-a), is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund under restricted fund balance.

#### Employee Benefit Accrued Liability

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

#### Retirement Contribution

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

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

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Fund Balance/Net Position Classifications (Continued)**

Governmental Fund Statements (Continued)

Assigned fund balance – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$290,051. As of June 30, 2021, the School District's encumbrances were classified as follows:

General support	\$ 215,011
Instruction	<u>75,040</u>
 Total encumbrances	 <u>\$ 290,051</u>

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.

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

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

Order of Fund Balance Spending Policy

The School District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as assigned 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.

## **2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

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

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

Total fund balances of the School District's governmental funds 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 versus the solely current financial resources focus of the governmental fund balance sheets.

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

#### Long-Term Revenue and Expense Differences

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

#### Capital Related Differences

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

### **Statement of Revenue, Expenditures, and Change in Fund Balance vs. Statement of Activities**

#### Long-Term Debt Transaction Differences

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

#### Pension Differences

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

#### OPEB Differences

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

### **3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **Budgets**

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

The voters of the School District approved the proposed appropriations 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 School District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

#### **Fund Balance**

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

#### **Fund Deficit**

The Capital Projects Fund has a fund deficit at year end that is attributed to the utilization of short term financing to complete various capital projects. This deficit will be eliminated over the next few years as the projects are completed and the short-term financing is converted to long term bonds.

#### 4. CASH

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

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash	<u>\$ 37,044,437</u>	<u>\$ 36,035,526</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 36,544,437	
Covered by FDIC insurance	<u>500,000</u>	
Total	<u>\$ 37,044,437</u>	

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

##### General fund:

Unemployment reserve	\$ 109,480
Retirement contributions - ERS	4,942,388
Retirement contributions - TRS	1,411,792
Employee benefits and accrued liabilities	2,403,219
Capital Projects	3,286,115
Liability reserve	2,820,775
Repair reserve	750,000
Debt service	107,541
	<u>\$ 15,831,310</u>

Capital Projects fund: \$ 10,880,993

Debt Service fund: \$ 3,656,802

##### Miscellaneous Special Revenue fund:

Cash on deposit for scholarships and extraclassroom activity funds	<u>\$ 174,952</u>
---	-------------------

#### 5. PARTICIPATION IN BOCES

During the year, the School District was billed \$9,163,145 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$3,264,545.

## 6. CAPITAL ASSETS, NET

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	\$ 1,166,185	\$ -	\$ -	\$ 1,166,185
Construction in progress	<u>4,531,193</u>	<u>5,049,917</u>	<u>125,954</u>	<u>9,455,156</u>
Total non-depreciable cost	<u>5,697,378</u>	<u>5,049,917</u>	<u>125,954</u>	<u>10,621,341</u>
Capital assets that are depreciated:				
Land improvements	5,232,682	5,035	-	5,237,717
Buildings and improvements	77,786,160	-	-	77,786,160
Machinery and equipment	<u>19,034,857</u>	<u>1,611,537</u>	<u>351,888</u>	<u>20,294,506</u>
Total depreciable historical cost	<u>102,053,699</u>	<u>1,616,572</u>	<u>351,888</u>	<u>103,318,383</u>
Less accumulated depreciation:				
Land improvements	2,308,956	295,839	-	2,604,795
Buildings and improvements	24,523,598	1,738,351	-	26,261,949
Machinery and equipment	<u>11,382,047</u>	<u>1,684,493</u>	<u>336,184</u>	<u>12,730,356</u>
Total accumulated depreciation	<u>38,214,601</u>	<u>3,718,683</u>	<u>336,184</u>	<u>41,597,100</u>
Total capital assets, net	<u>\$ 69,536,476</u>	<u>\$ 2,947,806</u>	<u>\$ 141,658</u>	<u>\$ 72,342,624</u>

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

General support	\$ 422,952
Instruction	2,518,583
General support	<u>777,148</u>
Total	<u>\$ 3,718,683</u>

## 7. SHORT-TERM DEBT

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



## 7. SHORT-TERM DEBT (Continued)

The School 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 School 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.

At June 30, 2021, the School District had the following BANs outstanding:

BAN	Issued	Maturity	Interest Rate	Beginning Balance	Issued	Principal Paid	Redeemed	Ending Balance
Reconstruction School Buildings	10/30/2020	6/23/2021	0.39%	\$ -	\$ 6,000,000	\$ 2,035,000	\$ 3,965,000	\$ -
Buses 2020-2021	12/4/2020	6/18/2021	0.89%	-	394,853	-	394,853	-
Buses and BOCES Capital Project	6/19/2020	6/18/2021	0.79%	2,827,600	-	1,677,600	1,150,000	-
Buses and BOCES Capital Project	6/18/2021	6/17/2022	1.25%	-	17,756,813	-	-	17,756,813
				<u>\$ 2,827,600</u>	<u>\$ 24,151,666</u>	<u>\$ 3,712,600</u>	<u>\$ 5,509,853</u>	<u>\$ 17,756,813</u>

## 8. LONG-TERM DEBT

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

Interest paid	\$ 407,757
Less: interest accrued in the prior year	(15,352)
Plus: amortization expense on bond premium	104,338
Plus: interest accrued in the current year	19,499
Less: amortization expense on refunding bonds	(113,856)
Total expense	<u>\$ 402,386</u>

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

	July 01, 2020 Balance	Additions	Deletions	June 30, 2021 Balance	Amounts Due Within One Year	Long-term Portion
Government activities:						
Bonds and notes payable						
General obligation debt:						
Serial bonds	\$ 12,500,000	\$ -	\$ 2,460,000	\$ 10,040,000	\$ 2,345,000	\$ 7,695,000
Bond premium	412,345	104,338	-	516,683	-	516,683
Other long-term debt:						
Compensated absences	2,436,573	6,425 (A)	-	2,442,998	-	2,442,998
Net pension liability	9,028,855	5,392,596	8,996,300	5,425,151	-	5,425,151
Total other postemployment benefits	<u>243,363,404</u>	<u>167,325,481</u>	<u>8,685,471</u>	<u>402,003,414</u>	<u>-</u>	<u>402,003,414</u>
Total long-term liabilities	<u>\$ 267,741,177</u>	<u>\$ 172,828,840</u>	<u>\$ 20,141,771</u>	<u>\$ 420,428,246</u>	<u>\$ 2,345,000</u>	<u>\$ 418,083,246</u>

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

## 8. LONG-TERM DEBT (Continued)

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

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	June 30, 2021 <u>Balance</u>
Construction Bond - 2014 Refunding	2014	2022	2.00 - 4.00%	\$ 845,000
Construction Bond	2015	2029	2.00 - 2.50%	4,520,000
Construction Bond	2017	2032	2.00 - 3.00%	1,030,000
Construction Bond - 2017 Refunding	2017	2027	3.00 - 4.00%	3,645,000
				<u>\$ 10,040,000</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,345,000	\$ 290,892	\$ 2,635,892
2023	1,395,000	226,592	1,621,592
2024	1,435,000	183,792	1,618,792
2025	1,410,000	139,308	1,549,308
2026	955,000	95,302	1,050,302
2027-2031	2,455,000	143,726	2,598,726
2032	<u>45,000</u>	<u>1,350</u>	<u>46,350</u>
Totals	<u>\$ 10,040,000</u>	<u>\$ 1,080,962</u>	<u>\$ 11,120,962</u>

In prior years, the School District defeased certain general 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 School District's financial statements. \$4,755,000 of bonds outstanding are considered defeased at June 30, 2021.

In addition to the outstanding debt listed above, as of June 30, 2021, the District had authorized, but unissued bonds in an amount not to exceed \$501,173 for construction.

### **Constitutional Debt Limit**

The constitution of the state of New York limits the amount of indebtedness which may be issued by the School District. The School District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit do not exceed 10% of the average full valuation of taxable real estate within such District. At June 30, 2021, the School District has exhausted 9.73% of its constitutional debt limit.

## 9. INTERFUND BALANCES AND ACTIVITY

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

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

## 9. INTERFUND BALANCES AND ACTIVITY (Continued)

The following is a summary of interfund activity:

	Interfund		Interfund	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 2,309,192	\$ 2,465,249	\$ 660,000	\$ 7,005,839
Special Aid fund	-	2,073,305	119,019	-
School Lunch fund	-	235,865	81,972	-
Debt Service fund	-	-	6,580,357	660,000
Miscellaneous Special Revenue fund	-	22	-	-
Capital Projects fund	<u>2,465,249</u>	<u>-</u>	<u>224,491</u>	<u>-</u>
Totals	<u>\$ 4,774,441</u>	<u>\$ 4,774,441</u>	<u>\$ 7,665,839</u>	<u>\$ 7,665,839</u>

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

## 10. PENSION PLANS

### New York State Employees' Retirement System

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

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

### Contributions

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

	<u>ERS</u>
2021	\$ 1,710,700
2020	1,492,658
2019	1,444,729

## 10. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

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

At June 30, 2021, the School District reported a net pension liability of \$32,555 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2020. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the School District's proportion was 0.032694%, which was an increase from its proportion measured at June 30, 2020 of 0.0340961%.

For the year ended June 30, 2021, the School District recognized pension expense of \$895,051. At June 30, 2021, the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 397,580	\$ -
Changes of Assumptions	5,985,744	112,893
Net difference between projected and actual earnings on pension plan investments	-	9,351,603
Changes in proportion and differences between the District's contributions and proportionate share of contributions	400,685	132,778
Contributions subsequent to the measurement date	458,961	-
Total	<u>\$ 7,242,970</u>	<u>\$ 9,597,274</u>

The School District recognized \$458,961 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021 which will be recognized on a reduction of the net pension liability in the year ending June 30, 2022.

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

Plan's Year Ending March 31,	2022	\$ (433,557)
	2023	(111,679)
	2024	(468,763)
	2025	(1,799,266)
	Thereafter	-
		<u>\$ (2,813,265)</u>

## 10. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

#### **Actuarial Assumptions**

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

Actuarial cost method	Entry age normal
Inflation	2.7 percent
Salary scale	4.4 percent indexed by service
Projected COLAs	1.4% compounded annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of term</u>
Domestic Equity	32%	4.05%
International Equity	15%	6.30%
Private Equity	10%	6.75%
Real Estate	9%	4.95%
Opportunistic/ARS portfolio	3%	4.50%
Credit	4%	3.63%
Real Assets	3%	5.95%
Fixed Income	23%	0.00%
Cash	1%	0.50%
	<u>100%</u>	

#### **Discount Rate**

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

## 10. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

#### **Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption**

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

	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
Employer's Proportionate Share of Net Pension Liability (Asset)	\$ 9,035,902	\$ 32,555	\$ (8,270,639)

#### **Pension Plan Fiduciary Net Position**

The components of the pension plan's net pension liability as of March 31, 2021, was as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 220,680,157
Net position	220,580,583
Net pension liability (asset)	\$ 99,574
ERS net position as a percentage of total pension liability	99.95%

### New York State Teachers' Retirement System

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

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

#### **Contributions**

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

## 10. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

#### *Contributions (Continued)*

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

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

	<u>TRS</u>
2021	\$ 3,139,219
2020	3,165,898
2019	3,692,553

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

At June 30, 2021, the School District reported a liability of \$5,392,596 for its proportionate share of the NYSTRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2019. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021 the School District's proportionate share was 0.195153%, which was a decrease from its proportion measured at June 30, 2020 of 0.195163%.

For the year ended June 30, 2021, the School District recognized pension expense of \$7,096,539. At June 30, 2021 the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,724,993	\$ 276,360
Changes of Assumptions	6,820,379	2,431,109
Net difference between projected and actual earnings on pension plan investments	3,521,838	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	422,857	8,270
Contributions subsequent to the measurement date	3,498,485	-
Total	<u>\$ 18,988,552</u>	<u>\$ 2,715,739</u>

The School District recognized \$3,498,485 as a deferred outflow of resources related to pensions resulting from the School District's contributions subsequent to the measurement date of June 30, 2020, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

## 10. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

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

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

Plan's Year Ending June 30,	2021	\$ 2,230,949
	2022	4,370,865
	2023	3,588,712
	2024	2,219,326
	2025	113,058
	Thereafter	251,418
		<u>\$ 12,774,328</u>

#### **Actuarial Assumptions**

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

Actuarial cost method	Entry age normal
Inflation	2.20%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.30% compounded annually
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense, including inflation.

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

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

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



## 10. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

#### **Actuarial Assumptions (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the measurement date of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of term</u>
Domestic Equity	33%	7.1%
International Equity	16%	7.7%
Global Equity	4%	7.4%
Real Estate Equity	11%	6.8%
Private Equity	8%	10.4%
Domestic Fixed Income	16%	1.8%
Global Bonds	2%	1.0%
High-Yield Bonds	1%	3.9%
Private Debt	1%	5.2%
Real Estate Debt	7%	3.6%
Cash Equivalents	1%	0.7%
	<u>100%</u>	

#### **Discount Rate**

The discount rate used to measure the total pension liability as of June 30, 2020 was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from School Districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### **Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption**

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

	<u>1% Decrease (6.10%)</u>	<u>Current Discount (7.10%)</u>	<u>1% Increase (8.10%)</u>
Employer's Proportionate Share of Net Pension Liability (Asset)	\$ 34,063,172	\$ 5,392,596	\$ (18,669,282)

## 10. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

#### **Pension Plan Fiduciary Net Position**

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

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 123,242,776
Net position	120,479,505
Net pension liability (asset)	<u>\$ 2,763,271</u>
TRS net position as a percentage of total pension liability	97.76%

## 11. OTHER POSTEMPLOYMENT BENEFITS

#### **Plan Description**

The School District administers a defined benefit OPEB plan and provides OPEB for all permanent full-time general and public safety employees of the School District. The plan is a single-employer defined benefit plan (the Plan). The Plan provides for Article 11 of the State Compiled Statutes which grants the authority to establish and amend the benefit terms and financial requirements to the School District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of GASB Statement No. 74.

#### **Funding Policy**

The obligations of the Plan members, employers and other contributing entities are established by action of the School District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when the retirees health benefits upon meeting the following requirements: 1) retire from the School District, 2) age 55 with 5 years of service and 3) enrollment in District provided health care at time of retirement. The School District currently funds the plan to satisfy current obligations on a pay-as-you-go basis.

The contribution requirements of the Plan members and the District are established by the Board of Education. Until changes are made in the NYS law to permit funding, there is no legal authority to fund Other Postemployment Benefit (OPEB), other than "pay as you go".

#### **Benefits Provided**

The School District provides for continuation of medical and prescription drug benefits for certain retirees and their survivors and can be amended by action of the School District subject to applicable collective bargaining and employment agreements. The specifics of each contract are on file at the School District offices and area available upon request.

#### **Employees Covered by Benefit Terms**

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

Actives	626
Retirees	429
Beneficiaries	-
Spouses of Retirees	<u>241</u>
Total participants	<u>1,296</u>

## 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

### Total OPEB Liability

The School District's total OPEB liability of \$402,003,414 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

### Actuarial Assumptions and Other Inputs

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

Payroll growth	2.60 percent including inflation
Discount Rate	2.16 percent as of July 1, 2020
Healthcare Cost Trend Rates	5.3 percent, decreasing to an ultimate rate of 4.1 percent over 55 years.
Participation rate	Assumed that 100% of future retirees eligible for coverage will elect the benefit.
Cost method	Entry Age Normal

The discount rate was based on the Bond Buyer General Obligation 20-year municipal bond index.

Mortality rates were RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2019 Ultimate Scale.

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit and 60% of active employees are assumed to elect family coverage at retirement with male spouses assumed to be 3 years older than female spouses. For current retirees, actual census information was used. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

### Changes in the Total OPEB Liability

Balance at July 1, 2020	\$243,363,404
Changes for the Year	
Service cost	11,746,500
Interest	8,803,242
Effect of plan changes	-
Effect of demographic gains or losses	51,826,565
Effect of assumptions changes or inputs	94,949,174
Benefit payments	(8,685,471)
Net changes	<u>158,640,010</u>
Balance at June 30, 2021	<u>\$402,003,414</u>

## 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

	1% Decrease (1.16%)	Current Discount (2.16%)	1% Increase (3.16%)
Total OPEB Liability	<u>\$481,000,100</u>	<u>\$402,003,414</u>	<u>\$339,759,686</u>

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.30%) or 1 percentage point higher (6.30%) than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease (4.30%)	Current Discount (5.30%)	1% Increase (6.30%)
Total OPEB Liability	<u>\$328,516,400</u>	<u>\$402,003,414</u>	<u>\$499,758,029</u>

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

For the year ended June 30, 2021, the School District recognized OPEB expense of \$43,182,732. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,249,200	\$ 2,637,782
Changes of assumptions	<u>103,549,878</u>	<u>12,611,297</u>
Total	<u>\$153,799,078</u>	<u>\$ 15,249,079</u>

## 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2022	\$ 22,632,990
2023	22,632,990
2024	22,934,284
2025	26,937,191
2026	20,672,639
Thereafter	<u>22,739,905</u>
	<u>\$138,549,999</u>

## 12. RISK MANAGEMENT

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

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under the agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for overall supervision and management of the reciprocal.

Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimum capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million and an excess catastrophe liability policy with coverage up to \$10 million. The School District maintains liability coverage for school board members up to \$1 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District and neighboring school districts in Dutchess County participate in the Dutchess Education Health Insurance Consortium, a public entity risk pool operated by the benefit of individual governmental units located within the County. The School District pays an annual premium to the Plan for its coverage. The Plan is considered a self-sustaining risk pool that will provide coverage for its members and the School District has essentially transferred all related risk to the Plan.

## 12. RISK MANAGEMENT (Continued)

The School District participates in a claims-servicing public entity risk pool, Dutchess County Schools Cooperative Self-Insurance Plan for Workers' Compensation (Cooperative) to insure workers' compensation claims. The Cooperative was formed under NYS General Municipal Law on July 1, 1991. The Cooperative is governed by an agreement administered by a Board of Directors, consisting of one Director for each member. As of June 30, 2021, there were 13 members in the Cooperative. Workers' Compensation benefits are provided by the Cooperative and administered under a contract with Wright Risk Management, the third party claims administered for the Cooperative.

The purpose of the Cooperative is to provide efficiency and economy through centralized administration and accounting for self-insured workers' compensation coverage to members. Revenues are predominately from premiums and members continue to be individually liable for the ultimate Workers' Compensation risk for employees and third parties. The Cooperative purchases an excess-loss insurance policy on an annual basis in order to limit its exposure for claims paid for workers' compensation and employer's liability within any one fiscal year. The excess loss insurance includes \$500,000 specific retention per occurrence with a maximum benefit of \$3,000,000.

## 13. TAX ABATEMENTS

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

The County of Dutchess enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District did not have any significant abatements during June 30, 2021. The School District received Payments in Lieu of Taxes (PILOT) payments totaling \$42,017.

Owner/Property	Purpose	Assessment	Tax Rate	Tax Value	PILOT Received	Percent of Tax Abated
Parker/Hamilton Corporation	PILOT	1,450,000	22.645446	32,836	32,836	0%
Underhill Solar LLC	Solar PILOT	2,507,999	22.645446	<u>56,795</u>	<u>9,181</u>	83.8%
Total Payment in Lieu of Taxes				\$ 89,631	\$ 42,017	53.1%

## **14. CONTINGENCIES AND COMMITMENTS**

### **General Information**

The School District federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantors agencies or expenditures disallowed under the terms of the grant.

The School District has various commitments with contractors for the completion of capital projects over the next several years.

### **Litigation**

The School District has been named as defendant in various actions. A review of these actions by School District management indicated that they are either fully covered by insurance or not substantial enough to materially affect the financial position of the School District.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payment resulting from adverse decisions will be funded in the year the payment is made.

## **15. CHANGE IN ACCOUNTING PRINCIPLE**

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

## 15. CHANGE IN ACCOUNTING PRINCIPLE (Continued)

This Statement clarified the criteria for reporting certain activities as governmental or fiduciary activities. As a result, beginning cash, liabilities, fund balance, and net position were adjusted as noted below for the following opinion units:

	Governmental Activities		
	Cash and Cash Equivalents	Accrued/Other Liabilities	Net Position
Balance at June 30, 2020, as previously reported	\$ 21,470,139	\$ 2,625,554	\$ (129,392,521)
Restatement of beginning balance - Adoption of GASB Statement No. 84	553,661	387,952	165,709
Balance at July 1, 2020, as restated	<u>\$ 22,023,800</u>	<u>\$ 3,013,506</u>	<u>\$ (129,226,812)</u>

	General Fund		
	Cash and Cash Equivalents	Accrued/Other Liabilities	Due to Other Funds
Balance at June 30, 2020, as previously reported	\$ 14,672,889	\$ 1,304,397	\$ 311,559
Restatement of beginning balance - Adoption of GASB Statement No. 84	387,952	47,415	340,537
Balance at July 1, 2020, as restated	<u>\$ 15,060,841</u>	<u>\$ 1,351,812</u>	<u>\$ 652,096</u>

	Fiduciary Activities			
	Cash and Cash Equivalents	Accrued/Other Liabilities	Due to Other Funds	Net Position
Balance at June 30, 2020, as previously reported	\$ 550,485	\$ 181,554	\$ 340,537	\$ 28,394
Restatement of beginning balance - Adoption of GASB Statement No. 84	(550,485)	(181,554)	(340,537)	(28,394)
Balance at July 1, 2020, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Miscellaneous Special Revenue Fund	
	Cash and Cash Equivalents	Fund Balance
Balance at June 30, 2020, as previously reported	\$ 1,177	\$ 1,177
Restatement of beginning balance - Adoption of GASB Statement No. 84	165,709	165,709
Balance at July 1, 2020, as restated	<u>\$ 166,886</u>	<u>\$ 166,886</u>

## 16. COVID-19 PANDEMIC

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

In response to the economic impact, the COVID pandemic, the United States government passed several stimulus bills (Coronavirus Aid, Relief, and Economic Security Act; Coronavirus Response and Relief Supplemental Appropriations Act; and American Rescue Plan Act) in an effort to provide relief to businesses, families and governments that have been devastated by the closure of large segments of the economy.

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

CARES \$20,701 of budget remaining of ESSER and \$3,017 remaining of GEER  
CRRSA \$3,240,618  
ARPA \$5,841,171



**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

# HYDE PARK CENTRAL SCHOOL DISTRICT

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUE</b>					
LOCAL SOURCES:					
Real property taxes	\$ 63,230,935	63,230,935	\$ 63,170,720	\$ -	\$ (60,215)
Charges for services	875,000	875,000	472,851	-	(402,149)
Use of money and property	639,534	639,534	101,857	-	(537,677)
Sale of property and compensation for loss	-	123,991	137,375	-	13,384
Miscellaneous	<u>275,000</u>	<u>1,857,942</u>	<u>2,129,291</u>	<u>-</u>	<u>271,349</u>
Total local sources	65,020,469	66,727,402	66,012,094	-	(715,308)
State sources	31,485,886	31,485,886	32,108,093	-	622,207
Federal sources	355,000	355,000	1,192,472	-	837,472
Medicaid reimbursement	<u>180,000</u>	<u>180,000</u>	<u>158,046</u>	<u>-</u>	<u>(21,954)</u>
Total revenue	<u>97,041,355</u>	<u>98,748,288</u>	<u>99,470,705</u>	<u>-</u>	<u>722,417</u>

(Continued)

# HYDE PARK CENTRAL SCHOOL DISTRICT

## SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)

(Continued)

FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Encumbrances	Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
GENERAL SUPPORT:					
Board of education	\$ 139,578	\$ 138,633	\$ 112,273	\$ -	\$ 26,360
Central administration	318,492	338,291	319,896	-	18,395
Finance	923,417	915,701	797,434	-	118,267
Staff	684,180	823,356	704,170	41,861	77,325
Central services	6,201,791	7,080,884	6,195,805	173,150	711,929
Special items	2,514,247	2,545,117	2,495,532	-	49,585
Total general support	10,781,705	11,841,982	10,625,110	215,011	1,001,861
INSTRUCTION:					
Instruction, administration, and improvement	3,743,243	3,800,441	3,688,823	6,909	104,709
Teaching - Regular school	22,013,443	21,720,409	20,636,201	1,630	1,082,578
Programs for children with handicapping conditions	13,980,718	13,952,084	12,412,111	-	1,539,973
Occupational education	2,113,908	2,124,705	2,116,545	3,198	4,962
Instructional media	2,793,761	3,258,842	3,037,028	63,303	158,511
Pupil services	3,742,922	4,024,178	3,649,009	-	375,169
Total instruction	48,387,995	48,880,659	45,539,717	75,040	3,265,902
Pupil transportation	5,950,276	5,610,447	4,446,558	-	1,163,889
Community services	25,000	25,000	2,155	-	22,845
Employee benefits	30,213,055	30,108,786	28,803,387	-	1,305,399
Total expenditures	95,358,031	96,466,874	89,416,927	290,051	6,759,896
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of bonds	1,569,600	1,569,600	1,029,600	-	540,000
Operating transfers in	752,832	752,832	660,000	-	92,832
Operating transfers (out)	(6,277,421)	(7,016,786)	(7,005,839)	-	(10,947)
Total other financing sources (uses)	(3,954,989)	(4,694,354)	(5,316,239)	-	621,885
Total expenditures and other financing sources (uses)	99,313,020	101,161,228	94,733,166	290,051	6,138,011
NET CHANGE IN FUND BALANCE	(2,271,665)	(2,412,940)	4,737,539	(290,051)	6,860,428
FUND BALANCE - beginning of year	21,659,411	21,659,411	21,659,411	-	-
FUND BALANCE - end of year	\$ 19,387,746	\$ 19,246,471	\$ 26,396,950	\$ (290,051)	\$ 6,860,428

See the independent auditor's report

HYDE PARK CENTRAL SCHOOL DISTRICT

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

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)							2014	2013	2012
	2021	2020	2019	2018	2017	2016	2015			
Proportion of the net pension liability (asset)	0.032694%	0.034100%	0.033600%	0.032400%	0.033000%	0.345000%	0.356000%			
Proportionate share of the net pension liability (asset)	\$33	\$9,029	\$2,831	\$1,048	\$3,105	\$5,537	\$1,203			
Covered-employee payroll	\$11,228	\$10,802	\$10,372	\$10,006	\$9,737	\$9,358	\$9,371			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.29%	83.59%	27.29%	10.47%	31.89%	59.17%	12.84%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	98.24%	98.24%	94.70%	90.70%	97.90%			

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

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)							2014	2013	2012
	2021	2020	2019	2018	2017	2016	2015			
Proportion of the net pension liability (asset)	0.195153%	0.195200%	0.196600%	0.200800%	0.203400%	0.205800%	0.209400%			
Proportionate share of the net pension liability (asset)	\$5,393	(\$5,070)	(\$3,556)	(\$1,526)	\$2,179	(\$21,381)	(\$23,331)			
Covered-employee payroll	\$32,940	\$33,468	\$32,997	\$32,416	\$32,282	\$31,922	\$31,170			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.37%	-15.15%	-10.78%	-4.71%	6.75%	-66.98%	-74.85%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.76%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%			

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

**HYDE PARK CENTRAL SCHOOL DISTRICT**

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

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)							2014	2013	2012
	2021	2020	2019	2018	2017	2016	2015			
Contractually required contribution	\$ 1,711	\$ 1,505	\$ 1,478	\$ 1,480	\$ 1,459	\$ 1,661	\$ 1,807	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.		
Contributions in relation to the contractually required contribution	1,711	1,505	1,478	1,480	1,459	1,661	1,807			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Covered-employee payroll	\$ 11,228	\$ 10,802	\$ 10,372	\$ 10,006	\$ 9,737	\$ 9,358	\$ 9,371			
Contributions as a percentage of covered-employee payroll	15.24%	13.93%	14.25%	14.79%	14.98%	17.75%	19.28%			
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)							2014	2013	2012
	2021	2020	2019	2018	2017	2016	2015			
Contractually required contribution	\$ 3,139	\$ 3,460	\$ 3,139	\$ 3,729	\$ 4,162	\$ 5,420	\$ 5,027	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.		
Contributions in relation to the contractually required contribution	3,139	3,460	3,139	3,729	4,162	5,420	5,027			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Covered-employee payroll	\$ 32,940	\$ 33,468	\$ 32,977	\$ 32,416	\$ 32,282	\$ 31,922	\$ 31,170			
Contributions as a percentage of covered-employee payroll	9.53%	10.34%	9.52%	11.50%	12.89%	16.98%	16.13%			

# HYDE PARK CENTRAL SCHOOL DISTRICT

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

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Total OPEB Liability</b>										
Service cost	\$ 11,747	\$ 10,726	\$ 9,107	\$ 8,792						
Interest	8,803	10,050	7,845	6,798						
Effect of plan changes	-	(35,133)	-	-						
Effect of demographic gains or losses	51,827	(3,957)	10,014	-						
Effect of assumptions changes or inputs	94,949	16,623	19,061	(29,828)						
Benefit payments	(8,685)	(7,755)	(6,415)	(4,545)						
<b>Total change in total OPEB liability</b>	<b>158,640</b>	<b>(9,446)</b>	<b>39,612</b>	<b>(18,783)</b>						
<b>Total OPEB liability - beginning</b>	<b>243,362</b>	<b>252,808</b>	<b>213,197</b>	<b>231,981</b>						
<b>Total OPEB liability - ending</b>	<b>\$ 402,002</b>	<b>\$ 243,362</b>	<b>\$ 252,809</b>	<b>\$ 213,198</b>						
<b>Covered-employee payroll</b>	<b>\$ 40,105</b>	<b>\$ 42,409</b>	<b>\$ 33,054</b>	<b>\$ 38,914</b>						
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>1002.4%</b>	<b>573.8%</b>	<b>764.8%</b>	<b>547.9%</b>						

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

### Notes to schedule:

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

Discount rate	2.16%	3.51%	3.87%	3.58%
---------------	-------	-------	-------	-------

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

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

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

## OTHER INFORMATION

## HYDE PARK CENTRAL SCHOOL DISTRICT

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

---

#### CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 99,313,020
Add: Prior year's encumbrances	<u>128,564</u>
Original budget	99,441,584
Budget revision:	<u>1,719,644</u>
Final budget	<u>\$ 101,161,228</u>

#### SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 voter-approved expenditure budget	\$ 104,489,507	
Maximum allowed (4% of 2021-22 budget)		<u>\$ 4,179,580</u>

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

Unrestricted fund balance:	
Assigned fund balance	\$ 3,915,239
Unassigned fund balance	<u>4,884,014</u>
	<u>\$ 8,799,253</u>

Less:

Appropriated fund balance	\$ 3,625,188
Encumbrances included in assigned fund balance	<u>290,051</u>
Total adjustments	<u>\$ 3,915,239</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law \$ 4,884,014

Actual percentage 4.67%

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



**HYDE PARK CENTRAL SCHOOL DISTRICT, NEW YORK**

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Total Non-Major Governmental Funds
<b>ASSETS</b>					
Cash and equivalents - unrestricted	\$ 1,333	\$ 49,016	\$ -	\$ -	\$ 50,349
Cash and equivalents - restricted	-	-	174,952	3,656,802	3,831,754
Accounts receivable	6,938	-	-	-	6,938
State and federal aid	277,465	2,092,286	-	-	2,369,751
Inventory	82,081	-	-	-	82,081
<b>TOTAL ASSETS</b>	<b>\$ 367,817</b>	<b>\$ 2,141,302</b>	<b>\$ 174,952</b>	<b>\$ 3,656,802</b>	<b>\$ 6,340,873</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable	\$ 12,819	\$ 57,500	\$ 228	\$ -	\$ 70,547
Due to other funds	235,865	2,073,305	22	-	2,309,192
Due to other governments	3	-	-	-	3
Unearned revenues	37,039	10,497	-	-	47,536
<b>TOTAL LIABILITIES</b>	<b>285,726</b>	<b>2,141,302</b>	<b>250</b>	<b>-</b>	<b>2,427,278</b>
<b>Fund balance</b>					
<b>Nonspendable</b>					
Inventory	82,081	-	-	-	82,081
<b>Restricted</b>					
Debt	-	-	-	3,656,802	3,656,802
Other	-	-	174,702	-	174,702
<b>Total restricted fund balance</b>	<b>82,081</b>	<b>-</b>	<b>174,702</b>	<b>3,656,802</b>	<b>3,913,585</b>
<b>Assigned</b>					
Other	10	-	-	-	10
<b>Total assigned fund balance</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>
<b>TOTAL FUND BALANCE</b>	<b>82,091</b>	<b>-</b>	<b>174,702</b>	<b>3,656,802</b>	<b>3,913,595</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 367,817</b>	<b>\$ 2,141,302</b>	<b>\$ 174,952</b>	<b>\$ 3,656,802</b>	<b>\$ 6,340,873</b>

**HYDE PARK CENTRAL SCHOOL DISTRICT, NEW YORK**

**SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDING JUNE 30, 2021**

	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Total Non-Major Governmental Funds
REVENUE:					
Use of money and property	\$ -	\$ -	\$ -	\$ 15,345	\$ 15,345
Miscellaneous	5,972	-	67,515	-	73,487
State sources	33,344	1,505,282	-	-	1,538,626
Federal sources	1,018,892	2,034,478	-	-	3,053,370
Sales - school lunch	64	-	-	-	64
Total revenue	<u>1,058,272</u>	<u>3,539,760</u>	<u>67,515</u>	<u>15,345</u>	<u>4,680,892</u>
EXPENDITURES:					
General support	-	-	-	-	-
Instruction	-	3,639,169	-	-	3,639,169
Pupil transportation	-	19,610	-	-	19,610
Employee benefits	293,803	-	-	-	293,803
Debt service - Interest	-	-	-	407,757	407,757
Debt service - Principal	-	-	-	6,172,600	6,172,600
Cost of sales	909,034	-	-	-	909,034
Other	-	-	59,699	-	59,699
Total expenditures	<u>1,202,837</u>	<u>3,658,779</u>	<u>59,699</u>	<u>6,580,357</u>	<u>11,501,672</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(144,565)</u>	<u>(119,019)</u>	<u>7,816</u>	<u>(6,565,012)</u>	<u>(6,820,780)</u>
OTHER FINANCING SOURCES (USES)					
Premium on issuance of debt	-	-	-	190,175	190,175
Operating transfers in	81,972	119,019	-	6,580,357	6,781,348
Operating transfers out	-	-	-	(660,000)	(660,000)
Total other sources (uses)	<u>81,972</u>	<u>119,019</u>	<u>-</u>	<u>6,110,532</u>	<u>6,311,523</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER (USES)	<u>(62,593)</u>	<u>-</u>	<u>7,816</u>	<u>(454,480)</u>	<u>(509,257)</u>
FUND BALANCE - beginning of year, as previously reported	144,684	-	1,177	4,111,282	4,257,143
RESTATEMENT (Note 15)	-	-	165,709	-	165,709
FUND BALANCE - beginning of year, as restated	<u>144,684</u>	<u>-</u>	<u>166,886</u>	<u>4,111,282</u>	<u>4,422,852</u>
FUND BALANCE - end of year	<u>\$ 82,091</u>	<u>\$ -</u>	<u>\$ 174,702</u>	<u>\$ 3,656,802</u>	<u>\$ 3,913,595</u>

**HYDE PARK CENTRAL SCHOOL DISTRICT**

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

PROJECT TITLE	Revised <u>Appropriation</u>	<u>Expenditures</u>			Unexpended <u>Balance</u>	Proceeds of <u>Obligations</u>	<u>Methods of Financing</u>			Fund Balance <u>June 30, 2021</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>			<u>State Aid</u>	<u>Local Sources</u>	<u>Total</u>	
Buses 2016-2017	\$ 1,005,219	\$ 996,217	\$ -	\$ 996,217	\$ 9,002	\$ 996,217	\$ -	\$ -	\$ 996,217	\$ -
Buses 2017-2018	982,226	967,226	-	967,226	15,000	930,000	-	-	930,000	(37,226)
Buses 2018-2019	742,904	726,126	-	726,126	16,778	680,000	-	50,018	730,018	3,892
Buses 2019-2020	753,540	747,009	-	747,009	6,531	178,000	-	-	178,000	(569,009)
Buses 2020-2021	519,344	-	517,358	517,358	1,986	-	-	124,491	124,491	(392,867)
FDR Lobby Bathrooms (Men's)	100,000	-	-	-	100,000	-	-	100,000	100,000	100,000
FDR Entryways	100,000	-	10,000	10,000	90,000	-	-	100,000	100,000	90,000
Smart Schools Bond Act	2,176,655	2,086,353	-	2,086,353	90,302	-	2,068,862	-	2,068,862	(17,491)
FDR Tech Project	1,015,512	14,000	150,776	164,776	850,736	-	-	1,015,513	1,015,513	850,737
NPE HVAC (part of \$26.2M project)	3,773,026	2,904,776	1,155,547	4,060,323	(287,297)	2,035,000	-	1,876,688	3,911,688	(148,635)
HMS Science Labs/HVAC (part of \$26.2M project)	5,199,679	634,129	3,286,383	3,920,512	1,279,167	-	-	1,000,000	1,000,000	(2,920,512)
FDR Science Labs/HVAC (part of \$26.2M project)	<u>17,252,003</u>	<u>852,334</u>	<u>457,210</u>	<u>1,309,544</u>	<u>15,942,459</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>690,456</u>
Total	<u>\$ 33,620,108</u>	<u>\$ 9,928,170</u>	<u>\$ 5,577,274</u>	<u>\$ 15,505,444</u>	<u>\$ 18,114,664</u>	<u>\$ 4,819,217</u>	<u>\$ 2,068,862</u>	<u>\$ 6,266,710</u>	<u>\$ 13,154,789</u>	<u>\$ (2,350,655)</u>

## HYDE PARK CENTRAL SCHOOL DISTRICT

### SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2021

---

Capital assets, net		\$ 72,342,624
Deduct:		
Bond anticipation notes	17,756,813	
Unamortized bond premium	516,683	
Short-term portion of bonds payable	2,345,000	
Long-term portion of bonds payable	<u>7,695,000</u>	28,313,496
Add:		
Unamortized amount on refunding bonds		295,689
Unspent bond proceeds		<u>10,880,993</u>
Net investment in capital assets		<u>\$ 55,205,810</u>

## **REQUIRED REPORTS UNDER UNIFORM GUIDANCE**

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

October 12, 2021

To the Board of Education of  
Hyde Park Central School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hyde Park Central School District (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 12, 2021.

**Internal Control Over Financial Reporting**

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

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

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

(Continued)

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

**Compliance and Other Matters**

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

**School District's Response to Finding**

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

**Purpose of this Report**

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

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

October 12, 2021

To the Board of Education of  
Hyde Park Central School District:

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

6 Wembley Court  
Albany, New York 12205  
p (518) 464-4080  
f (518) 464-4087

[www.bonadio.com](http://www.bonadio.com)

(Continued)



## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE (Continued)**

### **Opinion on Each Major Federal Program**

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

### **Report on Internal Control Over Compliance**

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

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

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

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

# HYDE PARK CENTRAL SCHOOL DISTRICT

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

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing</u>	<u>Pass Through Grant Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture</b>			
<i>Child Nutrition Cluster</i>			
National School Lunch Program (food donations)	10.555	N/A	\$ 97,346
Passed through New York State Department of Education			
Summer Food Service Program for Children	10.559	N/A	921,546
Total Child Nutrition Cluster			<u>1,018,892</u>
Total U.S. Department of Agriculture			<u>1,018,892</u>
<b>U.S. Department of Education</b>			
Passed through New York State Department of Education			
<i>Special Education Cluster (IDEA)</i>			
Special Education Grants to States	84.027	0032-21-0173	1,087,855
Special Education Preschool Grants	84.173	0033-21-0173	54,475
Total Special Education Cluster (IDEA)			<u>1,142,330</u>
Title I Grants to Local Educational Agencies	84.010	0011-21-3072	92,268
Title I Grants to Local Educational Agencies	84.010	0011-20-3072	25,857
Title I Grants to Local Educational Agencies	84.010	0021-21-0650	691,087
Title I Grants to Local Educational Agencies	84.010	0021-20-0650	12,193
Total Title I Grants to Local Educational Agencies			<u>821,405</u>
Impact Aid	84.041	N/A	<u>348,862</u>
English Language Acquisition State Grants	84.365	0293-21-0650	<u>13,398</u>
Supporting Effective Instruction State Grants	84.367	0147-21-0650	17,243
Supporting Effective Instruction State Grants	84.367	0147-20-0650	23,299
Total Improving Teacher Quality State Grants			<u>40,542</u>
Student Support and Academic Enrichment Program	84.424	0204-21-0650	10,225
Student Support and Academic Enrichment Program	84.424	0204-20-0650	6,578
Total Student Support and Academic Enrichment Program			<u>16,803</u>
COVID-19 - Economic Security Act - GEER	84.425C	5895-21-0650	101,976
COVID-19 - Economic Security Act - ESSER	84.425D	5890-21-0650	741,634
Total COVID-19 Education Stabilization Fund Under the Coronavirus Aid Relief and Economic Security Act			<u>843,610</u>
Total U.S. Department of Education			<u>3,226,950</u>
Total expenditures of federal awards			<u>\$ 4,245,842</u>

## **HYDE PARK CENTRAL SCHOOL DISTRICT**

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

---

#### **1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Hyde Park Central School District (the School District), under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows for the School District.

#### **2. BASIS OF ACCOUNTING**

The Schedule is presented using generally accepted accounting principles, as described in the School District's basic financial statements.

#### **3. PASS-THROUGH PROGRAMS**

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

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

#### **4. INDIRECT COSTS**

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

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

#### **5. MATCHING COSTS**

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

#### **6. SUBRECIPIENTS**

No amounts were provided to subrecipients.

#### **7. NONMONETARY ASSISTANCE**

The School District is the recipient of a federal financial award program that does not result in cash receipts or disbursements termed a non-monetary program. During the year ended June 30, 2021, the School District received food commodities; the fair value of which amounted to \$97,346 is presented in the Schedule as National School Lunch Program (Assistance Listing No. 10.555).

## HYDE PARK CENTRAL SCHOOL DISTRICT

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

---

#### Section I—Summary of Auditor's Results

##### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☒ Yes ☐ No

##### Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

☐ Yes ☒ No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425C	Education Stabilization Fund Under the Coronavirus Aid, Relief, Economic Security Act - GEER
84.425D	Education Stabilization Fund Under the Coronavirus Aid, Relief, Economic Security Act - ESSER
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

## **HYDE PARK CENTRAL SCHOOL DISTRICT**

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

---

#### **Section II—Financial Statement Findings**

##### **Finding 2021-001 – Stewardship and Compliance**

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

**Condition –** General Fund unrestricted, unreserved fund balance exceeded the 4% limitation.

**Questioned Costs –** None.

**Cause and Effect –** The current year surplus resulted in the fund balance exceeding limits.

**Recommendation –** We recommend that management take the excess fund balance into consideration when preparing future budgets.

**Management Response –** Management will ensure excess fund balance is taken into effect when preparing future budgets.

#### **Section III—Federal Award Findings and Questioned Costs**

There were no findings identified including questioned costs that are required to be reported under Uniform Guidance.