

ROTTERDAM-MOHONASEN  
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2021

# ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

## TABLE OF CONTENTS

	Page
Introduction:	
Independent Auditor's Report	
Management's Discussion and Analysis	M1-M11
Basic Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	3
Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	4
Balance Sheet – Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	6
Statement of Fiduciary Net Position	7
Statement of Changes in Fiduciary Net Position	8
Notes to Financial Statements	9-46
Required Supplemental Information:	
Schedule of Revenues, Other Sources, Expenditures and Other Uses Compared to Budget - General Fund	47-48
Schedule of Changes in the Total OPEB Liability	49
Schedule of District's Proportionate Share of the Net Pension Asset/Liability	50
Schedule of District Contributions	51
Supplemental Information:	
Schedule of Change From Original Budget to Final Budget - General Fund	52
Schedule of Real Property Tax Law Limit - General Fund	52
Schedule of Project Expenditures - Capital Projects Fund	53
Schedule of Investment in Capital Assets, net of Related Debt	54
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>	55-56

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Rotterdam-Mohonasen Central School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Rotterdam-Mohonasen Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Rotterdam-Mohonasen Central School District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of changes in total OPEB liability, District's proportionate share of the net pension asset/liability, and the District's contributions on pages M1-M11 and 47-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Rotterdam-Mohonasen Central School District's basic financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information 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 September 1, 2021 control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Rotterdam-Mohonasen Central School District's internal control over financial reporting and compliance.

*Raymond G. Preusser, CPA, P.C.*

Claverack, New York  
September 1, 2021

**ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2021**

**Introduction**

The following is a discussion and analysis of Rotterdam-Mohonasen Central School District's (the District) financial performance for the fiscal year ended June 30, 2021. This section is a summary of the 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 District's financial statements, which immediately follow this section.

**Financial Highlights**

- The total assets of the District exceeded its total liabilities at the close of the fiscal year by \$5.6 million (net position).
- The District's total net position increased \$927,389 compared to the 2019-20 reporting period. This change results primarily from the increase in liabilities.

**Overview of the Financial Statements**

This annual report consists of three parts: 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 districtwide 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, report the District's operations in more detail than the districtwide statements. The fund financial statements concentrate on the District's most significant funds with all the other non-major funds listed in total in one column.

\*The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

\*Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview of MD&A highlights the structure and contents of each of the statements.

**Figure A-1 Major Features of the Districtwide and Fund Financial Statements**

	Districtwide Statements	Fund Statements	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District government (except fiduciary funds)	The activities of the School District that are not fiduciary such as School Lunch and Capital spending	Instances where the School District is the trustee or agent for someone else's resources, such as payroll taxes and scholarships
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

## **Districtwide Financial Statements**

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

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

\*Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

\*To assess the District's overall health, you need to consider additional informational factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the districtwide financial statements, the District's activities are shown as Governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and State formula aid finances most of these activities.



**Rotterdam-Mohonasen Central School District's Net Position**  
**June 30, 2020 and 2021**

	Governmental Activities		Variance Increase (Decrease)
	2020	2021	
Current Assets	\$ 9,907,483	\$ 11,792,773	\$ 1,885,290
Capital Assets	98,829,771	96,039,666	(2,790,105)
Net Pension Asset	3,176,796	-	(3,176,796)
Total Assets	111,914,050	107,832,439	(4,081,611)
Deferred Outflows of Resources	55,712,584	64,354,799	8,642,215
Total Assets and Outflows of Resources	167,626,634	172,187,238	4,560,604
Current Liabilities	7,757,508	7,763,002	5,494
Noncurrent Liabilities	144,430,956	145,464,075	1,033,119
Net Pension Liability	4,608,835	3,308,802	(1,300,033)
Total Liabilities	156,797,299	156,535,879	(261,420)
Deferred Inflows of Resources	6,197,129	10,091,764	3,894,635
Total Liabilities and Inflows of Resources	162,994,428	166,627,643	3,633,215
Net Position:			
Net Investment in Capital Assets	48,039,775	48,758,018	718,243
Restricted	2,533,835	4,530,613	1,996,778
Unrestricted	(45,941,404)	(47,729,036)	(1,787,632)
Total Net Position	\$ 4,632,206	\$ 5,559,595	\$ 927,389

Maintaining adequate fund balance (reserved and unappropriated) has several internal benefits. Fund balance can provide for cash flow needs until major revenues are received (thereby reducing or eliminating the need for cash flow borrowing), provide funds to leverage state and federal grants, and provide for various contingency expenses.

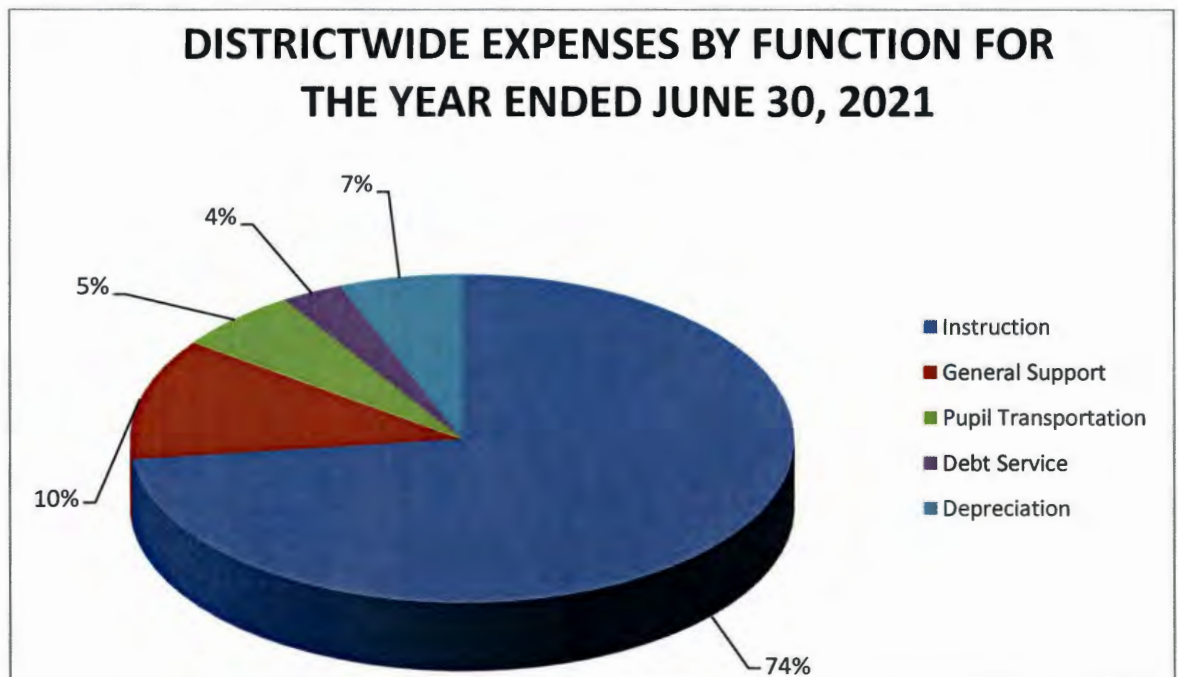
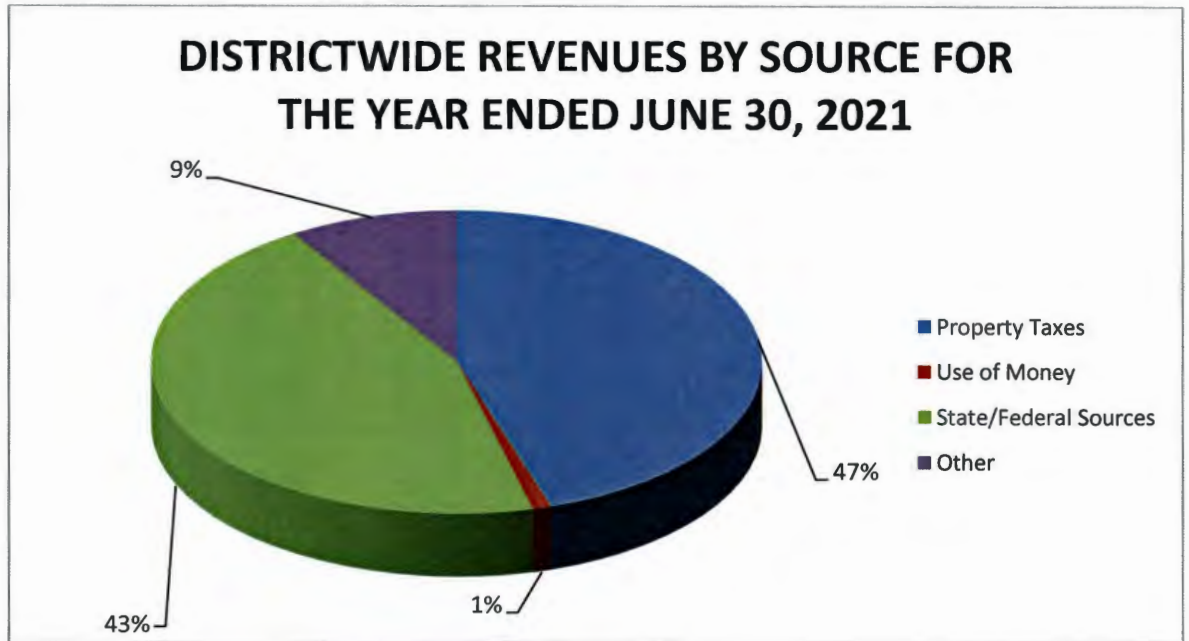
The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, and equipment); less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide educational services. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. Capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used (e.g. capital projects, debt service and other specified purposes). The remaining balance of unrestricted net position may be used to meet the District's ongoing obligation to provide educational services.

**Rotterdam-Mohonasen Central School District's  
Changes in Net Position  
For the Years Ended June 30, 2020 and 2021**

	Governmental Activities		Variance Increase (Decrease)
	2020	2021	
<b><u>Revenues:</u></b>			
Program Revenues:			
Charges for Services	\$ 546,609	\$ 86,172	\$ (460,437)
Operating Grants and Contributions	2,488,149	2,841,710	353,561
Total Program Revenues	<u>\$ 3,034,758</u>	<u>\$ 2,927,882</u>	<u>\$ (106,876)</u>
General Revenues:			
Real Property Taxes	24,870,299	25,887,783	\$ 1,017,484
Other Tax Items	3,545,792	3,459,714	(86,078)
Use of Money and Property	677,888	325,838	(352,050)
Sale of Property and Compensation for Loss	1,314	394,183	392,869
Miscellaneous	239,460	861,230	621,770
State Sources	22,672,049	23,202,605	530,556
Federal Sources	149,959	583,638	433,679
Total General Revenues	<u>52,156,761</u>	<u>54,714,991</u>	<u>2,558,230</u>
<b><u>Expenses (Net of Program Revenues):</u></b>			
Instruction	47,827,112	39,588,086	(8,239,026)
General Support	6,869,860	5,381,857	(1,488,003)
Transportation	3,663,416	2,935,503	(727,913)
Community Service	1,944	1,983	39
Debt Service-Interest	2,286,066	2,144,581	(141,485)
Depreciation-Unallocated	2,733,875	3,387,510	653,635
School Lunch	289,198	348,082	58,884
Total Expenses	<u>63,671,471</u>	<u>53,787,602</u>	<u>(9,883,869)</u>
Increase (Decrease) in Net Position	<u>\$ (11,514,710)</u>	<u>\$ 927,389</u>	<u>\$ 12,442,099</u>

The following charts provide the percentage breakdown of all revenues by source and all expenses by function for the entire District.



## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds-not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental 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 District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the districtwide financial statements because it cannot use these assets to finance its operations.

The following is a summary of the fund balances by individual major funds:

	<u>Fund Balance</u> <u>2020</u>	<u>Fund Balance</u> <u>2021</u>	<u>Variance</u> <u>Increase</u> <u>(Decrease)</u>
General	\$ 6,052,652	\$ 7,678,295	\$ 1,625,643
School Lunch	-	-	-
Special Aid	37,880	48,070	10,190
Capital	(3)	158	161
Debt Service	624,307	630,765	6,458
Totals	<u>\$ 6,714,836</u>	<u>\$ 8,357,288</u>	<u>\$ 1,642,452</u>

By law, school districts are only allowed to retain 4% of the subsequent year's general fund budget as unreserved or unassigned fund balance. The unassigned fund balance in the General Fund totals \$2,260,000 which is 4% of the 2021-22 General Fund Budget of \$56.5 million. The assigned fund balance of \$1,566,517 is composed of \$366,517 for encumbrances and \$1,200,000 as revenue to support the 2021-22 General Fund budget.

#### Capital Assets (Net of Depreciation)

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>Increase</u> <u>(Decrease)</u>
Land	\$ 1,652,526	\$ 1,652,526	\$ 0
Construction in Progress	0	0	0
Buildings and Improvements	93,091,523	91,008,559	(2,082,964)
Buses	1,045,099	926,728	(118,371)
Machinery and Equipment	<u>3,040,623</u>	<u>2,451,853</u>	<u>(588,770)</u>
Total	<u>\$98,829,771</u>	<u>\$ 96,039,666</u>	<u>\$ (2,790,105)</u>

## General Fund Budgetary Highlights

For the 2020-21 school year, the voters of the District approved a budget of \$55,780,000. That budget was subsequently increased by \$367,254. This total is comprised of several different components listed in more detail below:

- \$349,804 represents encumbrances carried over from the prior school year.
- \$16,950 is the result of use of reserves
- \$500 is increases to the budget representing the donations received by the District.

The District considers the results regarding the 2020-21 finances to be unexpectedly positive. The District expected to see a deficit heading into the year, but a variety of factors resulted in a surplus. Although society as a whole was significantly negatively impacted by the pandemic, there were some positive short-term financial impacts on the District, as well as most schools in general. This was mainly due to some decrease staffing and related benefit costs, reductions in utilities as well as some financial assistance from the Federal Government. In 2020-21 the total amount of fund balance and reserves were increased by approximately \$1.6 million.

## Enrollment

Public school enrollment gathered by the state each October had shown a slight, but steady decline over several years. However, in the past five years enrollment has leveled off at approximately 2,800 students. Based on projections it is expected that the enrollment will remain at this level for the next several years.

## Debt Administration

The District issued a new five-year bond with a principal amount of \$480,000 in April 2021 to finance the purchase of school buses. The voters of the district authorized the purchase during the annual vote held May 2020.

The Mohonasen School District received a bond rating of A1 from Moodys in October 2020, which is a reduction from the previous year's rating of Aa3. This reduction is in line with the overall outlook of public schools in New York State. The amount of general obligation debt a school district may issue is limited to 10 percent of its total assessed valuation, pursuant to Section 104.00 of the Local Finance Law. The current debt obligation of the district is approximately \$47.3 million dollars as of June 30, 2021, which is well within the stipulated limitation of approximately \$154 million (10% of total assessed value).

## Outstanding Long-Term Debt

	<u>2020</u>	<u>2021</u>	<u>Increase (Decrease)</u>
General Obligation Bonds	\$50,789,996	\$47,281,648	\$ (3,508,348)

## **Factors Impacting the District's Future**

The wealth of the Mohonasen Central School District is based upon income and full value of taxable real property. Using those variables, the District is thus classified as being less than average in comparison to the state average wealth ratio. An average wealth school district in New York State has a combined wealth ratio (CWR) of 1.0. Mohonasen's CWR for 2020-21 was .657 and is .658 for 2021-22. This indicates that the district's overall wealth had a very small increase from the prior year in relation other districts around the state. The state aid formulas are designed to help districts with combined wealth ratios of less than 1.0. Generally these districts receive more state aid than wealthier ones and are consequently more dependent on such aid. At the same time the 3-Year Average Free and Reduced Price Lunch (FRPL) percentage has also increased to a high of almost 42%. This number, a main student need indicator, also impacts formulas used to calculate state aid. Mohonasen relies heavily on state aid as a revenue source. Approximately 43% of the District's revenue is from state aid. The District continues to be underfunded in Foundation Aid, but did receive a significant increase in 2021-22 of approximately \$1.3 million. The state has also made a pledge to fully fund Foundation over the next two years.

In addition to the increase in Foundation Aid the District was also awarded two separate amounts of one-time stimulus funds. These include \$2.6 million in CARES Act funding and \$4.1 million in ARP (American Rescue Plan) funding. These funds can be used over the next few years and will be of great help in stabilizing the finances of the District.

The District has continued to be able stay in compliance with the tax cap legislation and has not asked the taxpayers to exceed, or "pierce," the cap. Although this limits revenues the increase in Foundation aid for the 2021-22 allowed the District to continue with its modest increases in the tax levy. The increase for the 2021-22 budget was 1.10%. Although there have been many positive developments in the District finances over the past year, it is cognoscente that long term financial stability cannot be attained by relying on one-time funding sources. This is why the long-term promise of fully funding Foundation Aid remains the primary area of advocacy.

The financial audit for the year-end 2020-21 shows that the district was able to maintain the 4% unassigned fund balance allowed by law, and fully accrue both the Teacher's and Employee's retirement system obligations. During the 2020-21 fiscal year the ERS reserve was completely depleted. However, the District used the surplus from the year to replenish this reserve back to almost \$1.8 million. The District also funded the TRS-sub fund and created a new Reserve for Tax Reduction. This reserve was funded with \$360,865, the proceeds from the sale of District property. All other District reserves were funded to their full liability.

### **Contacting the School District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Rotterdam-Mohonasen Central School District, 2072 Curry Road, Schenectady, New York 12303.



ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2021

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**ASSETS**

Unrestricted cash	\$ 4,330,061	
Restricted cash	4,482,542	
Other receivables, net	64,054	
State and federal aid receivable	2,134,248	
Due from other governments	723,904	
Inventories	57,964	
Capital assets, net	96,039,666	
Total Assets		<u>\$ 107,832,439</u>

**DEFERRED OUTFLOW OF RESOURCES**

Pensions	\$ 17,444,819	
OPEB-GASB 75	46,909,980	
Total Deferred Outflows of Resources		<u>\$ 64,354,799</u>

**LIABILITIES**

**Current Liabilities:**

Accounts payable	\$ 316,606	
Accrued liabilities	931,085	
Due to teachers' retirement system	2,108,676	
Due to employees' retirement system	204,643	
Due to fiduciary funds	5,471	
Due to other governments	85	
Unearned revenue	409,044	

**Long-Term Liabilities:**

**Due and payable within one year**

Bonds payable	<u>3,787,392</u>	
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**Due and payable after one year**

Bonds payable	43,494,256	
Compensated absences payable	232,259	
Other postemployment benefits payable	101,737,560	
Net pension liability - proportionate share	<u>3,308,802</u>	

Total Liabilities		<u>\$ 156,535,879</u>
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**DEFERRED INFLOWS OF RESOURCES**

Pensions	8,892,551	
OPEB-GASB 75	<u>1,199,213</u>	
Total Deferred Inflows of Resources		<u>\$ 10,091,764</u>

**NET POSITION**

Net Investment in Capital Assets	48,758,018	
Restricted	4,530,613	
Unrestricted	<u>(47,729,036)</u>	
Total Net Position		<u><u>\$ 5,559,595</u></u>

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For Year Ended June 30, 2021

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	Expenses	Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 4,376,164	\$ 1,005,693	\$ -	\$ -	\$ (5,381,857)
Instruction	28,651,277	12,812,772	49,263	1,826,700	(39,588,086)
Pupil transportation	2,266,180	734,828	-	65,505	(2,935,503)
Community services	1,983	-	-	-	(1,983)
Employee benefits	14,803,437	(14,803,437)	-	-	-
Debt service-Interest	2,144,581	-	-	-	(2,144,581)
Depreciation-unallocated	3,387,510	-	-	-	(3,387,510)
School lunch program	1,084,352	250,144	36,909	949,505	(348,082)
<b>Total Functions and Programs</b>	<u>\$ 56,715,484</u>	<u>\$ -</u>	<u>\$ 86,172</u>	<u>\$ 2,841,710</u>	<u>(53,787,602)</u>
<b>GENERAL REVENUES</b>					
Real property taxes					25,887,783
Other tax items					3,459,714
Use of money and property					325,838
Sale of property and compensation for loss					394,183
Miscellaneous					861,230
State sources					23,202,605
Federal sources					<u>583,638</u>
<b>Total General Revenues</b>					<u>54,714,991</u>
<b>Change in Net Position</b>					927,389
<b>Total Net Position - Beginning of year</b>					<u>4,632,206</u>
<b>Total Net Position - End of year</b>					<u>\$ 5,559,595</u>

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
POSITION  
June 30, 2021  
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	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Unrestricted cash	\$ 4,330,061	\$ -	\$ -	\$ 4,330,061
Restricted cash	4,482,542	-	-	4,482,542
Accounts receivable, net	64,054	-	-	64,054
Due from other funds	1,351,769	-	(1,351,769)	-
State and federal aid receivable	2,134,248	-	-	2,134,248
Due from other governments	723,904	-	-	723,904
Inventories	57,964	-	-	57,964
Capital Assets, (net)	-	96,039,666	-	96,039,666
<b>Total Assets</b>	<b>\$ 13,144,542</b>	<b>\$ 96,039,666</b>	<b>\$ (1,351,769)</b>	<b>\$ 107,832,439</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pensions	\$ -	\$ 17,444,819	\$ -	\$ 17,444,819
OPEB-GASB 75	-	46,909,980	-	46,909,980
<b>Total Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ 64,354,799</b>	<b>\$ -</b>	<b>\$ 64,354,799</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 316,606	\$ -	\$ -	\$ 316,606
Accrued liabilities	390,960	540,125	-	931,085
Bonds payable	-	47,281,648	-	47,281,648
Other post employment benefits payable	-	101,737,560	-	101,737,560
Compensated absences	-	232,259	-	232,259
Due to other funds	1,357,240	-	(1,357,240)	-
Due to fiduciary funds	-	-	5,471	5,471
Due to teachers' retirement system	2,108,676	-	-	2,108,676
Due to employees' retirement system	204,643	-	-	204,643
Due to other governments	85	-	-	85
Unearned revenue	409,044	-	-	409,044
Net pension liability- proportionate share	-	3,308,802	-	3,308,802
<b>Total Liabilities</b>	<b>\$ 4,787,254</b>	<b>\$ 153,100,394</b>	<b>\$ (1,351,769)</b>	<b>\$ 156,535,879</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	\$ -	\$ 8,892,551	\$ -	\$ 8,892,551
OPEB-GASB 75	-	1,199,213	-	1,199,213
<b>Total Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ 10,091,764</b>	<b>\$ -</b>	<b>\$ 10,091,764</b>
<b>FUND BALANCE\NET POSITION</b>				
<b>Total Fund Balance\Net Position</b>	<b>\$ 8,357,288</b>	<b>\$ (2,797,693)</b>	<b>\$ -</b>	<b>\$ 5,559,595</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</b>	<b>\$ 13,144,542</b>	<b>\$ 160,394,465</b>	<b>\$ (1,351,769)</b>	<b>\$ 172,187,238</b>

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
For Year Ended June 30, 2021

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
<b>REVENUES</b>					
Real property taxes	\$ 25,887,783	\$ -	\$ -	\$ -	\$ 25,887,783
Other tax items	3,459,714	-	-	-	3,459,714
Charges for services	49,263	-	-	-	49,263
Use of money and property	325,838	-	-	-	325,838
Sale of property and compensation for loss	394,183	-	-	-	394,183
Miscellaneous	868,418	-	-	-	868,418
Local sources	31,653	-	-	-	31,653
State sources	23,587,506	-	-	-	23,587,506
Federal sources	3,008,794	-	-	-	3,008,794
Sales - school lunch	29,721	-	-	-	29,721
<b>Total Revenues</b>	<u>57,642,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,642,873</u>
<b>EXPENDITURES\EXPENSES</b>					
General support	4,419,104	-	(42,940)	-	4,376,164
Instruction	28,629,608	21,669	-	-	28,651,277
Pupil transportation	2,266,180	-	-	-	2,266,180
Community services	1,983	-	-	-	1,983
Employee benefits	13,356,925	1,446,512	-	-	14,803,437
Debt service-Principal	3,988,348	-	-	(3,988,348)	-
-Interest	2,179,456	(34,875)	-	-	2,144,581
Cost of sales	1,084,352	-	-	-	1,084,352
Capital outlay	554,465	-	(554,465)	-	-
Depreciation	-	-	3,387,510	-	3,387,510
<b>Total Expenditures</b>	<u>56,480,421</u>	<u>1,433,306</u>	<u>2,790,105</u>	<u>(3,988,348)</u>	<u>56,715,484</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,162,452</u>	<u>(1,433,306)</u>	<u>(2,790,105)</u>	<u>3,988,348</u>	<u>927,389</u>
<b>OTHER SOURCES AND USES</b>					
Proceeds from debt	480,000	-	-	(480,000)	-
Operating transfers in	436,299	(436,299)	-	-	-
Operating transfers (out)	(436,299)	436,299	-	-	-
<b>Total Other Sources (Uses)</b>	<u>480,000</u>	<u>-</u>	<u>-</u>	<u>(480,000)</u>	<u>-</u>
<b>Net Change for the Year</b>	<u>\$ 1,642,452</u>	<u>\$ (1,433,306)</u>	<u>\$ (2,790,105)</u>	<u>\$ 3,508,348</u>	<u>\$ 927,389</u>

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
BALANCE SHEET- GOVERNMENTAL FUNDS  
June 30, 2021  
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	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Unrestricted cash	\$ 4,187,851	\$ 40,368	\$ 97,610	\$ -	\$ 4,232	\$ 4,330,061
Restricted cash	3,851,778	-	-	630,764	-	4,482,542
State and federal aid receivable	820,482	843,778	217,048	-	252,940	2,134,248
Due from other governments	723,904	-	-	-	-	723,904
Accounts receivable, net	63,443	-	611	-	-	64,054
Due from other funds	1,351,768	-	-	1	-	1,351,769
Inventories	-	-	57,964	-	-	57,964
<b>Total Assets</b>	<b>\$ 10,999,226</b>	<b>\$ 884,146</b>	<b>\$ 373,233</b>	<b>\$ 630,765</b>	<b>\$ 257,172</b>	<b>\$ 13,144,542</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 316,606	\$ -	\$ -	\$ -	\$ -	\$ 316,606
Accrued liabilities	383,732	1,557	5,671	-	-	390,960
Due to other funds	1,157	767,360	331,709	-	257,014	1,357,240
Due to teachers' retirement system	2,108,676	-	-	-	-	2,108,676
Due to employees' retirement system	204,643	-	-	-	-	204,643
Due to other governments	-	-	85	-	-	85
Unearned revenue	306,117	67,159	35,768	-	-	409,044
<b>Total Liabilities</b>	<b>3,320,931</b>	<b>836,076</b>	<b>373,233</b>	<b>-</b>	<b>257,014</b>	<b>4,787,254</b>
<b>FUND BALANCES</b>						
Non-spendable	-	-	57,964	-	-	57,964
Restricted	3,851,778	48,070	-	630,765	-	4,530,613
Assigned	1,566,517	-	-	-	158	1,566,675
Unassigned (Deficit)	2,260,000	-	(57,964)	-	-	2,202,036
<b>Total Fund Balances</b>	<b>7,678,295</b>	<b>48,070</b>	<b>-</b>	<b>630,765</b>	<b>158</b>	<b>8,357,288</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,999,226</b>	<b>\$ 884,146</b>	<b>\$ 373,233</b>	<b>\$ 630,765</b>	<b>\$ 257,172</b>	<b>\$ 13,144,542</b>

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- GOVERNMENTAL  
FUNDS  
For Year Ended June 30, 2021  
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	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 25,887,783	\$ -	\$ -	\$ -	\$ -	\$ 25,887,783
Other tax items	3,459,714	-	-	-	-	3,459,714
Charges for services	49,263	-	-	-	-	49,263
Use of money and property	319,375	-	5	6,458	-	325,838
Sale of property and compensation for loss	394,183	-	-	-	-	394,183
Miscellaneous	861,230	-	7,188	-	-	868,418
Local sources	-	31,653	-	-	-	31,653
State sources	23,127,979	352,889	32,012	-	74,626	23,587,506
Federal sources	583,638	1,507,663	917,493	-	-	3,008,794
Sales	-	-	29,721	-	-	29,721
<b>Total Revenues</b>	<u>54,683,165</u>	<u>1,892,205</u>	<u>986,419</u>	<u>6,458</u>	<u>74,626</u>	<u>57,642,873</u>
<b>EXPENDITURES</b>						
General support	4,419,104	-	-	-	-	4,419,104
Instruction	26,724,876	1,904,732	-	-	-	28,629,608
Pupil transportation	2,200,675	65,505	-	-	-	2,266,180
Community services	1,983	-	-	-	-	1,983
Employee benefits	13,106,781	-	250,144	-	-	13,356,925
Debt service-Principal	3,988,348	-	-	-	-	3,988,348
-Interest	2,179,456	-	-	-	-	2,179,456
Cost of sales	-	-	1,084,352	-	-	1,084,352
Capital outlay	-	-	-	-	554,465	554,465
<b>Total Expenditures</b>	<u>52,621,223</u>	<u>1,970,237</u>	<u>1,334,496</u>	<u>-</u>	<u>554,465</u>	<u>56,480,421</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>2,061,942</u>	<u>(78,032)</u>	<u>(348,077)</u>	<u>6,458</u>	<u>(479,839)</u>	<u>1,162,452</u>
<b>OTHER SOURCES AND USES</b>						
Proceeds from debt	-	-	-	-	480,000	480,000
Operating transfers in	-	88,222	348,077	-	-	436,299
Operating transfers (out)	(436,299)	-	-	-	-	(436,299)
<b>Total Other Sources (Uses)</b>	<u>(436,299)</u>	<u>88,222</u>	<u>348,077</u>	<u>-</u>	<u>480,000</u>	<u>480,000</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<u>1,625,643</u>	<u>10,190</u>	<u>-</u>	<u>6,458</u>	<u>161</u>	<u>1,642,452</u>
<b>Fund Balance- (Deficit) Beginning of year</b>	<u>6,052,652</u>	<u>37,880</u>	<u>-</u>	<u>624,307</u>	<u>(3)</u>	<u>6,714,836</u>
<b>Fund Balance- End of year</b>	<u>\$ 7,678,295</u>	<u>\$ 48,070</u>	<u>\$ -</u>	<u>\$ 630,765</u>	<u>\$ 158</u>	<u>\$ 8,357,288</u>

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2021

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	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash	\$ 139,192	\$ 147,224	\$ 75,412
Due from governmental funds	<u>-</u>	<u>5,471</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 139,192</u></u>	<u><u>\$ 152,695</u></u>	<u><u>\$ 75,412</u></u>
 <b>LIABILITIES</b>			
Extraclassroom activity balances	\$ -	\$ -	\$ -
Other liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>NET POSITION</b>			
Reserved for scholarships	\$ 139,192		
Individuals, Organizations and Other governments	<u>-</u>	<u>152,695</u>	<u>75,412</u>
<b>Total Net Position</b>	<u><u>\$ 139,192</u></u>	<u><u>\$ 152,695</u></u>	<u><u>\$ 75,412</u></u>

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For Year Ended June 30, 2021

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	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
<b>ADDITIONS</b>			
Contributions	\$ 19,086	\$ 9,097	\$ 11,320
Interest	35	-	19
Fees collected	-	20,415	35,149
Fundraisers	-	3,694	3,603
<b>Total Additions</b>	<u>19,121</u>	<u>33,206</u>	<u>50,091</u>
<b>DEDUCTIONS</b>			
Scholarships and awards	16,100	-	1,500
Professional services	-	500	-
Supplies	-	33,947	48,310
<b>Total Deductions</b>	<u>16,100</u>	<u>34,447</u>	<u>49,810</u>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	3,021	(1,241)	281
<b>Net Position - Beginning of year</b>	<u>136,171</u>	<u>153,936</u>	<u>75,131</u>
<b>Net Position - End of year</b>	<u>\$ 139,192</u>	<u>\$ 152,695</u>	<u>\$ 75,412</u>

See auditor's report. See notes to financial statements.



# ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **I. Summary of Significant Accounting Policies**

The financial statements of the Rotterdam-Mohonasen Central School District have been prepared in conformity with generally accepted accounting principles (GAAP). Those principles are as 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 District are described below:

#### **A. Reporting Entity**

The Rotterdam-Mohonasen Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

##### The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Rotterdam-Mohonasen Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds are included in these financial statements. The District accounts for assets held as an agent for various student organizations in a custodial fund.

# ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### I. Summary of Significant Accounting Policies (Continued)

#### B. Joint Venture

The Rotterdam-Mohonasen Central School District is one of 23 component school districts in the Albany, Schoharie, Schenectady and Saratoga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A 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 Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

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

During the year ended June 30, 2021, the Rotterdam-Mohonasen Central School District was billed \$3,749,137 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,610,297. Financial statements for the BOCES Aid are available from the BOCES administrative office.

#### C. Basis of Presentation

##### 1. Districtwide Statements

The Districtwide Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes,

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**1. Districtwide Statements (Continued)**

State Aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

**2. Fund Financial Statements**

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

The District reports the following funds:

**a. Major Governmental Funds**

- (1) General Fund** - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- (2) 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.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**2. Fund Financial Statements (Continued)**

**a. Major Governmental Funds (Continued)**

- (3) School Lunch Fund** – Used to account for transactions of the District’s lunch and breakfast programs.
- (4) Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.
- (5) Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

**b. Fiduciary Funds**

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

- (1) Private Purpose Trust Funds** – These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- (2) Custodial Funds** – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

**E. Cash and Investments**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

# ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### **I. Summary of Significant Accounting Policies (Continued)**

#### **F. Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 5. Taxes are collected during the period September 1 to November 1.

Uncollected real property taxes are subsequently enforced by the Counties of Albany and Schenectady. An amount representing uncollected real property taxes is transmitted to the Counties for enforcement and is paid by the Counties to the District no later than the forthcoming April 1.

#### **G. Restricted Resources**

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

#### **H. Interfund Transactions**

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

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

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

Refer to Note IV for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**I. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

**J. Receivables**

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.

**K. Inventories and Prepaid Items**

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or balance sheet using the consumption method. Under 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.

A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute an available spendable resource.

**L. Other Assets/Restricted Assets**

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the districtwide financial statements and their use is limited by applicable bond covenants.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**L. Other Assets/Restricted Assets (Continued)**

In the districtwide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

**M. Capital Assets**

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Site Improvements	\$ 5,000	20
Buildings and Improvements	\$ 5,000	15-50
Furniture and Equipment	\$ 5,000	5-15
Vehicles	\$ 5,000	8

**N. Compensated Absences**

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

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

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



ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**N. Compensated Absences (Continued)**

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vested method and an accrual for that liability is included in the Districtwide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available resources. These amounts are expensed on a pay-as-you-go basis.

**O. Accrued Liabilities and Long-Term Obligations**

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

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

**P. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category, two of which relate to pensions. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the districtwide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**Q. Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**R. Unearned Revenue**

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claim to the resources.

**S. Other Benefits**

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**T. Short-Term Debt**

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

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

The School District may issue Bond Anticipation Notes in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

**U. Equity Classifications**

**1. Districtwide Statements**

In the districtwide statements there are three classes of net position:

**Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

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

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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I. **Summary of Significant Accounting Policies (Continued)**

U. **Equity Classifications (Continued)**

2. **Fund Statements**

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

**Non-spendable** – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$57,964.

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

1. **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and 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.

2. **Unemployment Insurance**

This reserve 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. This reserve is accounted for in the General Fund.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**U. Equity Classifications (Continued)**

**2. Fund Statements (Continued)**

**3. Employee Benefit Accrued Liability**

This reserve is used to set aside funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

**4. Tax Certiorari**

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

**5. Employee Retirement Contributions**

This reserve is used for future employee's retirement and teacher's retirement obligations. 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.

**6. Tax Reduction**

This reserve is for the gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the district is permitted to retain the proceeds of the sale for a period not to exceed ten years and to use them during that period for tax reduction. This reserve is accounted for in the General Fund.

# ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### I. Summary of Significant Accounting Policies (Continued)

#### U. Equity Classifications (Continued)

##### 2. Fund Statements (Continued)

Restricted fund balance includes the following:

General Fund:

Employee Benefit Accrued Liability	\$ 232,259
Unemployment Insurance	202,943
Employee Retirement Contributions	1,788,566
Teacher's Retirement Contributions	842,145
Tax Certiorari	425,000
Tax Reduction	360,865
Debt Service Fund	630,765
Special Aid Fund	48,070
Total restricted funds	<u>\$ 4,530,613</u>

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

**Assigned** – 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 \$366,517 and the assigned fund balance amounted to \$1,200,000.

**Unassigned** – 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 District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a School District can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. 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.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**U. Equity Classifications (Continued)**

**2. Fund Statements (Continued)**

**Order of Use of Fund Balance:**

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

**V. New Accounting Standards**

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

GASB has issued Statement 84, Fiduciary Activities, effective for the year ending June 30, 2021.

**W. Future Changes in Accounting Standards**

GASB has issued Statement 87, Leases, effective for the year ending June 30, 2022.

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

GASB has issued Statement 91, Conduit Debt Obligations, effective for the year ending June 30, 2023.

GASB has issued Statement 92, Omnibus 2020, effective for the year ending June 30, 2022.

GASB has issued Statement 93, Replacement of Interbank Offered Rates, effective dates vary based on specific paragraphs of the statement from the year ending June 30, 2021, 2022 and 2023.

GASB has issued Statement 96, Subscription-based Information technology Arrangements, effective for the year ending June 30, 2023.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**W. Future Changes in Accounting Standards (Continued)**

GASB has issued Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal revenue Code Section 457 Deferred Compensation Plans, effective for the year ending June 30, 2022.

The school district will evaluate the impact that these pronouncements may have on its financial statements and will implement them as applicable and when material.

**II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements**

Due to differences in the measurement focus and basis of accounting used in the governmental fund statements and the districtwide 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.

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

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

**2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities:**

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

**a. Long-term revenue differences:**

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



# ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

#### 2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

##### b. 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.

##### c. 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.

##### d. Pension differences:

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

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

Original cost of capital assets	\$147,343,098
Accumulated depreciation	<u>51,303,432</u>
Capital assets, net	<u>\$ 96,039,666</u>

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

Bonds payable	<u>\$ 47,281,648</u>
OPEB obligations	<u>\$101,737,560</u>
Compensated Absences	<u>\$ 232,259</u>
Net pension liability-proportionate share	<u>\$ 3,308,802</u>

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)**

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$3,387,510 was more than capital expenditures of \$597,405 in the current year.

Repayment of bond principal of \$3,988,348 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities decreased by \$34,875.

**III. Cash and Investments**

**A. Deposits**

The Rotterdam-Mohonasen Central School District's investment policies are governed by State statutes. The Rotterdam-Mohonasen Central School District's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**III. Cash and Investments (Continued)**

**A. Deposits (Continued)**

Custodial credit risk is the risk that in an event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District's custodial bank in the School District's name.

**IV. Interfund Transaction**

Interfund balances at June 30, 2021 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,351,768	\$ 1,157	\$ -	\$ 436,299
Special Aid Fund	-	767,360	88,222	-
School Lunch Fund	-	331,709	348,077	-
Capital Fund	-	257,014	-	-
Debt Service Fund	1	-	-	-
Total governmental activities	1,351,769	1,357,240	\$ 436,299	\$ 436,299
Trust Custodial Fund	5,471	-		
Totals	\$ 1,357,240	\$ 1,357,240		

The District typically transfers from the General Fund to the Special Aid Fund to pay its' share of the Summer Handicapped Program.

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**V. Capital Assets**

A summary of changes in general fixed assets follows:

	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
<u>Capital assets-not depreciated:</u>				
Land	\$ 1,652,526	\$ -	\$ -	\$ 1,652,526
Total capital assets-not depreciated:	1,652,526	-	-	1,652,526
<u>Other capital assets:</u>				
Buildings and improvements	131,796,822	-	-	131,796,822
Machinery and equipment	8,690,739	117,566	38,825	8,769,480
Vehicles	5,113,639	479,839	469,208	5,124,270
Total other capital assets:	145,601,200	597,405	508,033	145,690,572
<u>Less accumulated depreciation:</u>				
Buildings and improvements	38,705,299	2,082,964	-	40,788,263
Machinery and equipment	5,650,116	706,336	38,825	6,317,627
Vehicles	4,068,540	598,210	469,208	4,197,542
Total accumulated depreciation	48,423,955	3,387,510	508,033	51,303,432
Other capital assets, net	97,177,245	(2,790,105)	-	94,387,140
Total	\$ 98,829,771	\$ (2,790,105)	\$ -	\$ 96,039,666

Depreciation expense for the period was shown as unallocated in the Statement of Activities.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans**

1. General Information

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

2. Plan Descriptions and Benefits Provided

**Teachers' Retirement System (TRS)**

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

**Employees' Retirement System (ERS)**

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. 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.

# ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### VI. Pension Plans (Continued)

#### Funding Policies:

The Systems are noncontributory except for employees who joined after July 27, 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 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, 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. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

#### Contributions

	ERS	TRS
2021	\$784,909	\$1,882,266
2020	\$807,584	\$2,265,265
2019	\$830,915	\$2,158,135

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

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

	ERS	TRS
Actuarial valuation date	1-Apr-20	30-Jun-19
Net pension (asset)/liability	\$16,176	\$3,292,626
District's portion of the Plan's total net pension (asset)/liability	.0162454%	.119157%
Change in proportion since the prior measurement date	(.0011592%)	(.003121%)

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

For the year ended June 30, 2021, the District's recognized pension expense of \$483,293 for ERS and \$4,436,939 for TRS. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resource</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$197,555	\$2,884,999	\$0	\$168,741
Changes of assumptions	2,974,280	4,164,405	56,096	1,484,393
Net difference between projected and actual earnings on pension plan investments	2,112,451	2,150,373	6,759,206	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	276,462	494,354	106,485	317,630
District's contributions subsequent to the measurement date	204,643	1,985,297	0	0
Total	<u>\$5,765,391</u>	<u>\$11,679,428</u>	<u>\$6,921,787</u>	<u>\$1,970,764</u>

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

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2021	\$ -	\$ 1,286,565
2022	(\$185,874)	\$ 2,593,161
2023	(\$45,099)	\$ 2,158,460
2024	(\$232,132)	\$ 1,365,221
2025	(\$897,933)	\$ 133,935
Thereafter	\$0	\$ 186,026

# ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### VI. Pension Plans (Continued)

#### 4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.9%	7.10%
Salary scale	4.40%	1.90%-4.72%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.20%

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

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.



# ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### VI. Pension Plans (Continued)

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

Measurement date	<u>ERS</u> March 31, 2020	<u>TRS</u> June 30, 2019
<u>Asset Type</u>	<u>%</u>	<u>%</u>
Domestic Equities	32%	33%
International Equities	15%	16%
Global equities	0%	4%
Private Equity	10%	8%
Real Estate Equity	9%	11%
Domestic fixed income securities	23%	16%
Global bonds	0%	2%
Private debt	4%	1%
Absolute return strategies	3%	0%
Real estate debt	0%	7%
Cash Equivalents	1%	1%
High yield fixed income securities	0%	1%
Real assets	3%	0%

### 5. Discount Rate

The discount rate used to calculate the total pension liability was 5.90 % for ERS and 7.10 % for TRS. 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 Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 6.10% for TRS) or 1-percentage point higher (6.9% for ERS and 8.10% for TRS) than the current rate :

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share Of the net pension (asset) liability	\$4,489,885	\$16,176	(\$4,109,630)
TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's proportionate share Of the net pension (asset) liability	\$20,798,382	\$3,292,626	(\$11,399,140)

7. Pension Plan Fiduciary Net Position

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

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Employers' total pension liability	\$ 220,680,157	\$ 123,242,776,215
Plan Fiduciary Net Position	220,580,583	120,479,505,380
Employers' net pension liability/(asset)	99,574	2,763,270,835
Plan fiduciary net position as a percentage of total pension (asset)/liability	99.9500%	97.8000%

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$204,643.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$2,108,676.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VII. Short-Term Debt Obligations**

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

	Maturity	Interest Rate	Balance 7/1/2020	Issued	Redeemed	Balance 6/30/21
TAN	2020	2.49%	<u>\$ -</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$ -</u>

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

Interest paid	<u>\$4,150</u>
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**VIII. Long-Term Debt Obligations**

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

**1. Long-Term Debt Interest**

Interest paid	\$2,175,306
Less interest accrued in the prior year	(575,000)

Plus, interest accrued in the current year	<u>540,125</u>
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Total expense	<u>\$2,140,431</u>
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**2. Changes**

	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021	Due Within One Year
Serial Bonds	\$ 50,789,996	\$ 480,000	\$ 3,988,348	\$ 47,281,648	<u>\$ 3,787,392</u>
Compensated Absences	210,590	21,669	-	232,259	
OPEB Obligations	97,420,231	4,317,329	-	101,737,560	
Net Pension Liability- Proportionate Share	4,608,835	-	1,300,033	3,308,802	
Totals	<u>\$ 153,029,652</u>	<u>\$ 4,818,998</u>	<u>\$ 5,288,381</u>	<u>\$ 152,560,269</u>	

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VIII. Long-Term Debt Obligations (Continued)**

**3. Maturity**

a. The following is a summary of the debt issued:

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2021
Serial Bonds:				
Advanced refunding	2015	2027	2-5%	\$ 1,430,000
Construction	2016	2031	2-3%	7,140,000
Construction	2017	2046	3-5%	22,480,000
Construction	2012	2025	3-5%	5,640,000
Construction	2018	2033	5.00%	8,245,000
Construction	2018	2034	3.62-4%	820,000
Buses	2019	2025	2.96%	486,748
Buses	2019	2024	2.96%	280,383
Buses	2017	2022	2.52%	166,546
Buses	2017	2022	2.56%	111,458
Buses	2015	2020	2.80%	1,513
Buses	2021	2026	0.99%	480,000
Total				<u>\$ 47,281,648</u>

b. The following is a summary of maturing principal debt service requirements:

	Year	Principal	Interest	Total
Serial Bonds:	2022	\$ 3,787,392	\$ 2,028,810	\$ 5,816,202
	2023	3,754,421	1,876,816	5,631,237
	2024	3,816,148	1,726,053	5,542,201
	2025	3,772,687	1,564,261	5,336,948
	2026	2,316,000	1,403,438	3,719,438
	2027 and thereafter	29,835,000	12,042,537	41,877,537
	Total	<u>\$ 47,281,648</u>	<u>\$ 20,641,915</u>	<u>\$ 67,923,563</u>

**Prior-Year Defeasance of Debt**

In prior years, certain general obligation bonds were defeased 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 liability for the defeased bonds and the trust account assets are not included in the financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IX. Postemployment (Health Insurance) Benefits**

**A. General Information about the OPEB Plan**

*Plan Description-* The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of Statement 75.

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

*Employees Covered by Benefit Terms-* At June 30, 2021, the following employees were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefit payments	197
Inactive members entitled to but not yet receiving benefit payments	-
Active members	<u>436</u>
Total membership	633

**B. Total OPEB Liability**

The District's total OPEB liability of \$101,737,560 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IX. Postemployment (Health Insurance) Benefits (Continued)**

**B. Total OPEB Liability (Continued)**

Inflation	2.5%
Salary Increases	varied by years of service and retirement system
Discount Rate	2.16%
Healthcare Cost Trend Rates	5.7% for 2020, decreasing to an ultimate rate of 4.04% by 2075

Retiree's Share of Benefit-Related Costs 45% of projected health insurance premiums for retirees

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

Mortality rates were based on the PUB-2010 Headcount-Weighted Table projected fully generationally using MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2020	<u>\$97,420,231</u>
<u>Changes for the Year</u>	
Service cost	4,563,125
Interest	2,230,187
Changes of benefit terms	(12,715,299)
Differences between expected and actual experience	7,472,509
Changes in assumptions or other inputs	4,918,388
Benefit payments	<u>(2,151,581)</u>
Net Changes	
Balance at June 30, 2021	<u>\$101,737,560</u>

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IX. Postemployment (Health Insurance) Benefits (Continued)**

**C. Changes in the Total OPEB Liability (Continued)**

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

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate-* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	<u>(1.16%) 1% Decrease</u>	<u>Current Discount Rate (2.16%)</u>	<u>(3.16%) 1% Increase</u>
Total OPEB Liability	<u>\$124,043,198</u>	<u>\$101,737,560</u>	<u>\$84,495,358</u>

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates-* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.5%) or 1 percentage point higher (6.5%) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates Current</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$82,220,905</u>	<u>\$101,737,560</u>	<u>\$128,140,866</u>



ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Postemployment (Health Insurance) Benefits (Continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of (\$748,950). At June 30, 2021, the 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	\$11,024,409	\$ -
Changes of assumptions or other inputs	<u>35,885,571</u>	<u>(1,199,213)</u>
Total	<u>\$46,909,980</u>	<u>(\$1,199,213)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$7,324,618
2023	7,324,618
2024	7,324,618
2025	7,324,618
2026	9,087,677
Thereafter	

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**X. Commitments and Contingencies**

**A. Risk Financing and Related Insurance**

1. General Information

The Rotterdam-Mohonasen Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. 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.

2. Workers' Compensation Insurance

The Rotterdam-Mohonasen Central School District participates in a risk-sharing pool, New York State Public Schools Statewide Workers' Compensation Trust, to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims.

3. Grants

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

4. Litigation

There are currently pending tax certiorari proceedings, the results of which could require the payments 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. The School District has established a tax certiorari reserve to cover a portion of the potential refund exposure and the District has legal authority to borrow funds to repay school taxes when needed.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**X. Commitments and Contingencies (Continued)**

5. Operating Leases

The School District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2021 was approximately \$62,774. The future non-cancelable operating lease payments are as follows:

<u>Year Ended</u>	<u>Lease Payments</u>
2022	\$ 39,183
2023	37,495
2024	28,750
2025	14,215
2026	5,803
	<u>\$ 125,446</u>

**XI. Other Disclosures**

**A. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**

Total governmental fund balance	\$ 8,357,288
Capital assets (net)	96,039,666
Deferred outflows of resources	64,354,799
Bonds payable	(47,281,648)
Accrued interest payable	(540,125)
Net pension liability- proportionate share	(3,308,802)
Deferred inflows of resources	(10,091,764)
Compensated absences	(232,259)
OPEB obligations	<u>(101,737,560)</u>
Total net position	<u>\$ 5,559,595</u>

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**XI. Other Disclosures (Continued)**

**B. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities**

Net changes in fund balance – total governmental funds	\$1,642,452
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	597,405
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(3,387,510)
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	3,988,348
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2020/21 results in less expense.	34,875
Proceeds from debt are recognized as revenue in the Governmental Funds, but not in the Statement of Activities	(480,000)
(Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers' Retirement System	(2,493,736)
Employees' Retirement System	298,274
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:	
OPEB obligations	748,950
Compensated absences	<u>(21,669)</u>
Change in Net Position – Governmental Activities	<u>\$ 927,389</u>

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**XII. Stewardship, Compliance and Accountability**

**A. Budgetary Procedures and Budgetary Accounting**

**1. Budgets**

The District administration prepares a proposed budget for approval by the Board of Education for the governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations lapse at the fiscal year end 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.

The General Fund budget was increased to reflect additional revenue in the amount of \$500, to reflect the use of reserves in the amount of \$16,950 and the carryover encumbrances in the amount of \$366,517.

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

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

Special Aid Fund and School Lunch Fund have not been included because they do not have legally authorized budgets.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**XII. Stewardship, Compliance and Accountability (Continued)**

**A. Budgetary Procedures and Budgetary Accounting (Continued)**

**2. Encumbrances**

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

**XIII. Subsequent Events**

There were no significant subsequent events to report from the period of July 1, 2021 to September 1, 2021.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND  
For Year Ended June 30, 2021

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	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 25,862,345	\$ 25,862,345	\$ 25,887,783	\$ 25,438
Other tax items	3,464,713	3,464,713	3,459,714	(4,999)
Charges for services	174,520	174,520	49,263	(125,257)
Use of money and property	480,250	480,250	319,375	(160,875)
Sale of property and compensation for loss	1,500	1,500	394,183	392,683
Miscellaneous	185,000	185,500	861,230	675,730
<b>Total Local Sources</b>	<u>30,168,328</u>	<u>30,168,828</u>	<u>30,971,548</u>	<u>802,720</u>
State sources	22,986,672	22,986,672	23,127,979	141,307
Federal sources	175,000	175,000	583,638	408,638
<b>Total Revenues</b>	<u>53,330,000</u>	<u>53,330,500</u>	<u>54,683,165</u>	<u>1,352,665</u>
<b>Other Financing Sources</b>				
Operating transfers in	-	-	-	-
<b>Total Revenue and Other Financing Sources</b>	<u>53,330,000</u>	<u>53,330,500</u>	<u>54,683,165</u>	<u>\$ 1,352,665</u>
<b>Appropriated Fund Balance</b>	1,600,000	1,600,000		
<b>Appropriated Reserves</b>	<u>850,000</u>	<u>1,216,754</u>		
<b>Total Revenues, Other Sources, Appropriated Reserves and Fund Balance</b>	<u>\$ 55,780,000</u>	<u>\$ 56,147,254</u>		

See paragraph on required supplementary information included in auditor's report.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-  
GENERAL FUND  
For Year Ended June 30, 2021  
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	Original Budget	Revised Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 37,250	\$ 57,291	\$ 48,836	\$ 163	\$ 8,292
Central administration	212,000	212,268	194,172	-	18,096
Finance	546,425	515,060	484,131	180	30,749
Staff	297,250	300,927	218,614	17,910	64,403
Central services	3,131,750	3,320,192	2,918,587	137,514	264,091
Special items	637,500	604,253	554,764	-	49,489
<b>Total General Support</b>	<b>4,862,175</b>	<b>5,009,991</b>	<b>4,419,104</b>	<b>155,767</b>	<b>435,120</b>
Instructional					
Instruction, administration and improvement	2,342,300	2,342,780	2,259,287	-	83,493
Teaching - regular school	15,574,300	15,368,427	14,773,487	46,537	548,403
Programs for children with handicapping conditions	4,928,750	4,818,027	4,474,784	59,090	284,153
Occupational education	1,000,000	1,000,000	972,993	-	27,007
Teaching - special school	256,175	246,198	141,176	-	105,022
Instructional media	1,398,075	1,733,760	1,642,033	17,311	74,416
Pupil services	2,760,975	2,801,886	2,461,116	19,502	321,268
<b>Total Instructional</b>	<b>28,260,575</b>	<b>28,311,078</b>	<b>26,724,876</b>	<b>142,440</b>	<b>1,443,762</b>
Pupil transportation	2,436,250	2,645,063	2,200,675	68,310	376,078
Community services	2,500	2,500	1,983	-	517
Employee benefits	13,842,000	13,502,296	13,106,781	-	395,515
Debt Service					
Principal	3,990,000	3,990,000	3,988,348	-	1,652
Interest	2,176,500	2,180,650	2,179,456	-	1,194
<b>Total Expenditures</b>	<b>55,570,000</b>	<b>55,641,578</b>	<b>52,621,223</b>	<b>366,517</b>	<b>2,653,838</b>
<b>OTHER USES</b>					
Operating transfers out	210,000	505,676	436,299	-	69,377
<b>Total Expenditures and Other Uses</b>	<b>\$ 55,780,000</b>	<b>\$ 56,147,254</b>	<b>53,057,522</b>	<b>\$ 366,517</b>	<b>\$ 2,723,215</b>
<b>Net change in fund balance</b>			<b>1,625,643</b>		
<b>Fund balance- Beginning</b>			<b>6,052,652</b>		
<b>Fund balance- Ending</b>			<b>\$ 7,678,295</b>		

See paragraph on required supplementary information included in auditor's report.



ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY  
For Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost at end of year	\$ 4,563,125	\$ 2,974,820	\$ 1,354,934	\$ 1,406,287
Interest	2,230,187	2,622,590	1,612,142	1,492,012
Changes of benefit terms	(12,715,299)	-	-	-
Difference between expected and actual experience	7,472,509	271,640	6,423,349	-
Changes of assumptions or other inputs	4,918,388	20,777,446	23,998,347	(2,141,489)
Benefit payments	(2,151,581)	(1,921,619)	(1,973,072)	(2,306,945)
<b>Net change in Total OPEB Liability</b>	4,317,329	24,724,877	31,415,700	(1,550,135)
<b>Total OPEB Liability- beginning</b>	97,420,231	72,695,354	41,279,654	42,829,789
<b>Total OPEB Liability- ending</b>	<u>\$ 101,737,560</u>	<u>\$ 97,420,231</u>	<u>\$ 72,695,354</u>	<u>\$ 41,279,654</u>
<b>Covered-employee payroll</b>	23,482,810	26,802,381	23,009,589	24,006,403
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	433.20%	363.50%	315.90%	172.00%

See paragraph on required supplementary information included in auditor's report

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY  
June 30, 2021  
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	<u>Teachers' Retirement System</u>					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District 's proportion of the net pension asset/liability	.119157%	.122278%	.127645%	.124081%	0.121478%	.117319%
District's proportionate share of the net pension (asset)/liability	\$ 3,292.626	\$ (3,176.796)	\$ (2,308,158)	\$ (943,142)	\$ 1,301.084	#####
District's covered-employee payroll	\$ 20,832,080	\$ 20,711,407	\$ 21,083,482	\$ 2,126,175	\$ 20,281,231	\$ 19,263,919
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	15.81%	15.34%	10.95%	4.43%	6.40%	63.26%
Plan fiduciary net position as a percentage of the total pension liability	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%
	<u>Employees' Retirement System</u>					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District 's proportion of the net pension liability	.0162454%	.0174046%	.0174566%	.0172365%	.0160545%	.0175%
District's proportionate share of the net pension liability	\$ 16.176	\$ 4,608.835	\$ 1,236,850	\$ 556,298	\$ 1,508,520	\$ 2,813,016
District's covered-employee payroll	\$ 6,676,267	\$ 6,956,628	\$ 5,424,157	\$ 5,646,191	\$ 5,285,296	\$ 4,847,745
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.24%	66.25%	22.80%	9.85%	28.54%	58.00%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

See paragraph on required supplementary information included in auditor's report.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
June 30, 2021  
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	<u>Teachers' Retirement System</u>					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,985,297	\$ 1,835,031	\$ 2,215,864	\$ 2,083,693	\$ 2,352,731	\$ 2,536,001
Contributions in relation to the contractually required contribution	<u>1,985,297</u>	<u>1,835,031</u>	<u>2,215,864</u>	<u>2,083,693</u>	<u>2,352,731</u>	<u>2,536,001</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 20,832,080</u>	<u>\$ 20,711,407</u>	<u>\$ 21,083,482</u>	<u>\$ 21,262,175</u>	<u>\$ 20,281,231</u>	<u>\$ 19,263,919</u>
Contributions as a percentage of covered employee payroll	9.53%	8.86%	10.5%	9.8%	11.6%	13.2%
	<u>Employees' Retirement System</u>					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 784,909	\$ 807,584	\$ 830,915	\$ 794,027	\$ 773,702	\$ 903,280
Contributions in relation to the contractually required contribution	<u>784,909</u>	<u>807,584</u>	<u>830,915</u>	<u>794,027</u>	<u>773,702</u>	<u>903,280</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 6,676,267</u>	<u>\$ 6,956,628</u>	<u>\$ 5,424,157</u>	<u>\$ 5,646,191</u>	<u>\$ 5,285,296</u>	<u>\$ 4,847,745</u>
Contributions as a percentage of covered employee payroll	11.8%	11.6%	15.3%	14.1%	14.6%	18.6%

See paragraph on required supplementary information included in auditor's report.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND  
THE REAL PROPERTY TAX LIMIT  
For Year Ended June 30, 2021

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**CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET**

<b>Original Budget</b>		\$ 55,780,000
<b>Additions:</b>		
Prior year's encumbrances	\$ 349,804	
Budget revisions- Donation	500	
Reserves	16,950	367,254
	<u>16,950</u>	<u>367,254</u>
<b>Final Budget</b>		<u><u>\$ 56,147,254</u></u>

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

2021-22 Voter-approved Expenditure Budget	\$ 56,500,000
Maximum allowed (4% of 2021-2022 Budget)	<u>\$ 2,260,000</u>

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

Unrestricted fund balance:		
Committed fund balance	\$ -	
Assigned fund balance	1,566,517	
Unassigned fund balance	2,260,000	
Total unrestricted fund balance	<u>\$ 3,826,517</u>	

Less:		
Appropriated fund balance	\$ 1,200,000	
Encumbrances included in committed and assigned fund balance	366,517	
Total adjustments	<u>\$ 1,566,517</u>	

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,260,000</u></u>
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Actual percentage	4.00%
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\* 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.

See paragraph on required supplementary information included in auditor's report.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND  
For Year Ended June 30, 2021

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PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Revenues				Fund Balance June 30, 2021
			Prior Years	Current Year	Total		Proceeds of Obligations	NYS Sources	Local Sources	Total	
Buses-20/21	\$ 480,000	\$ 480,000	\$ -	\$ 479,839	\$ 479,839	\$ 161	\$ 480,000	\$ -	\$ -	\$ 480,000	\$ 161
Smart Schools Bond Act	1,737,958	1,737,958	1,330,805	20,390	1,351,195	386,763	-	1,351,195	-	1,351,195	-
DASNY Grant	336,000	336,000	277,840	54,236	332,076	3,924	-	332,076	-	332,076	-
Buses-Prior Years	-	-	-	-	-	-	-	-	-	-	(3)
Totals	<u>\$ 2,553,958</u>	<u>\$ 2,553,958</u>	<u>\$ 1,608,645</u>	<u>\$ 554,465</u>	<u>\$ 2,163,110</u>	<u>\$ 390,848</u>	<u>\$ 480,000</u>	<u>\$ 1,683,271</u>	<u>\$ -</u>	<u>\$ 2,163,271</u>	<u>\$ 158</u>

See paragraph on required supplementary information included in auditor's report.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT  
FOR THE YEAR ENDED JUNE 30, 2021  
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Capital assets, net			\$ 96,039,666
Deduct:			
Short-term portion of bonds payable	\$ 3,787,392		
Long-term portion of bonds payable	<u>43,494,256</u>	<u>47,281,648</u>	
Net investment in Capital Assets			<u><u>\$ 48,758,018</u></u>

See paragraph on required supplementary information included in auditor's report.

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## 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*

To the Board of Education of the  
Rotterdam-Mohonasen Central School District:

We have audited, 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, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Rotterdam-Mohonasen Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated September 1, 2021.

### **Internal Control Over Financial Reporting**

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rotterdam-Mohonasen Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

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

*Raymond G. Preusser, CPA, P.C.*

Claverack, New York  
September 1, 2021