

***WATERVLIET CITY SCHOOL DISTRICT***

***FINANCIAL STATEMENTS***

***JUNE 30, 2023***



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

## **Independent Auditors' Report**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Watervliet City School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Watervliet City School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Watervliet City School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Watervliet City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

The Watervliet City School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Watervliet City School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS *and Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS *and Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Watervliet City School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Watervliet City School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, pension information, and OPEB information, on pages 5 through 10 and Schedules 1 through 3D be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Watervliet City School District's basic financial statements. The supplementary information presented in Schedules 4 through 7 and the Schedule of Expenditures of Federal Awards presented in Schedule 8, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information presented in Schedules 4 through 7 and the Schedule of Expenditures of Federal Awards presented in Schedule 8 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the identified accompanying supplementary information and the Schedule of Expenditures of Federal Awards mentioned above are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023 on our consideration of the Watervliet City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Watervliet City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Watervliet City School District's internal control over financial reporting and compliance.

*Leah Becker & Charanvati, CPAs PC*

Albany, New York  
October 16, 2023

## WATERVLIET CITY SCHOOL DISTRICT

### Management's Discussion And Analysis For The Fiscal Year Ended June 30, 2023

The following is a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2023. It is a summary of the District's financial activities based on currently known facts, decisions, and conditions. It is based on the district-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year.

#### **Financial Highlights**

The General Fund had an operating excess of \$1,724,886 for the year ended June 30, 2023. The Special Aid Fund continues to provide program support while the School Lunch Fund had an increase in fund balance of \$70,264. The Capital Fund had an operating deficit of \$(142,737) for the year ended June 30, 2023.

#### **Financial Statements**

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

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

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

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

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

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

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

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

## WATERVLIET CITY SCHOOL DISTRICT

Management's Discussion And Analysis  
For The Fiscal Year Ended June 30, 2023

### **Financial Statements (Continued)**

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

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

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

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

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



**WATERVLIET CITY SCHOOL DISTRICT**  
 Management's Discussion And Analysis  
 For The Fiscal Year Ended June 30, 2023

**Financial Analysis Of The District As A Whole**

**Governmental Funds Balance Sheets**

	<u>6/30/22</u>	<u>6/30/23</u>	<u>Difference</u>
Assets	\$ <u>12,742,529</u>	\$ <u>14,081,023</u>	\$ <u>1,338,494</u>
Liabilities	\$ 13,587,590	\$ 13,292,764	\$ (294,826)
Fund Balances	<u>(845,061)</u>	<u>788,259</u>	<u>1,633,320</u>
Total Liabilities And Fund Balances	<u>\$ 12,742,529</u>	<u>\$ 14,081,023</u>	<u>\$ 1,338,494</u>

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

	<u>6/30/22</u>	<u>6/30/23</u>	<u>Difference</u>
Revenues	\$ 36,147,090	\$ 42,249,906	\$ 6,102,816
Expenditures	\$ 40,117,410	\$ 40,616,586	\$ 499,176
Fund Balances	\$ (845,061)	\$ 788,259	\$ 1,633,320

**Financial Analysis Of The District's Funds**

\*\*\* Fund Balance in the General Fund increased by \$1,724,886 resulting in an Unassigned Fund Balance surplus of \$5,468,871 and Restricted Fund Balance of \$950,000. The District appropriated \$-0- of Fund Balance in the 2023-2024 budget. Revenues were \$1,050,398 over budget, and expenditures were \$674,488 under budget.

\*\*\* The School Lunch Fund revenues were \$1,330,456, while expenditures were \$1,260,192.

## **WATERVLIET CITY SCHOOL DISTRICT**

Management's Discussion And Analysis

For The Fiscal Year Ended June 30, 2023

### **Financial Analysis Of The District's Funds (Continued)**

- \*\*\* Revenue in the Special Revenue Fund increased from \$3,911,630 in 2021-2022 to \$5,142,220 in 2022-2023 mostly due to the District receiving additional federal funding in the 2022-2023 school year under the various Education Stabilization Fund programs. The funds are provided to school districts to help safely reopen and sustain the safe operation of schools and address the impact of the COVID-19 pandemic on the Nation's students. The emergency relief funds are provided to help schools return safely to in-person instruction, maximize in-person instructional time, sustain the safe operation of schools, and address the academic, social, emotional, and mental health impacts of the COVID-19 pandemic on the Nation's students.
- \*\*\* The Capital Fund revenues were \$1,000,000 from proceeds from a BAN redeemed from appropriations, and there were expenditures of \$1,142,737 related to the Watervliet Elementary and Jr/Sr High School Reconstruction project that commenced in the school year 2020/2021.

### **2022-2023 General Fund Budgetary Highlights**

#### \*\*\* General Fund Revenues

Total General Fund Revenues were approximately \$1,050,000 over budget primarily from increased State Aid and increased Refund of Prior Year Expenses related to BOCES Services.

State Aid was approximately \$332,000 over budget due to additional aid received from BOCES.

Refund of Prior Year Expenses related to BOCES Services was approximately \$637,000 over budget.

#### \*\*\* General Fund Expenditures

Total General Fund Expenditures were approximately \$675,000 under budget primarily driven by reductions in employee salaries and benefits due to retirement/attrition during prior periods.

**WATERVLIET CITY SCHOOL DISTRICT**

Management’s Discussion And Analysis  
For The Fiscal Year Ended June 30, 2023

**2022-2023 Special Aid Fund Budgetary Highlights**

Revenue in the Special Aid Fund increased by approximately \$1,230,500, due to an increase in certain grants received by the District in 2022-2023: Elementary and Secondary School Emergency Relief (ESSER II) - totaling \$776,266 (\$558,611 in 2021-2022). Additionally, there was Other Federal Aid of \$651,259 for American Rescue Plan Act - Elementary and Secondary School Emergency Relief (ESSER III) (\$303,708 in 2021-2022). The District also received \$475,428 in ESSER funds to address learning loss (\$-0- in 2021-2022), and \$86,977 to address after school programs (\$-0- in 2021-2022). The UPK, EXTRA, Title I and Section 611, remain the main sources of revenue in the special aid fund, along with ESF (Elementary and Secondary Education) funds during 2022-2023 totaling \$2,025,719 (ESSER, GEER, and ARP ESSER).

**2022-2023 School Lunch Fund Budgetary Highlights**

The School Lunch Fund ended the year with a Fund Balance of \$364,689, which includes \$4,523 that is non-spendable for inventory. The School Lunch Fund had an increase in fund balance of \$70,264 resulting from increased participation relating to school being fully open for the year with all students being in person and the extension of the child nutrition waivers.

**Capital Asset And Debt Administration**

As of June 30, 2023, the District’s total outstanding indebtedness was \$27,095,000. This amount includes \$15,100,000 in serial bonds related to capital projects completed in prior years and capital projects that commenced in the 2022-2023 school year. The \$2,620,000 in Qualified School Construction Bonds (QSCB) were issued in 2013, and the \$375,000 of Qualified Zone Academy Bonds (QZAB) were issued in 2010. The District also has a \$9,000,000 BAN outstanding as of June 30, 2023 related to capital projects that commenced in the 2020-2021 school year.

**Outstanding Indebtedness As Of June 30, 2023:**

Serial Bonds	\$ 15,100,000
QSCB	2,620,000
QZAB	<u>375,000</u>
<b>Total</b>	<b><u>\$ 18,095,000</u></b>

**WATERVLIET CITY SCHOOL DISTRICT**  
Management's Discussion And Analysis  
For The Fiscal Year Ended June 30, 2023

**Economic Outlook**

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

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

**WATERVLIET CITY SCHOOL DISTRICT**

Statement Of Net Position

June 30, 2023

**ASSETS**

Cash	Unrestricted	\$ 7,487,292
	Restricted	996,070
Investments		1,230
Receivables	State and Federal aid	3,633,280
	Due from other governments	160,262
Inventories		4,523
Capital assets, net		<u>47,639,181</u>
<b>Total Assets</b>		<b><u>\$ 59,921,838</u></b>

**DEFERRED OUTFLOWS OF RESOURCES**

OPEB (GASB 75)		\$ 16,985,031
Pension - Teachers' Retirement System, gross		4,900,302
Pension - Employees' Retirement System, gross		782,232
Loss on refunding		<u>150,793</u>
<b>Total Deferred Outflows Of Resources</b>		<b><u>\$ 22,818,358</u></b>

**LIABILITIES**

Payables	Accounts payable	\$ 963,533
	Accrued and other liabilities	99,542
	Retainage payable	50,022
	Interest	38,325
	Due to Teachers' Retirement System	1,273,770
	Due to Employees' Retirement System	61,344
Notes payable	Bond anticipation	9,000,000
Unearned credits	Unearned revenues	46,187
Long-term liabilities	Due and payable within one year	
	Bonds payable, net	2,765,623
	Compensated absences payable	152,793
	Due and payable after one year	
	Bonds payable, net	16,477,173
	Other post-employment benefit obligation	57,944,874
	Net pension liability - proportionate share - Teachers' Retirement System	1,132,057
	Net pension liability - proportionate share - Employees' Retirement System	<u>1,247,306</u>
<b>Total Liabilities</b>		<b><u>\$ 91,252,549</u></b>

**DEFERRED INFLOWS OF RESOURCES**

OPEB (GASB 75)		\$ 29,925,486
Pension - Teachers' Retirement System, gross		627,091
Pension - Employees' Retirement System, gross		<u>60,252</u>
<b>Total Deferred Inflows Of Resources</b>		<b><u>\$ 30,612,829</u></b>

**NET POSITION**

Net investment in capital assets		\$ 22,360,583
Restricted for:	Other legal restrictions:	
	Reserve for Retirement Contributions - Teachers Retirement System	500,000
	Reserve for Employee Benefits Accrued Liability	300,000
	Reserve for Retirement Contributions - Employee Retirement System	100,000
	Reserve for Unemployment Insurance	50,000
Unrestricted (deficit)		<u>(62,435,765)</u>
<b>Total Net Position</b>		<b><u>\$ (39,125,182)</u></b>

See accompanying notes to the basic financial statements

**WATERVLIET CITY SCHOOL DISTRICT**

Statement Of Activities And Changes In Net Position

For The Year Ended June 30, 2023

	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Program Revenues Charges For Services</u>	<u>Operating Grants</u>	<u>Net Revenues (Expense) And Changes In Net Position</u>
<b>FUNCTIONS AND PROGRAMS</b>					
General support	\$ 3,050,912	\$ 1,440,694	\$ -	\$ -	\$ (4,491,606)
Instruction	20,916,070	9,796,018	30,730	5,051,196	(25,630,162)
Pupil transportation	2,462,379	110,387	-	-	(2,572,766)
Employee benefits	10,058,492	(10,058,492)	-	-	-
Debt service	992,180	-	-	-	(992,180)
Other expenses	77,295	99,069	-	-	(176,364)
School Lunch Program	<u>562,519</u>	<u>166,722</u>	<u>1,329,200</u>	<u>-</u>	<u>599,959</u>
 Total Functions and Programs	 <u>\$ 38,119,847</u>	 <u>\$ 1,554,398</u>	 <u>\$ 1,359,930</u>	 <u>\$ 5,051,196</u>	 <u>(33,263,119)</u>
<b>GENERAL REVENUES</b>					
Real property taxes					7,428,010
Other tax items					255,593
Nonproperty taxes					438,069
Use of money and property					21,504
Miscellaneous					816,798
Premium on obligations					74,790
State sources					25,601,057
Federal sources					5,107
Interest subsidy for QSCB					140,636
Other revenues					1,256
Medicaid reimbursement					<u>55,960</u>
 Total General Revenues					 <u>34,838,780</u>
 Changes in Net Position					 1,575,661
 Total Net Position - Beginning of Year					 <u>(40,700,843)</u>
 <b>Total Net Position - End Of Year</b>					 <u><b>\$ (39,125,182)</b></u>

See accompanying notes to the basic financial statements

**WATERVLIET CITY SCHOOL DISTRICT**

Balance Sheet - Governmental Funds

June 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash						
Unrestricted	\$4,087,993	\$ -	\$ 269,580	\$ -	\$3,129,719	\$ 7,487,292
Restricted	950,000	46,070	-	-	-	996,070
Investments	1,230	-	-	-	-	1,230
Receivables						
State and federal aid	1,479,612	2,063,082	90,586	-	-	3,633,280
Due from other funds	1,689,728	25,170	-	83,468	-	1,798,366
Due from other governments	160,262	-	-	-	-	160,262
Inventories	-	-	4,523	-	-	4,523
<b>Total Assets</b>	<u>\$8,368,825</u>	<u>\$2,134,322</u>	<u>\$ 364,689</u>	<u>\$ 83,468</u>	<u>\$3,129,719</u>	<u>\$ 14,081,023</u>
<b>LIABILITIES</b>						
Payables						
Accounts payable	\$ 490,128	\$ 398,407	\$ -	\$ -	\$ 74,998	\$ 963,533
Accrued and other liabilities	99,542	-	-	-	-	99,542
Due to other funds	25,170	1,689,728	-	-	83,468	1,798,366
Retainage payable	-	-	-	-	50,022	50,022
Due to Teachers' Retirement System	1,273,770	-	-	-	-	1,273,770
Due to Employees' Retirement System	61,344	-	-	-	-	61,344
Notes payable						
Bond anticipation	-	-	-	-	9,000,000	9,000,000
Unearned credits						
Unearned revenues	-	46,187	-	-	-	46,187
<b>Total Liabilities</b>	<u>1,949,954</u>	<u>2,134,322</u>	<u>-</u>	<u>-</u>	<u>9,208,488</u>	<u>13,292,764</u>
<b>FUND BALANCES</b>						
Non-spendable	-	-	4,523	-	-	4,523
Restricted	950,000	-	-	-	-	950,000
Unassigned	5,468,871	-	360,166	83,468	(6,078,769)	(166,264)
<b>Total Fund Balances</b>	<u>6,418,871</u>	<u>-</u>	<u>364,689</u>	<u>83,468</u>	<u>(6,078,769)</u>	<u>788,259</u>
<b>Total Liabilities And Fund Balances</b>	<u>\$8,368,825</u>	<u>\$2,134,322</u>	<u>\$ 364,689</u>	<u>\$ 83,468</u>	<u>\$3,129,719</u>	<u>\$ 14,081,023</u>

See accompanying notes to the basic financial statements

**WATERVLiet CITY SCHOOL DISTRICT**

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

June 30, 2023

	<b>Total Governmental Funds</b>	<b>Long-Term Assets, Liabilities</b>	<b>Reclassifications And Eliminations</b>	<b>Statement Of Net Position Totals</b>
<b>ASSETS</b>				
Cash				
Unrestricted	\$ 7,487,292	\$ -	\$ -	\$ 7,487,292
Restricted	996,070	-	-	996,070
Investments	1,230	-	-	1,230
Receivables				
State and federal aid	3,633,280	-	-	3,633,280
Due from other funds	1,798,366	-	(1,798,366)	-
Due from other governments	160,262	-	-	160,262
Inventories	4,523	-	-	4,523
Capital assets, net	<u>-</u>	<u>47,639,181</u>	<u>-</u>	<u>47,639,181</u>
Total Assets	<u>14,081,023</u>	<u>47,639,181</u>	<u>(1,798,366)</u>	<u>59,921,838</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB (GASB 75)	-	16,985,031	-	16,985,031
Pension - Teachers' Retirement System, gross	-	4,900,302	-	4,900,302
Pension - Employees' Retirement System, gross	-	782,232	-	782,232
Deferred loss on refunding	-	150,793	-	150,793
Total Deferred Outflows of Resources	<u>-</u>	<u>22,818,358</u>	<u>-</u>	<u>22,818,358</u>
<b>Total Assets And Deferred Outflows Of Resources</b>	<u>\$ 14,081,023</u>	<u>\$ 70,457,539</u>	<u>\$ (1,798,366)</u>	<u>\$ 82,740,196</u>
<b>LIABILITIES</b>				
Payables				
Accounts payable	\$ 963,533	\$ -	\$ -	\$ 963,533
Accrued and other liabilities	99,542	-	-	99,542
Due to other funds	1,798,366	-	(1,798,366)	-
Retainage payable	50,022	-	-	50,022
Due to Teachers' Retirement System	1,273,770	-	-	1,273,770
Due to Employees' Retirement System	61,344	-	-	61,344
Interest	-	38,325	-	38,325
Notes payable				
Bond anticipation	9,000,000	-	-	9,000,000
Unearned credits				
Unearned revenues	46,187	-	-	46,187
Bonds payable, net	-	19,242,796	-	19,242,796
Other post-employment benefit obligation	-	57,944,874	-	57,944,874
Compensated absences	-	152,793	-	152,793
Net pension liability - proportionate share -				
Teachers' Retirement System	-	1,132,057	-	1,132,057
Employees' Retirement System	<u>-</u>	<u>1,247,306</u>	<u>-</u>	<u>1,247,306</u>
Total Liabilities	<u>13,292,764</u>	<u>79,758,151</u>	<u>(1,798,366)</u>	<u>91,252,549</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB (GASB 75)	-	29,925,486	-	29,925,486
Pension - Teachers' Retirement System, gross	-	627,091	-	627,091
Pension - Employees' Retirement System, gross	-	60,252	-	60,252
Total Deferred Inflows of Resources	<u>-</u>	<u>30,612,829</u>	<u>-</u>	<u>30,612,829</u>
<b>FUND BALANCE/NET POSITION</b>				
Total Fund Balance/Net Position	<u>788,259</u>	<u>(39,913,441)</u>	<u>-</u>	<u>(39,125,182)</u>
<b>Total Liabilities, Deferred Inflows Of Resources And Fund Balance/Net Position</b>	<u>\$ 14,081,023</u>	<u>\$ 70,457,539</u>	<u>\$ (1,798,366)</u>	<u>\$ 82,740,196</u>

See accompanying notes to the basic financial statements



**WATERVLIET CITY SCHOOL DISTRICT**

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

For The Year Ended June 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Real property taxes	\$ 7,428,010	\$ -	\$ -	\$ -	\$ -	\$ 7,428,010
Other tax items	255,593	-	-	-	-	255,593
Nonproperty taxes	438,069	-	-	-	-	438,069
Charges for services	30,730	-	-	-	-	30,730
Use of money and property	12,826	-	-	-	8,678	21,504
Miscellaneous	816,798	-	-	-	-	816,798
Premium on obligations	-	-	-	-	74,790	74,790
State sources	25,601,057	1,844,935	19,867	-	-	27,465,859
Medicaid reimbursement	55,960	-	-	-	-	55,960
Interest subsidy for QSCB	140,636	-	-	-	-	140,636
Federal sources	5,107	3,206,261	1,257,817	-	-	4,469,185
Surplus food	-	-	42,303	-	-	42,303
Other cafeteria sales	-	-	9,213	-	-	9,213
Proceeds from BAN Redeemed from Appropriations	-	-	-	1,000,000	-	1,000,000
Gifts and donations	-	-	1,256	-	-	1,256
	<u>34,784,786</u>	<u>5,051,196</u>	<u>1,330,456</u>	<u>1,000,000</u>	<u>83,468</u>	<u>42,249,906</u>
Total Revenues						
<b>EXPENDITURES</b>						
General support	2,693,152	-	467,577	-	-	3,160,729
Instruction	16,204,423	4,704,513	-	-	-	20,908,936
Pupil transportation	2,454,828	-	-	-	-	2,454,828
Employee benefits	7,077,847	436,095	152,801	-	-	7,666,743
Debt service						
Principal	3,515,000	-	-	-	-	3,515,000
Interest	1,025,238	-	-	-	102,561	1,127,799
Cost of sales	-	-	562,519	-	-	562,519
Other expenditures	-	-	77,295	-	-	77,295
Capital outlay	-	-	-	1,142,737	-	1,142,737
	<u>32,970,488</u>	<u>5,140,608</u>	<u>1,260,192</u>	<u>1,142,737</u>	<u>102,561</u>	<u>40,616,586</u>
Total Expenditures						
Excess (Deficiency) of Revenues Over Expenditures	<u>1,814,298</u>	<u>(89,412)</u>	<u>70,264</u>	<u>(142,737)</u>	<u>(19,093)</u>	<u>1,633,320</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	1,612	91,024	-	-	-	92,636
Operating transfers (out)	(91,024)	(1,612)	-	-	-	(92,636)
	<u>(89,412)</u>	<u>89,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)						
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	1,724,886	-	70,264	(142,737)	(19,093)	1,633,320
Fund Balances - Beginning of Year	<u>4,693,985</u>	<u>-</u>	<u>294,425</u>	<u>(5,936,032)</u>	<u>102,561</u>	<u>(845,061)</u>
<b>Fund Balances - End Of Year</b>	<u>\$ 6,418,871</u>	<u>\$ -</u>	<u>\$ 364,689</u>	<u>\$ (6,078,769)</u>	<u>\$ 83,468</u>	<u>\$ 788,259</u>

See accompanying notes to the basic financial statements

**WATERVLIET CITY SCHOOL DISTRICT**

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

For The Year Ended June 30, 2023

	<b>Total Governmental Funds</b>	<b>Long-Term Revenues, Expenses</b>	<b>Capital Related Items</b>	<b>Long-Term Debt Transactions</b>	<b>Statement Of Activities Totals</b>
<b>REVENUES</b>					
Real property taxes	\$ 7,428,010	\$ -	\$ -	\$ -	\$ 7,428,010
Other tax items	255,593	-	-	-	255,593
Nonproperty taxes	438,069	-	-	-	438,069
Charges for services	30,730	-	-	-	30,730
Use of money and property	21,504	-	-	-	21,504
Miscellaneous	816,798	-	-	-	816,798
Premium on obligations	74,790	-	-	-	74,790
State sources	27,465,859	-	-	-	27,465,859
Medicaid reimbursement	55,960	-	-	-	55,960
Interest subsidy for QSCB	140,636	-	-	-	140,636
Federal sources	4,469,185	-	-	-	4,469,185
Surplus food	42,303	-	-	-	42,303
Other cafeteria sales	9,213	-	-	-	9,213
Other revenues	<u>1,001,256</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>1,256</u>
Total Revenues	<u>42,249,906</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>41,249,906</u>
<b>EXPENDITURES</b>					
General support	3,160,729	19,973	(129,790)	-	3,050,912
Instruction	20,908,936	7,134	-	-	20,916,070
Pupil transportation	2,454,828	7,551	-	-	2,462,379
Employee benefits	7,666,743	2,391,749	-	-	10,058,492
Debt service					
Principal	3,515,000	-	-	(3,515,000)	-
Interest	1,127,799	-	-	(135,619)	992,180
Cost of sales	562,519	-	-	-	562,519
Other expenditures	77,295	-	-	-	77,295
Capital outlay	1,142,737	-	(1,142,737)	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>1,554,398</u>	<u>-</u>	<u>1,554,398</u>
Total Expenditures	<u>40,616,586</u>	<u>2,426,407</u>	<u>281,871</u>	<u>(3,650,619)</u>	<u>39,674,245</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,633,320</u>	<u>(2,426,407)</u>	<u>(281,871)</u>	<u>2,650,619</u>	<u>1,575,661</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	92,636	-	-	-	92,636
Operating transfers (out)	<u>(92,636)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,636)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change For The Year</b>	<u>\$ 1,633,320</u>	<u>\$ (2,426,407)</u>	<u>\$ (281,871)</u>	<u>\$ 2,650,619</u>	<u>\$ 1,575,661</u>

See accompanying notes to the basic financial statements

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies**

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

#### A) Reporting entity:

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

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

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

#### i) Extraclassroom Activity Fund:

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies (Continued)**

#### B) Joint venture:

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

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

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

During the year, the District was billed \$4,216,223 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,065,820.

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

#### C) Basis of presentation:

##### i) District-wide statements:

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies (Continued)**

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

#### ii) Funds statements:

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

The District reports the following major governmental funds:

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

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

- Special Aid Funds: Used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.
- School Lunch Fund: Used to account for transactions of the lunch and breakfast programs.

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

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies (Continued)**

The District may report the following fiduciary funds:

#### Fiduciary Funds

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

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

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

#### D) Measurement focus and basis of accounting:

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

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

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies (Continued)**

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

#### E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1<sup>st</sup>, and become a lien on December 15<sup>th</sup>. Taxes are collected during the period September 1, 2022 to December 15, 2022.

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

#### F) Restricted resources:

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

#### G) Interfund transactions:

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

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

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies (Continued)**

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

#### H) Estimates:

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

#### I) Cash (and cash equivalents) and investments:

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

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

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

Investments are stated at fair value.

#### J) Accounts receivable:

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



# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### Note 1 - Summary Of Significant Accounting Policies (Continued)

#### K) Inventories and prepaid items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out (FIFO) basis, or in the case of surplus food, at stated value which approximates market. Purchases of 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 governmental funds Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

#### L) Capital assets:

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

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

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies (Continued)**

#### M) Unearned revenue:

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

#### N) Deferred outflows and inflows of resources:

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

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies (Continued)**

#### O) Vested employee benefits:

##### Compensated absences

Compensated absences consist of vested sick leave and vacation time.

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

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

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

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

#### P) Other benefits:

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

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

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies (Continued)**

#### Q) Short-term debt:

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

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

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

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

#### R) Payables, accrued liabilities, and long-term obligations:

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from government funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies (Continued)**

#### S) Equity classifications:

##### District-wide statements

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

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

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

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

##### Funds statements

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

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$4,523.

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

##### *Unemployment Insurance*

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies (Continued)**

#### *Employee Benefit Accrued Liability*

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

#### *Retirement Contributions*

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

#### *Encumbrances*

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### Note 1 - Summary Of Significant Accounting Policies (Continued)

Restricted fund balance includes the following:

**General Fund:**

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

Committed fund balance - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2023.

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

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

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

Order of use of fund balance:

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 1 - Summary Of Significant Accounting Policies (Continued)**

#### T) New accounting standards:

The District has adopted all current statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2023, the District implemented the following new standards issued by GASB:

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

GASB has issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the year ended June 30, 2023.

GASB has issued Statement No. 96 - Subscription-Based Information Technology Arrangements, effective for the year ended June 30, 2023.

#### U) Future changes in accounting standards

GASB issued statement No. 99, Omnibus, with various effective dates by topic.

GASB issued statement No. 101, Compensated Absences, effective for the year ending June 30, 2025.

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



# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

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

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position vs. the solely current financial resources focus of the governmental funds Balance Sheet as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

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

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

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

The amounts shown below represent:

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

iv) Pension differences:

Pension differences occur as a result of changes in the District’s proportion of the collective net pension asset (liability) and differences between the District’s contributions and its proportionate share of the total contributions to the pension systems. See Note 8 for amounts recognized as pension expense (benefit) for the current fiscal year.

v) OPEB differences:

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

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

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

Original Cost Of Capital Assets	<u>\$ 68,450,238</u>
Accumulated Depreciation	<u>\$ 20,811,057</u>

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

Bonds Payable, Net	<u>\$ 19,242,796</u>
Other Post-Employment Benefit Obligation	<u>\$ 57,944,874</u>
Compensated Absences Payable	<u>\$ 152,793</u>

In the Statement of Activities and Changes in Net Position, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences (vacations used) of \$118,135 were less than the amounts earned of \$152,793.

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$1,554,398 exceeded capital expenditures of \$1,272,527 in the current year.

Repayment of bond principal of \$3,515,000 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities and Changes in Net Position.

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

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

The interest reduction reported in the Statement of Activities and Changes in Net Position is the result of five factors. First, interest accrued on the District's capital appreciation bonds decreased by \$6,037, second, \$1,968 of bond discounts were amortized on the QSCB as an additional interest expense adjustment, third, \$17,459 of bond premiums were amortized on the 2015 Serial Bonds as an additional interest expense adjustment, fourth, \$135,132 of bond premiums were amortized on the 2019 Serial Bonds as an additional interest expense adjustment, and fifth, \$21,041 of deferred losses were amortized on the 2019 Serial Bonds as an additional interest expense adjustment.

GASB Statement 75 requires recognition of a portion of the unfunded actuarial accrued liability as the Net OPEB Obligation in the Statement of Net Position, but not in the governmental funds. The Net OPEB obligation is \$57,944,874 as of June 30, 2023. OPEB related expense in the Statement of Activities and Changes in Net Position differs from the amount reported in the governmental funds because only the actual contributions paid by the District are recognized in the governmental funds. In the Statement of Activities and Changes in Net Position, however, a portion of the unfunded actuarial accrued liability is amortized and recognized as expense each year. OPEB expense reported in the Statement of Activities and Changes in Net Position was \$1,732,998 higher than the amount reported in the governmental funds as a result of the amortization of the unfunded actuarial accrued liability.

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

#### **Deferred Outflows of Resources:**

OPEB (GASB 75)	<u>\$ 16,985,031</u>
Pension - Teachers' Retirement System, Gross	<u>\$ 4,900,302</u>
Pension - Employees' Retirement System, Gross	<u>\$ 782,232</u>

#### **Deferred Inflows of Resources:**

OPEB (GASB 75)	<u>\$ 29,925,486</u>
Pension - Teachers' Retirement System, Gross	<u>\$ 627,091</u>
Pension - Employees' Retirement System, Gross	<u>\$ 60,252</u>

#### **Long-Term Liabilities:**

Net Pension Liability - Proportionate Share - Teachers' Retirement System	<u>\$ 1,132,057</u>
Net Pension Liability - Proportionate Share - Employees' Retirement System	<u>\$ 1,247,306</u>

For the year ended June 30, 2023, the District's recognized pension expense in total for TRS and ERS was \$658,751 and is reported in the Statement of Activities and Changes in Net Position.

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 3 - Stewardship, Compliance, And Accountability**

#### Budgets

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

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

Appropriations are adopted at the program line item level.

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

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

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

#### Encumbrances

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

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

The Capital Projects Fund had a deficit fund balance of \$6,078,769. This will be funded when the District obtains permanent financing for its current construction project.

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

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

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

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

Uncollateralized	<u>\$ 321,142</u>
Collateralized With Securities Held By The Pledging Financial Institution, Or Its Trust Department Or Agent, But Not In The District's Name	<u>\$ 9,019,584</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$996,070 within the governmental funds.

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### Note 5 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets that are not depreciated:				
Land	\$ 634,241	\$ -	\$ -	\$ 634,241
Construction in progress	<u>5,936,032</u>	<u>1,142,737</u>	<u>-</u>	<u>7,078,769</u>
Total nondepreciable historical cost	<u>6,570,273</u>	<u>1,142,737</u>	<u>-</u>	<u>7,713,010</u>
Capital assets that are depreciated:				
Buildings	57,807,749	-	-	57,807,749
Furniture and equipment	2,603,871	13,608	-	2,617,479
Vehicles	123,330	116,182	-	239,512
Land improvements	<u>72,488</u>	<u>-</u>	<u>-</u>	<u>72,488</u>
Total depreciable historical cost	<u>60,607,438</u>	<u>129,790</u>	<u>-</u>	<u>60,737,228</u>
Less accumulated depreciation:				
Buildings	16,873,056	1,407,559	-	18,280,615
Furniture and equipment	2,187,785	135,521	-	2,323,306
Vehicles	123,330	11,318	-	134,648
Land improvements	<u>72,488</u>	<u>-</u>	<u>-</u>	<u>72,488</u>
Total accumulated depreciation	<u>19,256,659</u>	<u>1,554,398</u>	<u>-</u>	<u>20,811,057</u>
Net Depreciable Historical Cost	<u>41,350,779</u>	<u>(1,424,608)</u>	<u>-</u>	<u>39,926,171</u>
<b>Capital Assets, Net</b>	<u>\$ 47,921,052</u>	<u>\$ (281,871)</u>	<u>\$ -</u>	<u>\$ 47,639,181</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 1,375,116
Administrative services	152,791
School lunch program	15,173
Pupil transportation	<u>11,318</u>

**Total** \$ 1,554,398

**WATERVLIET CITY SCHOOL DISTRICT**

Notes To Basic Financial Statements

**Note 6 - Short-Term Debt**

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	4/25/2023	3.25%	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
BAN	4/25/2024	4.00%	<u>-</u>	<u>9,000,000</u>	<u>-</u>	<u>9,000,000</u>
			<u>\$ 10,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 9,000,000</u>

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

Interest Paid	<u>\$ 325,000</u>
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**Note 7 - Long-Term Debt Obligations**

Long-term liability balances and activity for the year ended June 30, 2023 are summarized below:

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

**Serial Bonds**

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.



**WATERVLIET CITY SCHOOL DISTRICT**

Notes To Basic Financial Statements

**Note 7 - Long-Term Debt Obligations (Continued)**

Noncurrent liability balances and activity are as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b>Amounts Due Within One Year</b>
<b>Long-Term Liabilities:</b>					
Bonds payable	\$ 20,610,000	\$ -	\$ (2,515,000)	\$ 18,095,000	\$ 2,615,000
Bond discount	(13,937)	-	1,968	(11,969)	(1,968)
Bond premium	<u>1,312,356</u>	-	<u>(152,591)</u>	<u>1,159,765</u>	<u>152,591</u>
Total Governmental activities	21,908,419	-	(2,665,623)	19,242,796	2,765,623
<b>Other long-term liabilities (assets):</b>					
Other postemployment benefits obligation	63,146,539	-	(5,201,665)	57,944,874	-
Net pension liability (asset) - proportionate share - ERS	(420,819)	1,668,125	-	1,247,306	-
Net pension liability (asset)- proportionate share - TRS	(9,801,982)	10,934,039	-	1,132,057	-
Compensated absences payable	<u>118,135</u>	<u>152,793</u>	<u>(118,135)</u>	<u>152,793</u>	<u>152,793</u>
<b>Total Long-Term Liabilities</b>	<b><u>\$ 74,950,292</u></b>	<b><u>\$ 12,754,957</u></b>	<b><u>\$ (7,985,423)</u></b>	<b><u>\$ 79,719,826</u></b>	<b><u>\$ 2,918,416</u></b>

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

Bonds payable is comprised of the following:

<b>Description Of Issue</b>	<b><u>Issue Date</u></b>	<b><u>Final Maturity</u></b>	<b><u>Interest Rate</u></b>	<b>Outstanding Balance At At June 30, 2023</b>
Serial Bonds 2019	08/31/2019	12/01/2030	2.00 - 5.00%	\$ 7,020,000
Serial Bonds 2015	06/24/2015	06/15/2034	3.00 - 4.00%	8,080,000
QSCB 2013	08/05/2013	06/15/2030	1.60 - 5.10%	2,620,000
QZAB, Series 2009	11/30/2009	06/15/2024	1.20%	<u>375,000</u>
<b>Total</b>				<b><u>\$ 18,095,000</u></b>

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### Note 7 - Long-Term Debt Obligations (Continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30,			
2024	\$ 2,615,000	\$ 563,544	\$ 3,178,544
2025	2,330,000	469,118	2,799,118
2026	2,000,000	394,044	2,394,044
2027	2,095,000	326,344	2,421,344
2028	2,170,000	260,469	2,430,469
5 subsequent years	6,185,000	552,919	6,737,919
2 subsequent years	<u>700,000</u>	<u>24,500</u>	<u>724,500</u>
Totals	18,095,000	2,590,938	20,685,938
Plus: bond premium	1,159,767	-	1,159,767
Less: bond discount	<u>(11,971)</u>	<u>-</u>	<u>(11,971)</u>
<b>Totals</b>	<u>\$ 19,242,796</u>	<u>\$ 2,590,938</u>	<u>\$ 21,833,734</u>

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

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

Interest paid	\$ 802,799
Less: interest accrued in the prior year	(44,362)
Plus: interest accrued in the current year and bond discount/premium amortization	<u>(91,257)</u>
<b>Total Expense</b>	<u>\$ 667,180</u>

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 8 - Pension Plans**

#### General Information

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

#### Provision and Administration

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

ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS 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 ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the ERS, 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 ERS is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at: [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 8 - Pension Plans (Continued)**

#### Funding Policies

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

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2022 - 2023	\$ 1,152,072	\$ 242,272
2021 - 2022	\$ 1,025,520	\$ 242,739
2020 - 2021	\$ 913,032	\$ 235,161

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 8 - Pension Plans (Continued)**

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

At June 30, 2023, 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, 2023 for ERS and June 30, 2022 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	April 1, 2022	June 30, 2021
District's Proportionate Share Of The Net Pension Asset (Liability)	\$ (1,247,306)	\$ (1,132,057)
District's Portion Of The Plan's Total Net Pension Asset (Liability)	0.0058166%	0.058995%

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 8 - Pension Plans (Continued)**

For the year ended June 30, 2023, the District's recognized pension expense was \$266,785 for ERS and recognized pension expense for TRS was \$391,966. At June 30, 2023, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources are as follows:

	<b>Deferred Outflows Of Resources</b>		<b>Deferred Inflows Of Resources</b>	
	<b><u>ERS</u></b>	<b><u>TRS</u></b>	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Differences between expected and actual experience	\$ 132,848	\$ 1,186,253	\$ 35,029	\$ 22,684
Changes of assumptions	605,772	2,196,000	6,695	456,025
Net difference between projected and actual investment earnings on pension plan investments	-	1,462,725	7,328	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	43,612	55,324	11,200	148,382
<b>Total</b>	<b>\$ 782,232</b>	<b>\$ 4,900,302</b>	<b>\$ 60,252</b>	<b>\$ 627,091</b>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<b>Year Ending:</b>	<b><u>ERS</u></b>	<b><u>TRS</u></b>
2023	\$ -	\$ 821,884
2024	173,582	430,936
2025	(56,784)	(192,007)
2026	261,039	2,862,349
2027	344,143	346,461
Thereafter	-	3,588
<b>Total</b>	<b>\$ 721,980</b>	<b>\$ 4,273,211</b>

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 8 - Pension Plans (Continued)**

#### Actuarial Assumptions

The total pension asset (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 asset (liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Interest Rate	5.90%	6.95%
Salary Scale	4.40% (indexed by service)	1.95% - 5.18%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation Rate	2.90%	2.40%

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-2021. For TRS, annuitant mortality rates are based on July 1, 2015 - June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2022 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, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 8 - Pension Plans (Continued)**

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

<b><u>Asset Type:</u></b>	<b><u>ERS</u></b>		<b><u>TRS</u></b>	
	<b><u>Target Allocation</u></b>	<b><u>Long-term expected real rate of return*</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-term expected real rate of return*</u></b>
Domestic Equity	32.00%	4.30%	33.00%	6.50%
International Equity	15.00%	6.85%	16.00%	7.20%
Real Estate	9.00%	4.60%	0.00%	0.00%
Domestic Fixed Income Securities	23.00%	1.50%	16.00%	1.10%
Global Bonds	0.00%	0.00%	2.00%	0.60%
Cash Equivalents	1.00%	0.00%	1.00%	-0.30%
Private Equity	10.00%	7.50%	8.00%	9.90%
Credit	4.00%	5.43%	0.00%	0.00%
Opportunistic/ARS Portfolio	3.00%	5.38%	0.00%	0.00%
Real Assets	3.00%	5.84%	0.00%	0.00%
Global Equity	0.00%	0.00%	4.00%	6.90%
Real Estate Equities	0.00%	0.00%	11.00%	6.20%
Private Debt	0.00%	0.00%	2.00%	5.30%
Real Estate Debt	0.00%	0.00%	6.00%	2.40%
High-Yield Bonds	0.00%	0.00%	1.00%	3.30%

\*Real rates of return are net of the long-term inflation assumption of 2.4% for TRS and 2.9% for ERS.



# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 8 - Pension Plans (Continued)**

#### Discount Rates

The discount rates used to calculate the total pension asset (liability) were 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rates assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rates of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is one percentage point lower (4.90% for ERS and 5.95% for TRS) or one percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

<b><u>ERS</u></b>	<b>1% Decrease <u>(4.90%)</u></b>	<b>Current Assumption <u>(5.90%)</u></b>	<b>1% Increase <u>(6.90%)</u></b>
Employer's Proportionate Share Of The Net Pension Asset (Liability)	<u>\$ (3,014,205)</u>	<u>\$ (1,247,306)</u>	<u>\$ 229,143</u>
<b><u>TRS</u></b>	<b>1% Decrease <u>(5.95%)</u></b>	<b>Current Assumption <u>(6.95%)</u></b>	<b>1% Increase <u>(7.95%)</u></b>
Employer's Proportionate Share Of The Net Pension Asset (Liability)	<u>\$ (10,438,099)</u>	<u>\$ (1,132,057)</u>	<u>\$ 6,694,263</u>

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 8 - Pension Plans (Continued)**

#### Pension Plan Fiduciary Net Position

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

	<b>(Dollars in Thousands)</b>		
	<b><u>ERS</u></b>	<b><u>TRS</u></b>	<b><u>Total</u></b>
Measurement Date	March 31, 2023	June 30, 2022	
Employer's Total Pension Liability	\$ (232,627)	\$ (133,883)	\$ (366,510)
Plan Fiduciary Net Position	211,183	131,964	343,147
Employer's Net Pension Asset (Liability)	\$ (21,444)	\$ (1,919)	\$ (23,363)
Ratio Of Plan Net Position To The Employers' Total Pension Liability	90.78%	98.57%	

#### Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the ERS's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$61,344.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the TRS in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023 amounted to \$1,273,770.

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 9 - Interfund Transactions - Government Funds**

	Interfund		Interfund	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,689,728	\$ 25,170	\$ 1,612	\$ 91,024
Special Aid Fund	25,170	1,689,728	91,024	1,612
Debt Service Fund	83,468	-	-	-
Capital Project Fund	-	83,468	-	-
<b>Total Governmental Funds</b>	<b>\$ 1,798,366</b>	<b>\$ 1,798,366</b>	<b>\$ 92,636</b>	<b>\$ 92,636</b>

The District typically transfers from the General Fund to the Special Aid Fund to provide cash flow.

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

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

### **Note 10 - Post-Employment (Health Insurance) Benefits**

#### General Information about the OPEB Plan

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

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

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

*Employees Covered by Benefit Terms* - At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	121
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>191</u>
	<u><u>312</u></u>

### **Total OPEB Liability**

The District's total OPEB liability of \$57,944,874 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

*Actuarial Assumptions and Other Inputs* - The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70 percent
Salary Increases, including wage inflation	Varied by years of service and retirement system
Discount Rate	4.13 percent
Healthcare Cost Trend Rates	6.75 percent increase from 2022 to 2023, decreasing gradually to an ultimate rate of 4.14 percent by 2076
Retirees Share of Benefit-Related Costs	Percent of projected health insurance premiums covered for retirees ranges from 94%-100%

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

Mortality rates were based on the Society of Actuaries' Scale MP-2021.

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

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

#### Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 63,146,539
Changes for the year -	
Service cost	2,525,757
Interest	2,295,912
Changes of benefit terms	(30,343)
Differences between expected and actual experience	(3,795,223)
Changes in assumptions or other inputs	(4,551,408)
Benefit payments	<u>(1,646,360)</u>
Net Changes	<u>(5,201,665)</u>
 <b>Balance at June 30, 2023</b>	 <b><u><u>\$ 57,944,874</u></u></b>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54 percent in 2022 to 4.13 percent in 2023.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13 percent) or 1 percentage point higher (5.13 percent) than the current discount rate:

	<b><u>1% Increase</u></b>	<b>Discount Rate</b>	<b><u>1% Decrease</u></b>
Total OPEB Liability	<u>\$ 49,659,250</u>	<u>\$ 57,944,874</u>	<u>\$ 68,367,217</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 (7.75 percent) or 1 percentage point higher (5.75 percent) than the current healthcare cost trend rate:

	<b><u>1% Decrease</u></b>	<b>Healthcare Cost Trend Rates</b>	<b><u>1% Increase</u></b>
Total OPEB Liability	<u>\$ 48,181,139</u>	<u>\$ 57,944,874</u>	<u>\$ 70,733,915</u>

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

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

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,732,998. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ (11,637,696)
Changes of assumptions or other inputs	<u>16,985,031</u>	<u>(18,287,790)</u>
<b>Total</b>	<b><u>\$ 16,985,031</u></b>	<b><u>\$ (29,925,486)</u></b>

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

<b><u>Fiscal Year Ending June 30,</u></b>	<b><u>Amount</u></b>
2024	\$ (1,411,968)
2025	(1,411,968)
2026	(1,411,968)
2027	(1,269,600)
2028	(3,116,324)
Thereafter	<u>(4,318,627)</u>
<b>Total</b>	<b><u>\$ (12,940,455)</u></b>

### **Note 11 - Risk Management**

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

# WATERVLIET CITY SCHOOL DISTRICT

## Notes To Basic Financial Statements

### **Note 12 - Contingencies And Commitments**

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

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

### **Note 13 - Donor-Restricted Endowments**

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

Donor-restricted endowments are reported at fair value.

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

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



## WATERVLiet CITY SCHOOL DISTRICT

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

For The Year Ended June 30, 2023

Measurement Date	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 2,525,757	\$ 3,700,744	\$ 3,613,289	\$ 2,345,940	\$ 1,287,755	\$ 1,344,681
Interest	2,295,912	1,729,117	1,795,388	2,146,969	1,975,502	1,809,743
Changes in benefit terms	(30,343)	-	-	-	(780,101)	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(3,795,223)	(34,029)	(10,897,715)	(941,784)	(2,018,785)	-
Changes of assumptions or other inputs	(4,551,408)	(17,821,759)	5,744,027	16,739,385	10,050,640	(2,561,023)
Benefit payments	<u>(1,646,360)</u>	<u>(1,548,765)</u>	<u>(1,511,215)</u>	<u>(1,456,072)</u>	<u>(1,447,872)</u>	<u>(1,337,977)</u>
Net change in total OPEB liability	(5,201,665)	(13,974,692)	(1,256,226)	18,834,438	9,067,139	(744,576)
Total OPEB liability - beginning	<u>63,146,539</u>	<u>77,121,231</u>	<u>78,377,457</u>	<u>59,543,019</u>	<u>50,475,880</u>	<u>51,220,456</u>
<b>Total OPEB Liability - Ending</b>	<u>\$57,944,874</u>	<u>\$63,146,539</u>	<u>\$77,121,231</u>	<u>\$78,377,457</u>	<u>\$59,543,019</u>	<u>\$50,475,880</u>
<b>Covered Payroll</b>	<u>\$12,590,207</u>	<u>\$11,803,682</u>	<u>\$10,321,846</u>	<u>\$11,524,399</u>	<u>\$ 9,553,129</u>	<u>\$10,211,282</u>
<b>Total OPEB liability as a percentage of covered payroll</b>	460.24%	534.97%	747.17%	680.10%	623.28%	494.31%

\*10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See paragraph on supplementary schedules included in independent auditors' report

## WATERVLIET CITY SCHOOL DISTRICT

Required Supplementary Information  
 Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget (Non-GAAP Basis) And Actual - General Fund  
 For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>		<u>Final Budget Variance With Budgetary Actual</u>
<b>REVENUES</b>					
Local sources					
Real property taxes	\$ 7,426,000	\$ 7,426,000	\$ 7,428,010	\$	2,010
Other tax items	243,000	243,000	255,593		12,593
Nonproperty tax items	350,000	350,000	438,069		88,069
Charges for services	35,000	35,000	30,730		(4,270)
Use of money and property	5,000	5,000	12,826		7,826
Miscellaneous	180,000	180,000	816,798		636,798
Total Local Sources	8,239,000	8,239,000	8,982,026		743,026
State sources					
Medicaid reimbursement	25,269,000	25,269,000	25,601,057		332,057
Interest subsidy for QSCB	75,000	75,000	55,960		(19,040)
Federal sources	141,000	141,000	140,636		(364)
	12,000	12,000	5,107		(6,893)
Total Revenues	33,736,000	33,736,000	34,784,786		1,048,786
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	-	-	1,612		1,612
<b>APPROPRIATED FUND BALANCE</b>					
Appropriated reserves	-	-	-		-
<b>Total Revenues, Other Financing Sources, And Appropriated Fund Balance</b>	<b>\$ 33,736,000</b>	<b>\$ 33,736,000</b>	<b>\$ 34,786,398</b>		<b>\$ 1,050,398</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance With Budgetary Actual And Encumbrances</u>
<b>EXPENDITURES</b>					
General support					
Board of Education	\$ 8,000	\$ 9,000	\$ 5,682	\$ -	\$ 3,318
Central administration	257,000	251,000	248,371	-	2,629
Finance	335,000	262,000	257,837	-	4,163
Staff	215,000	180,000	179,154	-	846
Central services	1,578,000	1,740,000	1,730,294	-	9,706
Special items	312,000	273,000	271,814	-	1,186
Total General Support	2,705,000	2,715,000	2,693,152	-	21,848
Instruction					
Instruction, administration, and improvement	1,222,000	1,050,000	1,043,003	-	6,997
Teaching - regular school	8,151,000	8,101,000	7,786,804	-	314,196
Programs for children with handicapping conditions	5,850,000	5,284,000	5,230,132	-	53,868
Occupational education	255,000	208,000	207,758	-	242
Instructional media	304,000	495,000	487,803	-	7,197
Pupil services	1,699,000	1,452,000	1,448,923	-	3,077
Total Instruction	17,481,000	16,590,000	16,204,423	-	385,577
Pupil transportation	1,868,000	2,462,000	2,454,828	-	7,172
Employee benefits	7,489,000	7,336,000	7,077,847	-	258,153
Debt service	4,097,000	4,541,000	4,540,238	-	762
Total Expenditures	33,640,000	33,644,000	32,970,488	-	673,512
<b>OTHER FINANCING USES</b>					
Transfers to other funds	96,000	92,000	91,024	-	976
<b>Total Expenditures And Other Financing Uses</b>	<b>\$ 33,736,000</b>	<b>\$ 33,736,000</b>	<b>\$ 33,061,512</b>	<b>-</b>	<b>\$ 674,488</b>
Net change in fund balance	\$ -	\$ -	\$ 1,724,886	\$ -	\$ 1,724,886
Fund balance - beginning	-	-	4,693,985		
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,418,871</b>		

See paragraph on supplementary schedules included in independent auditors' report

## WATERVLiet CITY SCHOOL DISTRICT

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

NYSTRS Pension Plan  
 Last 10 Fiscal Years\*

	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
WCSD's proportion of the net pension (liability) asset	0.058995%	0.056564%	0.056401%	0.057150%	0.057975%	0.058140%	0.056676%	0.056775%	0.056647%
WCSD's proportionate share of the net pension (liability) asset	\$ (1,132,057)	\$ 9,801,982	\$ (1,558,517)	\$ 1,484,761	\$ 1,048,339	\$ 441,924	\$ (607,022)	\$ 5,897,078	\$ 6,310,137
WCSD's covered payroll	\$ 10,451,192	\$ 9,597,549	\$ 9,573,063	\$ 9,539,268	\$ 9,443,320	\$ 9,213,327	\$ 8,745,656	\$ 8,528,324	\$ 8,367,664
WCSD's proportionate share of the net pension (liability) asset as a percentage of its covered payroll	-10.83%	102.13%	-16.28%	15.56%	11.10%	4.80%	-6.94%	69.15%	75.41%
Plan fiduciary net position as a percentage of the total pension liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

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

Note - 2015 was the initial implementation year.

See paragraph on supplementary schedules included in independent auditors' report

## WATERVLiet CITY SCHOOL DISTRICT

Required Supplementary Information  
Schedule Of Watervliet City School District's (WCSD) ContributionsNYSTRS Pension Plan  
Last 10 Fiscal Years\*

	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>	<u>2013*</u>
Contractually required contribution	\$ 1,024,217	\$ 914,947	\$ 848,174	\$ 1,013,070	\$ 925,445	\$ 1,079,802	\$ 1,159,674	\$ 1,495,015	\$ 1,359,745	\$ 1,035,428
Contributions in relation to the contractually required contribution	<u>1,024,217</u>	<u>914,947</u>	<u>848,174</u>	<u>1,013,070</u>	<u>925,445</u>	<u>1,079,802</u>	<u>1,159,674</u>	<u>1,495,015</u>	<u>1,359,745</u>	<u>1,035,427</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
WCSD's covered payroll	\$10,451,192	\$ 9,597,549	\$ 9,573,063	\$ 9,539,268	\$ 9,443,320	\$ 9,213,327	\$ 8,745,656	\$ 8,528,324	\$ 8,367,644	\$ 8,514,282
Contributions as a percentage of covered payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	12.16%

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

See paragraph on supplementary schedules included in independent auditors' report

## WATERVLIET CITY SCHOOL DISTRICT

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

NYSERS Pension Plan  
 Last 10 Fiscal Years\*

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
WCSD's proportion of the net pension (liability) asset	0.058166%	0.051479%	0.0050284%	0.0048977%	0.0049622%	0.0050240%	0.0047017%	0.0048844%	0.0048556%
WCSD's proportionate share of the net pension (liability) asset	\$ (1,247,306)	\$ 420,819	\$ (5,007)	\$ (1,296,946)	\$ (351,590)	\$ (162,148)	\$ (441,782)	\$ (783,963)	\$ (164,035)
WCSD's covered payroll	\$ 1,643,998	\$ 1,483,594	\$ 1,462,032	\$ 1,421,231	\$ 1,379,542	\$ 1,386,026	\$ 1,255,858	\$ 1,237,194	\$ 1,184,719
WCSD's proportionate share of the net pension (liability) asset as a percentage of its covered payroll	75.87%	-28.36%	0.34%	91.26%	25.49%	11.70%	35.18%	63.37%	13.85%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%	97.90%

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

See paragraph on supplementary schedules included in independent auditors' report

## WATERVLIET CITY SCHOOL DISTRICT

Required Supplementary Information  
Schedule Of Watervliet City School District's (WCSD) ContributionsNYSERS Pension Plan  
Last 10 Fiscal Years\*

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Contractually required contribution	\$ 236,644	\$ 249,348	\$ 229,815	\$ 223,573	\$ 220,461	\$ 225,658	\$ 218,100	\$ 289,977	\$ 230,192	\$ 193,570
Contributions in relation to the contractually required contribution	<u>236,644</u>	<u>249,348</u>	<u>229,815</u>	<u>223,573</u>	<u>220,461</u>	<u>225,658</u>	<u>218,100</u>	<u>289,977</u>	<u>230,192</u>	<u>193,570</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
WCSD's covered payroll	\$ 1,643,998	\$ 1,483,594	\$ 1,462,032	\$ 1,421,231	\$ 1,379,542	\$ 1,386,026	\$ 1,255,858	\$ 1,237,194	\$ 1,184,719	\$ 1,117,540
Contributions as a percentage of covered payroll	14.39%	16.81%	15.72%	15.73%	15.98%	16.28%	17.37%	23.44%	19.43%	17.32%

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

See paragraph on supplementary schedules included in independent auditors' report

## WATERVLIET CITY SCHOOL DISTRICT

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

For The Year Ended June 30, 2023

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 33,736,000
Add: Prior year's encumbrances	<u>                  -</u>
Original budget	33,736,000
Budget revision	<u>                  -</u>
<b>Final Budget</b>	<b><u><u>\$ 33,736,000</u></u></b>

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

2023-24 Voter-Approved Expenditure Budget	<u><u>\$ 37,759,000</u></u>
Maximum Allowed (4% Of 2023-24 Budget)	<u><u>\$ 1,510,360</u></u>

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	-
Unassigned fund balance	<u>5,468,871</u>
Total unrestricted fund balance	<u><u>5,468,871</u></u>
Less:	
Appropriated fund balance	-
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	<u>                  -</u>
Total adjustments	<u>                  -</u>
<b>General Fund Balance Subject To Section 1318 Of Real Property Tax Law</b>	<b><u><u>\$ 5,468,871</u></u></b>

<b>Actual Percentage</b>	<u><u>14.48%</u></u>
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See paragraph on supplementary schedules included in independent auditors' report

WATERVLIET CITY SCHOOL DISTRICT

Supplementary Information  
Schedule Of Project Expenditures - Capital Projects Fund

For The Year Ended June 30, 2023

PROJECT TITLE	Original Budget	Revised Budget	Expenditures		Total
			Prior Years	Current Year	
Watervliet Elementary and Jr/Sr High School Reconstruction	<u>\$9,990,000</u>	<u>\$ -</u>	<u>\$5,936,032</u>	<u>\$1,142,737</u>	<u>\$7,078,769</u>

See paragraph on supplementary schedules included in independent auditors' report



## WATERVLIET CITY SCHOOL DISTRICT

Supplementary Information  
Schedule Of Net Investment In Capital Assets

For The Year Ended June 30, 2023

<b>Capital assets, net</b>	\$ 47,639,181
<b>Deduct:</b>	
Short-term portion of bonds payable, net	(2,765,623)
Long-term portion of bonds payable, net	(16,477,173)
Bond anticipation notes	(9,000,000)
Less: Unspent bond anticipation note proceeds	<u>2,964,198</u>
<b>Net Investment In Capital Assets</b>	<u><u>\$ 22,360,583</u></u>

See paragraph on supplementary schedules included in independent auditors' report

## WATERVLIET CITY SCHOOL DISTRICT

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

For The Year Ended June 30, 2023

	<u>Code</u>	<u>ST-3 Amount</u>	<u>Audited Amount</u>
<b>REVENUES</b>			
Real Property Taxes	A-1001	\$ 6,835,702	\$ 7,428,010
Non-Property Taxes	AT-1199	\$ 438,069	\$ 438,069
State Aid	AT-3999	\$ 25,601,057	\$ 25,601,057
Federal Aid	AT-4999	\$ 201,704	\$ 201,703
Total Revenues	AT-5999	\$ 34,737,887	\$ 34,786,398
<b>EXPENDITURES</b>			
General Support	AT-1999	\$ 2,693,152	\$ 2,693,152
Pupil Transportation	AT-5599	\$ 2,454,829	\$ 2,454,828
Debt Service - Principal	AT-9798.6	\$ 3,515,000	3,515,000.00
Debt Service - Interest	AT-9798.7	\$ 1,025,238	\$ 1,025,238
Total Expenditures	AT-9999	\$ 33,052,512	\$ 33,061,512

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

A-1001 - The difference of \$592,308 is STAR Aid which is reported on line A-1085.

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

AT-5999 - The difference of \$48,511 is due to the following:

\$1,411 is interest income which is now reported on line AT-2499 as a result of a GASB #84 adjustment.

\$47,100 is donations which is now reported on line AT-2709 as a result of a GASB #84 adjustment.

AT-5599 - The difference of (\$1) is due to rounding

AT-9999 - The difference of \$9,000 is due to the following:

\$9,000 is due to scholarship disbursement awards now reported on line AT-9999 as a result of a GASB #84 adjustment.

## WATERVLIET CITY SCHOOL DISTRICT

## Schedule Of Expenditures Of Federal Awards

For The Year Ended June 30, 2023

Federal Grantor/Pass-Through	Grantor/Program Title	Assistance Listing Number	Pass- Through Number	Expenditures
<b><u>U.S. Department of Agriculture</u></b>				
<b>Passed-Through NYS Education Department:</b>				
Child Nutrition Cluster:				
Non-Cash Assistance (food distribution)				
	National School Lunch Program	10.555	-	\$ 42,303
	Non-Cash Assistance subtotal			<u>42,303</u>
Cash Assistance:				
	School Breakfast Program	10.553	-	284,539
	National School Lunch Program	10.555	-	847,207
	Summer Food Service for Children	10.559	-	74,565
	Fresh Fruits and Vegetables	10.582	-	51,506
	Cash Assistance subtotal			<u>1,257,817</u>
	Total Child Nutrition Cluster			<u>1,300,120</u>
	Total Passed-Through NYS Education Department			<u>1,300,120</u>
	<b>Total U.S. Department of Agriculture</b>			<u>1,300,120</u>
<b><u>U.S. Department of Education</u></b>				
<b>Passed-Through NYS Education Department:</b>				
Education Stabilization Fund (ESF):				
	Governor's Emergency Education Relief (GEER) Fund II	84.425C	5896-21-0065	3,969
	Elementary and Secondary School Emergency Relief (ESSER) Fund II	84.425D	5891-21-0065	776,266
	ARP - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-0065	651,259
	ARP - SLR Learning Loss	84.425U	5884-21-0065	475,428
	ARP - Summer Enrichment	84.425U	5882-21-0065	30,672
	ARP - SLR Comprehensive After School	84.425U	5883-21-0065	86,977
	ARP - Homeless II	84.425W	5218-21-0065	6,475
	ARP - Elementary and Secondary School Emergency Relief Homeless Children and Youth	84.425W	5212-21-3117	1,148
	Total Education Stabilization Fund			<u>2,032,194</u>
ESEA Title I, Basic Grant:				
	ESEA Title I, Basic Grant	84.010A	0021-23-0065	506,413
	ESEA Title I, School Improvement Grant	84.010A	0011-22-3152	44,510
	ESEA Title I, School Improvement Grant	84.010A	0011-23-3152	12,276
	Total ESEA Title I, Basic Grant			<u>563,199</u>
Special Education Cluster (IDEA):				
	IDEA Part B, Section 611	84.027A	0032-23-0032	416,582
	IDEA Part B, Section 619, Preschool	84.173A	0033-23-0032	22,624
	ARP - IDEA Part B, Section 611	84.027X	5532-22-0032	29,691
	ARP - IDEA Part B, Section 619, Preschool	84.173X	5533-22-0032	4,629
	Total Special Education Cluster (IDEA)			<u>473,526</u>
	Title IIA, Supporting Effective Instruction	84.367A	0147-23-0065	61,934
	Title IIIA, English Language Acquisition Grants	84.365A	0293-22-0065	6,356
	Title IIIA, English Language Acquisition Grants	84.365A	0293-23-0065	4,869
	Title IIIA, Immigrant Education	84.365A	0149-23-0065	16,181
	ESEA Title IV Part A	84.424A	0204-22-0065	25,167
	ESEA Title IV Part A	84.424A	0204-23-0065	22,835
	Total Passed-Through NYS Education Department			<u>3,206,261</u>
	Impact Aid (Title VII of ESEA)	84.041A		<u>5,107</u>
	<b>Total U.S. Department of Education</b>			<u>3,211,368</u>
	<b>Total Federal Awards Expended</b>			<u>\$ 4,511,488</u>

See paragraph on supplementary schedules included in independent auditors' report