

NEW LEBANON
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2021

NEW LEBANON CENTRAL SCHOOL DISTRICT

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RAYMOND G. PREUSSER, CPA, P.C.

Certified Public Accountants

P.O. Box 538

Claverack, New York 12513

Telephone: (518) 851-6650

Fax: (518) 851-6675

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
New Lebanon Central School District:

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of changes in the total OPEB liability, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M9 and 48-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the New Lebanon Central School District's basic financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021 on our consideration of the New Lebanon Central 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Lebanon Central School District's internal control over financial reporting and compliance.

Raymond G. Preusser, CPA, PC

Claverack, New York
November 8, 2021

NEW LEBANON CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2021

INTRODUCTION

The New Lebanon Central School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- As of the close of this fiscal year, the District had a positive fund balance in the General Fund in the amount of \$2,315,788. This is a decrease of \$452,652 in comparison with the prior year.
- The District also maintained reserves for employee benefit accrued liability, unemployment insurance, workers' compensation, tax certiorari, and employee retirement contributions.
- The District established and voters approved a Capital Reserve Fund in May 2014 for future capital improvements to the facilities in the District. With proper planning the District was able to move \$2,150,000 from the Capital Reserve during 2018 to be used for the Renovation Project and have \$850,000 remaining for future projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1. Districtwide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

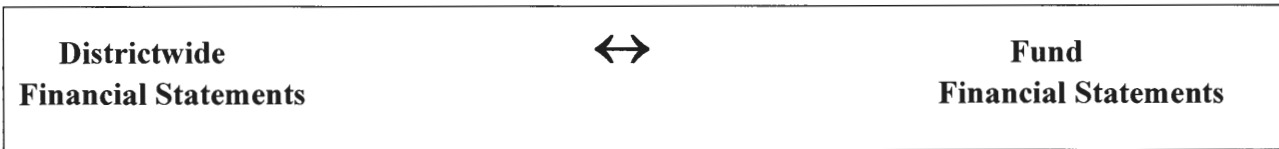
In addition to these statements, this report also includes required supplemental information and other supplemental information.

Our auditor has provided assurance in the independent auditor’s report that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified below. A user of this report should read the independent auditor’s report carefully to ascertain the level of assurance being provided for each part in the financial statements.

Financial Statements

Required Supplemental Information (Part A)
Management’s Discussion & Analysis (MD&A)

Basic Financial Statements



Notes to the Basic Financial Statements

Required Supplemental Information (Part B)

General Fund Budget to Actual Schedule

Changes in the Total OPEB Liability

District’s Proportionate Share of the Net Pension Asset/Liability

District Contributions

Other Supplemental Information

General Fund Budget & Fund Balance Information

Capital Project Funds Schedule of Project Expenditures

Schedule of Net Investment in Capital Assets

DISTRICTWIDE FINANCIAL STATEMENTS

The districtwide financial statements are designed to provide readers with a broad overview of the District’s finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the districtwide financial statements as *governmental activities*, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

DISTRICTWIDE FINANCIAL ANALYSIS

New Lebanon Central School District's Net Position June 30, 2021 and 2020

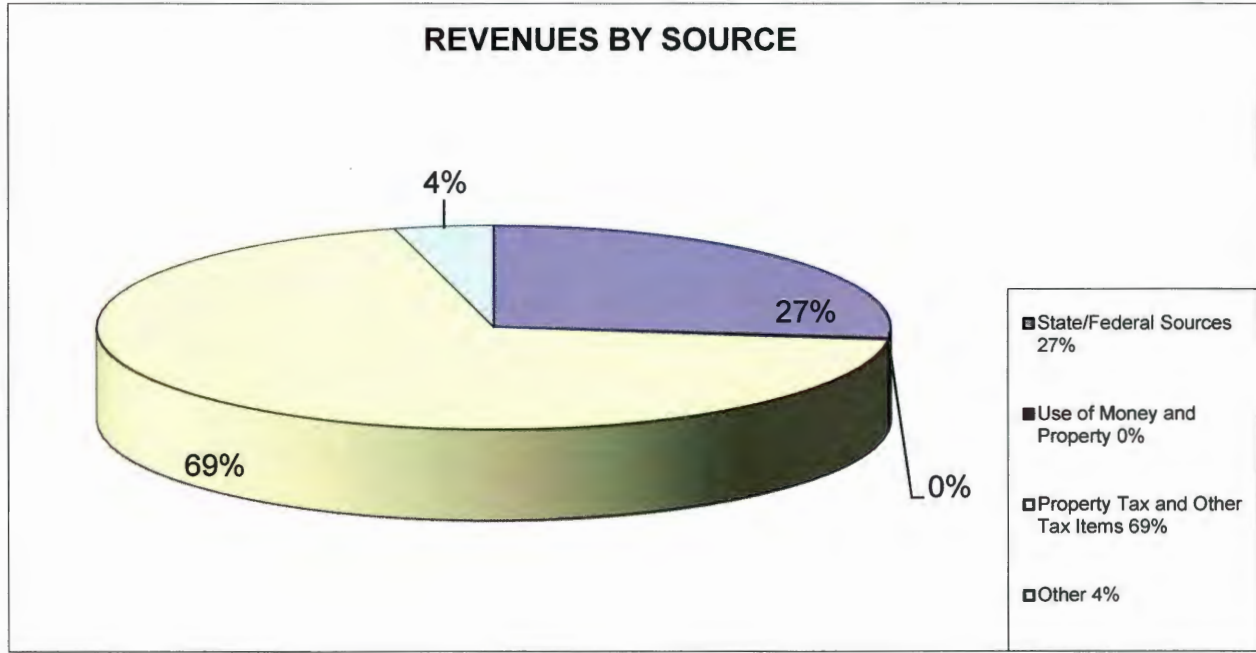
	Governmental Activities		Variance Increase (Decrease)
	2021	2020	
Current Assets	\$ 3,478,523	\$ 3,603,603	\$ (125,080)
Capital Assets	20,752,343	15,571,614	5,180,729
Net Pension Asset	-	665,899	(665,899)
Total Assets	<u>24,230,866</u>	<u>19,841,116</u>	<u>4,389,750</u>
Deferred Outflows of Resources	<u>7,767,610</u>	<u>8,124,078</u>	<u>(356,468)</u>
Total Assets and Outflows of Resources	<u>31,998,476</u>	<u>27,965,194</u>	<u>4,033,282</u>
Current Liabilities	675,125	528,360	146,765
Noncurrent Liabilities	6,463,217	1,485,613	4,977,604
Total OPEB Obligation	37,055,449	35,587,013	1,468,436
Net Pension Liability	<u>716,537</u>	<u>1,184,190</u>	<u>(467,653)</u>
Total Liabilities	<u>44,910,328</u>	<u>38,785,176</u>	<u>6,125,152</u>
Deferred Inflows of Resources	<u>5,671,218</u>	<u>5,743,166</u>	<u>(71,948)</u>
Total Liabilities and Inflows of Resources	<u>50,581,546</u>	<u>44,528,342</u>	<u>6,053,204</u>
Net Position:			
Investment in capital assets, net of related debt	14,664,269	14,291,932	372,337
Restricted	1,978,361	2,690,122	(711,761)
Unrestricted (deficit)	<u>(35,225,700)</u>	<u>(33,545,202)</u>	<u>(1,680,498)</u>
Total Net Position	<u><u>\$(18,583,070)</u></u>	<u><u>\$(16,563,148)</u></u>	<u><u>\$ (2,019,922)</u></u>

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

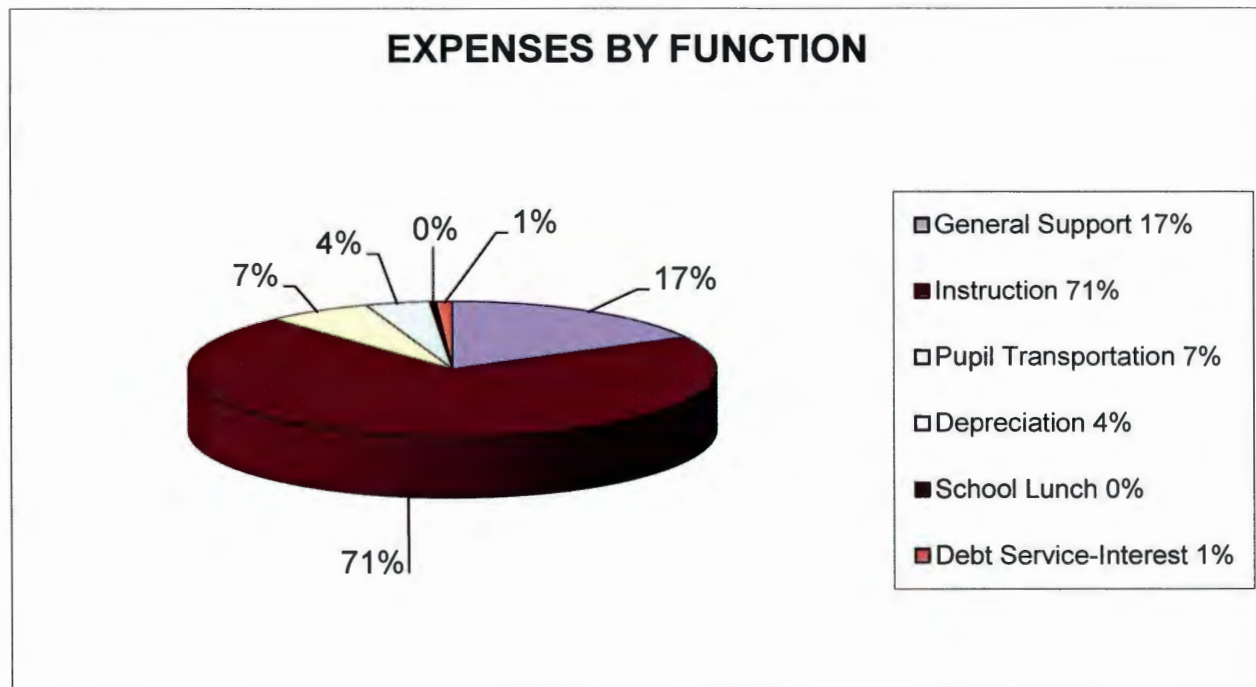
	Governmental Activities		Variance Increase (Decrease)
	2021	2020	
Revenues:			
Program Revenues:			
Charges for Services	\$ 49,271	\$ 73,330	\$ (24,059)
Operating Grants and Contributions	413,872	496,116	(82,244)
Total Program Revenues	<u>\$ 463,143</u>	<u>\$ 569,446</u>	<u>\$ (106,303)</u>
General Revenues:			
Real Property Taxes	\$ 7,653,922	\$ 8,108,613	\$ (454,691)
Other Tax Items	478,016	508,409	(30,393)
Use of Money and Property	19,450	46,227	(26,777)
Sale of Property and Compensation for Loss	130	4,595	(4,465)
Miscellaneous	243,971	167,410	76,561
State Sources	3,049,984	2,982,067	67,917
Federal Sources	100,059	-	100,059
Premium on Obligations	232,090	-	232,090
Total General Revenues	<u>11,777,622</u>	<u>11,817,321</u>	<u>(39,699)</u>
Expenses (Net of Program Revenues):			
Instruction	9,811,724	9,518,990	292,734
Support Services:			
General Support	2,365,529	2,284,334	81,195
Pupil Transportation	890,074	1,097,256	(207,182)
Debt Service-Interest	136,593	30,702	105,891
Depreciation-Unallocated	541,152	575,225	(34,073)
School Lunch	52,472	43,531	8,941
Total Expenses	<u>13,797,544</u>	<u>13,550,038</u>	<u>247,506</u>
Change in Net Position	<u>\$ (2,019,922)</u>	<u>\$ (1,732,717)</u>	<u>\$ (287,205)</u>

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

Districtwide Revenues by Source
For the Year Ended June 30, 2021



Districtwide Expenses by Function
For the Year Ended June 30, 2021



FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds.

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the District can be divided into two categories; governmental funds, and fiduciary funds.

- **Governmental funds:** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the districtwide financial statements because it cannot use these assets to finance its operations.

FUND FINANCIAL ANALYSIS (DISTRICT'S FUNDS)

The District's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of \$2.9 million, which is below last year's total of \$3.1 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2021 and 2020.

	<u>Fund Balance</u> <u>2021</u>	<u>Fund Balance</u> <u>2020</u>	<u>Variance</u> <u>Increase</u> <u>(Decrease)</u>
General	\$ 2,315,788	\$ 2,768,440	\$ (452,652)
School Lunch	(54,208)	(36,736)	(17,472)
Special Aid	250	250	-
Debt Service	263,966	106,291	157,675
Capital	283,275	236,998	46,277
Totals	<u>\$ 2,809,071</u>	<u>\$ 3,075,243</u>	<u>\$ (266,172)</u>

General Fund

The tables that follow assist in illustrating the financial activities and balance of the general fund.

<u>Revenues:</u>	<u>2021</u>	<u>2020</u>	<u>Variance Increase (Decrease)</u>
Taxes and Other Tax Items	\$ 8,131,938	\$ 8,617,022	\$ (485,084)
Use of Money and Property	16,470	37,294	(20,824)
State/Federal Sources	3,150,043	2,982,067	167,976
Other	368,530	215,794	152,736
Totals	<u>\$ 11,666,981</u>	<u>\$ 11,852,177</u>	<u>\$ (185,196)</u>

<u>Expenses:</u>	<u>2021</u>	<u>2020</u>	<u>Variance Increase (Decrease)</u>
General Support	\$ 1,718,127	\$ 1,556,211	\$ 161,916
Instruction	5,525,767	5,346,766	179,001
Pupil Transportation	701,151	703,540	(2,389)
Employee Benefits	3,415,717	3,458,121	(42,404)
Debt Service	718,480	70,702	647,778
Other	40,391	248,000	(207,609)
Totals	<u>\$ 12,119,633</u>	<u>\$ 11,383,340</u>	<u>\$ 736,293</u>

GENERAL FUND BUDGET INFORMATION

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

The difference between the general fund's original budget and the final amended budget was \$379,359. This amount represents prior year encumbrances from 2019/2020 for \$279,300 and \$100,059 for federal grants.

CAPITAL ASSETS

The District's capital assets (net of accumulated depreciation) as of June 30, 2021 are as follows:

<u>Asset Description</u>	<u>Amount</u>
Land	\$ 94,575
Construction in Progress	9,631,684
Buildings and Improvements	10,441,315
Machinery and Equipment	163,760
Vehicles	<u>421,009</u>
Total	<u>\$ 20,752,343</u>

The total increase in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$5,180,729. The most significant increase to capital assets was attributable to the purchase of equipment and buses and costs from current capital projects less the depreciation of the capital assets.

DEBT

The District had total debt including serial bonds and a capital lease payable-EPC in the amount of \$6,282,122 as of June 30, 2021, an increase over the previous year of \$5,002,440. The debt outstanding for the year ended June 30, 2021 is summarized as follows:

<u>Debt Description</u>	<u>Outstanding Balance</u>
Bonds	\$ 5,250,000
Capital Lease-EPC	<u>1,032,122</u>
Total	<u>\$ 6,282,122</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2021, the District's general obligation debt was significantly lower than its total debt limit. The District has a bond rating of AA-.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future. Challenges facing the District are the state's economy and its effect on state aid funding levels and the enactment of the Property Tax Cap Chapter 97 of the Laws of 2011 which could result in revenue forecasts having to be revised downward and could cause the District to scale down the educational program offerings or seek additional resources. The cost of employee benefits continues to be a major budgetary factor for all school districts. The continued growth in the cost of health insurance combined with the costs of funding the Teachers' Retirement System and Employees' Retirement System are projected to have significant budgetary impact in the near future to intermediate future. The current COVID-19 pandemic has caused the District to expend funds on items it typically would not need or need far less quantities such as (PPE) personal protective equipment. The pandemic could continue to have a negative effect on the state's revenue but with federal funding for the next two years this will assist with the additional costs. Lastly, the District also has to deal with the increasing costs of the Special Education Programs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

It is the intent of this report to provide the District's citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

New Lebanon Central School District
14665 Rte 22
New Lebanon, New York 12125

NEW LEBANON CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION

June 30, 2021

ASSETS

Unrestricted cash	\$	1,196,526	
Restricted cash		1,731,899	
State and federal aid receivable		437,229	
Due from other governments		103,002	
Due from fiduciary funds		129	
Inventories		9,738	
Capital assets, net		20,752,343	
Total Assets			\$ 24,230,866

DEFERRED OUTFLOWS OF RESOURCES

Pensions	\$	3,392,325	
OPEB-GASB 75		4,375,285	
Total Deferred Outflows of Resources			\$ 7,767,610

LIABILITIES

Current Liabilities:

Accounts payable	\$	97,619	
Accrued liabilities		27,746	
Due to other governments		136	
Due to teachers' retirement system		29	
Due to employees' retirement system		476,018	
Payroll liabilities		59,965	
Unearned revenue		13,612	

Long-Term Liabilities:

Due and payable within one year

Bonds payable		365,000	
Capital lease payable		59,112	

Due and payable after one year

Bonds payable		4,885,000	
Capital lease payable		973,010	
Compensated absences payable		181,095	
Other postemployment benefits payable		37,055,449	
Net pension liability - proportionate share		716,537	

Total Liabilities			\$ 44,910,328
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DEFERRED INFLOWS OF RESOURCES

Pensions		1,665,471	
OPEB-GASB#75		4,005,747	

Total Deferred Inflows of Resources			\$ 5,671,218
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NET POSITION

Net Investment in Capital Assets		14,664,269	
Restricted		1,978,361	
Unrestricted (deficit)		(35,225,700)	
Total Net Position			\$ (18,583,070)

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For Year Ended June 30, 2021

			Program Revenues		
	Expenses	Expenses Allocation	Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	\$ 1,718,127	\$ 647,402	\$ -	\$ -	\$ (2,365,529)
Instruction	5,778,979	4,358,062	47,034	278,283	(9,811,724)
Pupil transportation	528,619	361,455	-	-	(890,074)
Employee benefits	5,411,249	(5,411,249)	-	-	-
Debt service-interest	136,593	-	-	-	(136,593)
Depreciation-unallocated	541,152	-	-	-	(541,152)
School lunch program	145,968	44,330	2,237	135,589	(52,472)
	\$ 14,260,687	\$ -	\$ 49,271	\$ 413,872	(13,797,544)
GENERAL REVENUES					
Real property taxes					7,653,922
Other tax items					478,016
Use of money and property					19,450
Sale of property and compensation for loss					130
Miscellaneous					243,971
State sources					3,049,984
Federal sources					100,059
Premium on obligations					232,090
					11,777,622
Total General Revenues					11,777,622
Change in Net Position					(2,019,922)
Total Net Position - Beginning of year					(16,563,148)
Total Net Position - End of year					\$ (18,583,070)

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION

June 30, 2021

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted cash	\$ 1,196,526	\$ -	\$ -	\$ 1,196,526
Restricted cash	1,731,899	-	-	1,731,899
Due from other funds	369,014	-	(369,014)	-
Due from fiduciary funds	-	-	129	129
Due from other governments	103,002	-	-	103,002
State and federal aid receivable	437,229	-	-	437,229
Inventories	9,738	-	-	9,738
Capital assets, (net)	-	20,752,343	-	20,752,343
Total Assets	<u>\$ 3,847,408</u>	<u>\$ 20,752,343</u>	<u>\$ (368,885)</u>	<u>\$ 24,230,866</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	\$ -	\$ 3,392,325	\$ -	\$ 3,392,325
OPEB-GASB 75	-	4,375,285	-	4,375,285
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 7,767,610</u>	<u>\$ -</u>	<u>\$ 7,767,610</u>
LIABILITIES				
Accounts payable	\$ 97,619	\$ -	\$ -	\$ 97,619
Accrued liabilities	22,073	5,673	-	27,746
Bonds payable	-	5,250,000	-	5,250,000
Capital lease payable	-	1,032,122	-	1,032,122
Due to other funds	368,885	-	(368,885)	-
Due to other governments	29	-	-	29
Due to teachers' retirement system	476,018	-	-	476,018
Due to employees' retirement system	59,965	-	-	59,965
Payroll liabilities	136	-	-	136
Other postemployment benefits payable	-	37,055,449	-	37,055,449
Compensated absences	-	181,095	-	181,095
Unearned revenue	13,612	-	-	13,612
Net pension liability- proportionate share	-	716,537	-	716,537
Total Liabilities	<u>\$ 1,038,337</u>	<u>\$ 44,240,876</u>	<u>\$ (368,885)</u>	<u>\$ 44,910,328</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	\$ -	\$ 1,665,471	\$ -	\$ 1,665,471
OPEB-GASB#75	-	4,005,747	-	4,005,747
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 5,671,218</u>	<u>\$ -</u>	<u>\$ 5,671,218</u>
FUND BALANCE\NET POSITION				
Total Fund Balance\Net Position	<u>\$ 2,809,071</u>	<u>\$ (21,392,141)</u>	<u>\$ -</u>	<u>\$ (18,583,070)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance\Net Position	<u>\$ 3,847,408</u>	<u>\$ 28,519,953</u>	<u>\$ (368,885)</u>	<u>\$ 31,998,476</u>

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

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

	Total Governmental Funds	Long-term Revenue. Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 7,653,922	\$ -	\$ -	\$ -	\$ 7,653,922
Other tax items	478,016	-	-	-	478,016
Charges for services	47,034	-	-	-	47,034
Use of money and property	19,450	-	-	-	19,450
Sale of property and compensation for loss	130	-	-	-	130
Miscellaneous	243,971	-	-	-	243,971
State sources	3,076,109	-	-	-	3,076,109
Federal sources	487,806	-	-	-	487,806
Sales - school lunch	2,237	-	-	-	2,237
Total Revenues	12,008,675	-	-	-	12,008,675
EXPENDITURES\EXPENSES					
General support	1,718,127	-	-	-	1,718,127
Instruction	5,809,441	(24,836)	(5,626)	-	5,778,979
Pupil transportation	701,151	-	(172,532)	-	528,619
Employee benefits	3,460,047	1,951,202	-	-	5,411,249
Debt service-principal	587,560	-	-	(587,560)	-
Debt service-interest	130,920	5,673	-	-	136,593
Cost of sales	145,968	-	-	-	145,968
Capital outlay	5,543,723	-	(5,543,723)	-	-
Depreciation	-	-	541,152	-	541,152
Total Expenditures	18,096,937	1,932,039	(5,180,729)	(587,560)	14,260,687
Excess (Deficiency) of Revenues Over Expenditures	(6,088,262)	(1,932,039)	5,180,729	587,560	(2,252,012)
OTHER SOURCES AND USES					
Proceeds of debt	5,590,000	-	-	(5,590,000)	-
Premium on obligations	232,090	-	-	-	232,090
Operating transfers in	117,786	(117,786)	-	-	-
Operating transfers (out)	(117,786)	117,786	-	-	-
Total Other Sources (Uses)	5,822,090	-	-	(5,590,000)	232,090
Net Change for the Year	\$ (266,172)	\$ (1,932,039)	\$ 5,180,729	\$ (5,002,440)	\$ (2,019,922)

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS

June 30, 2021

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	\$ 893,460	\$ 14,353	\$ 2,161	\$ -	\$ 286,552	\$ 1,196,526
Restricted cash	1,468,210	-	-	263,689	-	1,731,899
State and federal aid receivable	131,395	250,802	55,032	-	-	437,229
Due from other funds	368,737	-	-	277	-	369,014
Due from other governments	103,002	-	-	-	-	103,002
Inventories	-	-	9,738	-	-	9,738
Total Assets	\$ 2,964,804	\$ 265,155	\$ 66,931	\$ 263,966	\$ 286,552	\$ 3,847,408
LIABILITIES						
Accounts payable	\$ 94,591	\$ 2,909	\$ 119	\$ -	\$ -	\$ 97,619
Accrued liabilities	20,414	-	1,659	-	-	22,073
Due to other funds	2,910	252,106	110,592	-	3,277	368,885
Due to other governments	-	-	29	-	-	29
Due to teachers' retirement system	476,018	-	-	-	-	476,018
Due to employees' retirement system	54,947	-	5,018	-	-	59,965
Payroll liabilities	136	-	-	-	-	136
Unearned revenue	-	9,890	3,722	-	-	13,612
Total Liabilities	649,016	264,905	121,139	-	3,277	1,038,337
FUND BALANCES						
Non-spendable	-	-	9,738	-	-	9,738
Restricted	1,468,210	-	-	263,966	246,185	1,978,361
Assigned	355,766	250	-	-	37,090	393,106
Unassigned (Deficit)	491,812	-	(63,946)	-	-	427,866
Total Fund Balances	2,315,788	250	(54,208)	263,966	283,275	2,809,071
Total Liabilities and Fund Balances	\$ 2,964,804	\$ 265,155	\$ 66,931	\$ 263,966	\$ 286,552	\$ 3,847,408

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- GOVERNMENTAL
FUNDS
For Year Ended June 30, 2021

	----- General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 7,653,922	\$ -	\$ -	\$ -	\$ -	\$ 7,653,922
Other tax items	478,016	-	-	-	-	478,016
Charges for services	47,034	-	-	-	-	47,034
Use of money and property	16,470	-	-	2,980	-	19,450
Sale of property and compensation for loss	130	-	-	-	-	130
Miscellaneous	243,971	-	-	-	-	243,971
State sources	3,049,984	21,563	4,562	-	-	3,076,109
Federal sources	100,059	256,720	131,027	-	-	487,806
Sales	-	-	2,237	-	-	2,237
Total Revenues	<u>11,589,586</u>	<u>278,283</u>	<u>137,826</u>	<u>2,980</u>	<u>-</u>	<u>12,008,675</u>
EXPENDITURES						
General support	1,718,127	-	-	-	-	1,718,127
Instruction	5,525,767	283,674	-	-	-	5,809,441
Pupil transportation	701,151	-	-	-	-	701,151
Employee benefits	3,415,717	-	44,330	-	-	3,460,047
Debt service						
Principal	587,560	-	-	-	-	587,560
Interest	130,920	-	-	-	-	130,920
Cost of sales	-	-	145,968	-	-	145,968
Capital outlay	-	-	-	-	5,543,723	5,543,723
Total Expenditures	<u>12,079,242</u>	<u>283,674</u>	<u>190,298</u>	<u>-</u>	<u>5,543,723</u>	<u>18,096,937</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(489,656)</u>	<u>(5,391)</u>	<u>(52,472)</u>	<u>2,980</u>	<u>(5,543,723)</u>	<u>(6,088,262)</u>
OTHER SOURCES AND USES						
Proceeds of debt	-	-	-	-	5,590,000	5,590,000
Premium on obligations	-	-	-	232,090	-	232,090
Operating transfers in	77,395	5,391	35,000	-	-	117,786
Operating transfers (out)	(40,391)	-	-	(77,395)	-	(117,786)
Total Other Sources (Uses)	<u>37,004</u>	<u>5,391</u>	<u>35,000</u>	<u>154,695</u>	<u>5,590,000</u>	<u>5,822,090</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(452,652)</u>	<u>-</u>	<u>(17,472)</u>	<u>157,675</u>	<u>46,277</u>	<u>(266,172)</u>
Fund Balance - (Deficit) Beginning of yea	<u>2,768,440</u>	<u>250</u>	<u>(36,736)</u>	<u>106,291</u>	<u>236,998</u>	<u>3,075,243</u>
Fund Balance - (Deficit) End of year	<u>\$ 2,315,788</u>	<u>\$ 250</u>	<u>\$ (54,208)</u>	<u>\$ 263,966</u>	<u>\$ 283,275</u>	<u>\$ 2,809,071</u>

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION

June 30, 2021

	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
ASSETS			
Cash	\$ 208,446	\$ 18,298	\$ 24,771
Due from governmental funds	-	-	-
Total Assets	\$ 208,446	\$ 18,298	\$ 24,771
 LIABILITIES			
Due to governmental funds	\$ 125	\$ -	\$ -
Total Liabilities	\$ 125	\$ -	\$ -
 NET POSITION			
Reserved for scholarships Individuals, Organizations and Other governments	\$ 208,321	\$ -	\$ -
	-	18,294	24,771
Total Net Position	\$ 208,321	\$ 18,294	\$ 24,771

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For Year Ended June 30, 2021

	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
ADDITIONS			
Contributions	\$ 3,390	\$ -	\$ -
Interest	252	3	-
Unclassified	-	-	10,552
	3,642	3	10,552
Total Additions	3,642	3	10,552
 DEDUCTIONS			
Scholarships and awards	15,650	-	-
Other custodial activities	-	-	15,885
	15,650	-	15,885
Total Deductions	15,650	-	15,885
 Net Increase (Decrease) in Fiduciary Net Position	 (12,008)	 3	 (5,333)
 Net Position - Beginning of year	 220,329	 18,291	 30,104
 Net Position - End of year	 \$ 208,321	 \$ 18,294	 \$ 24,771

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The financial statements of the New Lebanon Central School District have been prepared in conformity with generally accepted accounting principles (GAAP). Those principles are as prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting Entity

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

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

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

The Extraclassroom Activity Funds

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

B. Joint Venture

The New Lebanon Central School District is one of 21 component school districts in the Rensselaer, Columbia, and Greene Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

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

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

During the year ended June 30, 2021, the New Lebanon Central School District was billed \$715,123 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$172,666. Financial statements for the BOCES Aid are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

1. Districtwide Statements (Continued)

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

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

2. Fund Financial Statements

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

The District reports the following funds:

a. Major Governmental Funds

- (1) General Fund** - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- (2) Special Aid Fund** - These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

b. **Fiduciary Funds**

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Cash and Investments

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

F. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 25. Taxes are collected during the period September 1 to October 31.

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

G. Restricted Resources

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

H. Interfund Transactions

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

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

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

J. Receivables

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

K. Inventories and Prepaid Items

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

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

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

L. Other Assets/Restricted Assets

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

L. Other Assets/Restricted Assets (Continued)

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

M. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 1,000	15-50
Furniture and Equipment	\$ 1,000	5-25
Vehicles	\$ 1,000	8-10

N. Compensated Absences

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

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

N. Compensated Absences (Continued)

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

O. Accrued Liabilities and Long-Term Obligations

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

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

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

P. Deferred Outflows of Resources

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows of Resources

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

R. Unearned Revenue

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

S. Other Benefits

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

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

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

T. Short-Term Debt

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

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

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

U. Equity Classifications

1. Districtwide Statements

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

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

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

U. **Equity Classifications (Continued)**

2. **Fund Statements**

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$9,738.

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

1. **Encumbrances**

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

2. **Unemployment Insurance**

This reserve is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

NEW LEBANON CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

3. Employee Benefit Accrued Liability

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

4. Tax Certiorari

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

5. Employee Retirement Contributions

This reserve is used for future employee's retirement obligations. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

6. Workers' Compensation

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

7. Capital

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

Restricted fund balance includes the following:

General Fund:

Workers' Compensation	\$ 101,603
Employee Benefit Accrued Liability	115,894
Unemployment Insurance	74,728
Employee Retirement Contributions	292,861
Tax Certiorari	30,185
Capital	852,939
Capital Fund	246,185
Debt Service Fund	263,966
Total restricted funds	\$ 1,978,361

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

Assigned – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as **Assigned Fund Balance** in the General Fund. Encumbrances reported in the General Fund amounted to \$95,766 and the assigned fund balance amounted to \$260,000.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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

Order of Use of Fund Balance:

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

V. New Accounting Standards

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

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

W. Future Changes in Accounting Standards

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

W. Future Changes in Accounting Standards (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

a. Long-term revenue differences:

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

b. Capital related differences:

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

c. Long-term debt transaction differences:

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

d. Pension differences:

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

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

Original cost of capital assets	\$32,794,858
Accumulated depreciation	<u>12,042,515</u>
Capital assets, net	<u>\$20,752,343</u>

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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	\$ 5,250,000
Capital lease payable	\$ 1,032,122
OPEB obligations	\$37,055,449
Compensated Absences	\$ 181,095
Net Pension Liability-Proportionate Share	\$ 716,537

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$541,152 was less than capital expenditures of \$5,721,881 in the current year.

Repayment of bond principal of \$587,560 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities increased by \$5,673.

NEW LEBANON CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. Cash and Investments

A. Deposits

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

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

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

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

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

B. Investment Pool

The New Lebanon Central School District participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2021, the School District held \$1,555,580 in investments consisting of various investments in securities issued by the United States and its agencies. The investments are highly liquid and considered to be cash equivalents. The investment pool is categorically exempt from the New York State collateralization requirements.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IV. Interfund Transaction

Interfund balances at June 30, 2021 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 368,737	\$ 2,910	\$ 77,395	\$ 40,391
Special Aid Fund	-	252,106	5,391	-
School Lunch Fund	-	110,592	35,000	-
Capital Fund	-	3,277	-	-
Debt Service Fund	277	-	-	77,395
Total governmental activities	<u>369,014</u>	<u>368,885</u>	<u>\$ 117,786</u>	<u>\$ 117,786</u>
Custodial Fund	<u>-</u>	<u>129</u>		
Totals	<u>\$ 369,014</u>	<u>\$ 369,014</u>		

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

V. Capital Assets

A summary of changes in general fixed assets follows:

	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
<u>Capital assets-not depreciated:</u>				
Land	\$ 94,575	\$ -	\$ -	\$ 94,575
Construction in progress	4,087,961	5,543,723	-	9,631,684
Total capital assets-not depreciated:	4,182,536	5,543,723	-	9,726,259
 <u>Other capital assets:</u>				
Buildings and improvements	20,394,462	-	-	20,394,462
Machinery and equipment	1,017,568	7,276	78,737	946,107
Vehicles	1,638,697	170,882	81,549	1,728,030
Total other capital assets:	23,050,727	178,158	160,286	23,068,599
 <u>Less accumulated depreciation:</u>				
Buildings and improvements	9,596,187	356,960	-	9,953,147
Machinery and equipment	813,835	47,249	78,737	782,347
Vehicles	1,251,627	136,943	81,549	1,307,021
Total accumulated depreciation	11,661,649	541,152	160,286	12,042,515
Other capital assets, net	11,389,078	(362,994)	-	11,026,084
Total	<u>\$ 15,571,614</u>	<u>\$ 5,180,729</u>	<u>\$ -</u>	<u>\$ 20,752,343</u>

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans

1. General Information

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

2. Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at: www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

Funding Policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

Contributions

	<u>ERS</u>	<u>TRS</u>
2021	\$196,158	\$425,481
2020	\$195,069	\$495,038
2019	\$192,895	\$457,987

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

At June 30, 2021, the District reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2021 for ERS and June 30, 2019 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	1-Apr-20	30-Jun-19
Net pension liability/(asset)	\$4,308	\$712,229
District's portion of the Plan's total net pension liability	.0043263%	.025775%
Change in proportion since the prior measurement date	(.0001456%)	.000144%

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

For the year ended June 30, 2021, the District's recognized pension expense of \$102,572 for ERS and \$963,346 for TRS. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$52,611	\$624,055	\$0	\$36,500
Changes of assumptions	792,078	900,804	14,939	321,090
Net difference between projected and actual earnings on pension plan investments	0	465,148	1,237,474	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	35,843	34,300	29,266	26,202
District's contributions subsequent to the measurement date	54,947	432,539	0	0
Total	<u>\$935,479</u>	<u>\$2,456,846</u>	<u>\$1,281,679</u>	<u>\$383,792</u>

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

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2021	\$ -	\$ 281,887
2022	(70,666)	564,517
2023	(24,220)	462,716
2024	(68,236)	283,813
2025	(238,025)	15,410
Thereafter	-	32,172

NEW LEBANON CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

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

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

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

Measurement date	<u>ERS</u> March 31, 2021	<u>TRS</u> June 30, 2020
<u>Asset Type</u>	<u>%</u>	<u>%</u>
Domestic Equities	32%	33%
International Equities	15%	16%
Global equities	0%	4%
Private Equity	10%	8%
Real Estate Equity	9%	11%
Domestic fixed income securities	23%	16%
Global bonds	0%	2%
Private debt	4%	1%
Absolute return strategies	3%	0%
Real estate debt	0%	7%
Cash Equivalents	1%	1%
High yield fixed income securities	0%	1%
Real assets	3%	0%

5. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.10 % for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

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

The following presents the District's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.90% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% or ERS and 6.10% for TRS) or 1-percentage point higher (6.9% for ERS and 8.10% for TRS) than the current rate :

ERS	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share of the net pension (asset) liability	\$1,195,698	\$4,308	(\$1,094,432)
TRS	1% Decrease <u>(6.10%)</u>	Current Assumption <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Employer's proportionate share of the net pension (asset) liability	\$4,498,905	\$712,229	(\$2,465,752)

7. Pension Plan Fiduciary Net Position

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$54,947.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$476,018.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Long-Term Debt Obligations

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

1. Long-Term Debt Interest

Interest paid	\$130,920
Plus, interest accrued in the current year	<u>5,673</u>
Total expense	<u>\$136,593</u>

2. Changes

	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021	Due Within One Year
Bonds	\$ 190,000	\$ 5,590,000	\$ 530,000	\$ 5,250,000	<u>\$ 365,000</u>
EPC-Capital Lease	1,089,682	-	57,560	1,032,122	<u>\$ 59,112</u>
Compensated Absences	205,931	-	24,836	181,095	
OPEB Obligations	35,587,013	1,468,436	-	37,055,449	
Net Pension Liability- Proportionate Share	1,184,190	-	467,653	716,537	
Totals	<u>\$ 38,256,816</u>	<u>\$ 7,058,436</u>	<u>\$ 1,080,049</u>	<u>\$ 44,235,203</u>	

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

3. Maturity

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

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2021
Bonds:				
Construction	2010	2024	4%	\$ 145,000
Construction	2020	2036	1.49%	<u>5,105,000</u>
Total				<u>\$ 5,250,000</u>

NEW LEBANON CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Long-Term Debt Obligations (Continued)

3. Maturity (Continued)

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

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Serial Bonds:	2022	\$ 365,000	\$ 108,513	\$ 473,513
	2023	370,000	100,200	470,200
	2024	380,000	91,550	471,550
	2025	340,000	82,700	422,700
	2026	340,000	75,900	415,900
	2027 and thereafter	3,455,000	368,900	3,823,900
	Total	<u>\$ 5,250,000</u>	<u>\$ 827,763</u>	<u>\$ 6,077,763</u>

4. Capital Leases

The New Lebanon Central School District entered into an agreement to finance the cost of energy efficiency improvements over a 15-year period. The unpaid balance at June 30, 2021 was \$1,032,122. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2021.

<u>Year Ending June 30,</u>	<u>General Long-Term Debt</u>
2022	\$ 86,367
2023	86,367
2024	86,367
2025	86,367
2026	86,367
Thereafter	<u>820,494</u>
Minimum lease payments-Capital lease	1,252,329
Less: Amount representing interest of 2.68%	<u>220,207</u>
Present value- minimum lease payments	<u>\$1,032,122</u>

NEW LEBANON CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits

A. General Information about the OPEB Plan

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

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

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

Inactive plan members or beneficiaries currently receiving benefit payments	114
Inactive plan employees entitled to but not yet receiving benefit payments	-
Active plan members	<u>87</u>
Total membership	201

B. Total OPEB Liability

The District's total OPEB liability of \$37,055,449 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

B. Total OPEB Liability (Continued)

Inflation	2.6%
Salary Increases	2.6%, average, including inflation
Discount Rate	2.16%
Healthcare Cost Trend Rates	5.3% for 2020, decreasing to an ultimate rate of 4.1% over 55 years

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

Mortality rates were based on the RP-2014 adjusted to 2006 Total Dataset Mortality Table generationally projected using Scale MP-2018.

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 35,587,013</u>
<u>Changes for the Year</u>	
Service cost	1,601,488
Interest	812,112
Changes of benefit terms	-
Differences between expected and actual experience	127,071
Changes in assumptions or other inputs	(184,708)
Benefit payments	<u>(887,527)</u>
Net Changes	<u>1,468,436</u>
Balance at June 30, 2021	<u><u>\$ 37,055,449</u></u>

NEW LEBANON CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect no change in the discount rate of 3%.

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

	(1.16%) 1% Decrease	(2.16%) Current Discount Rate	(3.16%) 1% Increase
Total OPEB Liability	<u>\$44,475,151</u>	<u>\$37,055,449</u>	<u>\$31,250,695</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 or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 30,230,153</u>	<u>\$ 37,055,449</u>	<u>\$ 46,269,530</u>

NEW LEBANON CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,506,768. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 116,815	(\$ 574,943)
Changes of assumptions	<u>4,258,470</u>	<u>(3,430,804)</u>
Total	<u>\$4,375,285</u>	<u>(\$4,005,747)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	(\$19,305)
2023	(19,305)
2024	(19,305)
2025	(19,305)
2026	454,866
Thereafter	(8,108)

IX. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Commitments and Contingencies (Continued)

A. Risk Financing and Related Insurance (Continued)

2. Health Insurance

The School District participates in the Rensselaer-Columbia-Greene Health Insurance Trust which is a trust formed under New York State Insurance Law on June 30, 1988. The Trust's purpose is to provide health insurance coverage at a lower rate for member educational institutions due to a larger participation pool.

3. Grants

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

4. Litigation

There are currently pending tax certiorari proceedings, the results of which could require the payments of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. The School District has established a tax certiorari reserve to cover a portion of the potential refund exposure and the District has legal authority to borrow funds to repay school taxes when needed.

On or around June 18, 2020, the District was served with two separate but related complaints filed in Columbia County Supreme Court under the Child Victims Act alleging multiple instances of child sexual abuse by a former employee during the early to mid-1970s. Such abuse was allegedly reported to the District at the time, and the Plaintiffs both allege in their respective complaints that the District failed to investigate or take any action to stop the abuse.

The District responded to the complaints on or around August 3, 2020, denying the allegations and asserting various defenses, and began discovery on the matters. At the same time, negotiations began to reach a settlement agreement with each Plaintiff, including a release of all claims and a stipulation of discontinuance. Such settlement negotiations were successful and it is expected that the District's Board of Education will approve a formal settlement agreement with each Plaintiff under which the District would pay the total sum of \$450,000 in full satisfaction of all claims by both Plaintiffs. Once these are executed and the appropriate stipulation is filed with the Court, that matters will be concluded.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Commitments and Contingencies (Continued)

A. Risk Financing and Related Insurance (Continued)

4. Litigation (Continued)

On or around April 13, 2021, a former District employee, filed a notice of claim of alleging gender discrimination arising out of their termination as the District's Treasurer. The employee was terminated in January 2021 after the District discovered that they made a crucial error in the District's property tax warrant, which resulted in a loss of hundreds of thousands of dollars in tax revenue for the District. No amount was specified in the notice of claim.

To date, the employee has not filed suit, and has not filed an agency complaint with either the Equal Employment Opportunity Commission or the New York State Division of Human Rights. If the employee does so, the District intends to vigorously defend the claims. The District will likely be insured for this matter through its carrier, Utica National Insurance Group.

X. Other Disclosures

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

Total governmental fund balance	\$ 2,809,071
Capital assets (net)	20,752,343
Deferred outflows of resources	7,767,610
Accrued interest payable	(5,673)
Bonds payable	(5,250,000)
Capital lease payable	(1,032,122)
Net pension liability- proportionate share	(716,537)
Deferred inflows of resources	(5,671,218)
Compensated absences	(181,095)
OPEB obligations	(37,055,449)
Total net position	<u>\$ (18,583,070)</u>

NEW LEBANON CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

X. Other Disclosures (Continued)

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

Net changes in fund balance – total governmental funds	(\$ 266,172)
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	5,721,881
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(541,152)
Repayments of Long-term Debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position	587,560
Proceeds from debt are recognized as revenue in the governmental funds, but not in the Statement of Activities	(5,590,000)
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The increase in accrued interest during 2020/21 results in more expense.	(5,673)
 (Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers' Retirement System	(537,484)
Employees' Retirement System	93,050
 Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
OPEB obligations	(1,506,768)
Compensated absences	<u>24,836</u>
 Change in Net Position – Governmental Activities	 <u><u>(\$ 2,019,922)</u></u>

NEW LEBANON CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Stewardship, Compliance and Accountability

A. Budgetary Procedures and Budgetary Accounting

1. Budgets

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

Appropriations are adopted at the program line item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (When permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The General Fund budget was increased to reflect carryover encumbrances of \$279,300 and the receipt of federal grants in the amount of \$100,059.

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

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Procedures and Budgetary Accounting (Continued)

2. 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.

3. The School Lunch Fund had a deficit fund balance of \$54,208. The primary factor for the deficit was that the cost of operations exceeded the revenues by \$17,472. As there is no provision in the statute for operating this fund at a deficit, steps should be taken to operate this fund in a “breakeven” or profitable manner.

XII. Subsequent Events

There were no significant subsequent events to report from the period of July 1, 2021 to November 8, 2021.

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	\$ 8,031,740	\$ 8,031,740	\$ 7,653,922	\$ (377,818)
Other tax items	475,849	475,849	478,016	2,167
Charges for services	100,000	100,000	47,034	(52,966)
Use of money and property	25,000	25,000	16,470	(8,530)
Sale of property and compensation for loss	8,000	8,000	130	(7,870)
Miscellaneous	335,000	335,000	243,971	(91,029)
Total Local Sources	<u>8,975,589</u>	<u>8,975,589</u>	<u>8,439,543</u>	<u>(536,046)</u>
State sources	3,239,748	3,239,748	3,049,984	(189,764)
Federal sources	50,000	150,059	100,059	(50,000)
Total Revenues	<u>12,265,337</u>	<u>12,365,396</u>	<u>11,589,586</u>	<u>(775,810)</u>
Operating transfers in	<u>77,395</u>	<u>77,395</u>	<u>77,395</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>12,342,732</u>	<u>12,442,791</u>	<u>11,666,981</u>	<u>\$ (775,810)</u>
Appropriated Reserves	-	279,300		
Appropriated Fund Balance	<u>421,319</u>	<u>421,319</u>		
Total Revenues and Appropriated Fund Balance and Reserves	<u>\$ 12,764,051</u>	<u>\$ 13,143,410</u>		

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-
GENERAL FUND

For Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of education	\$ 14,750	\$ 14,462	\$ 8,014	\$ 14	\$ 6,434
Central administration	227,055	245,384	240,049	4,843	492
Finance	272,232	282,947	272,877	2,011	8,059
Staff	99,500	132,800	124,797	-	8,003
Central services	946,000	980,221	867,481	9,621	103,119
Special items	146,000	209,014	204,909	-	4,105
Total General Support	<u>1,705,537</u>	<u>1,864,828</u>	<u>1,718,127</u>	<u>16,489</u>	<u>130,212</u>
Instructional					
Instruction, administration and improvement	574,500	626,689	589,501	7,166	30,022
Teaching - regular school	3,059,631	3,072,323	3,032,300	1,824	38,199
Programs for children with handicapping conditions	1,122,303	1,075,140	909,635	224	165,281
Occupational education	139,000	130,076	120,388	-	9,688
Teaching - special school	15,500	15,500	6,310	-	9,190
Instructional media	408,100	681,795	487,357	60,991	133,447
Pupil services	536,000	528,534	380,276	-	148,258
Total Instructional	<u>5,855,034</u>	<u>6,130,057</u>	<u>5,525,767</u>	<u>70,205</u>	<u>534,085</u>
Pupil transportation	875,800	816,843	701,151	9,072	106,620
Employee benefits	3,543,180	3,547,182	3,415,717	-	131,465
Debt service					
Principal	588,000	588,000	587,560	-	440
Interest	141,500	141,500	130,920	-	10,580
Total Expenditures	<u>12,709,051</u>	<u>13,088,410</u>	<u>12,079,242</u>	<u>95,766</u>	<u>913,402</u>
OTHER FINANCING USES					
Operating transfers out	55,000	55,000	40,391	-	14,609
Total Expenditures and Other Financing Uses	<u>\$ 12,764,051</u>	<u>\$ 13,143,410</u>	<u>12,119,633</u>	<u>\$ 95,766</u>	<u>\$ 928,011</u>
Net change in fund balance			(452,652)		
Fund balance- Beginning			<u>2,768,440</u>		
Fund balance- Ending			<u>\$ 2,315,788</u>		

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
For Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
Total OPEB Liability				
Service Cost at end of year	\$ 1,601,488	\$ 1,124,030	\$ 1,433,100	\$ 1,598,828
Interest	812,112	1,010,156	1,025,455	975,580
Changes of benefit terms	-	-	(38,416)	-
Difference between expected and actual experience	127,071	-	(995,633)	13,097
Changes of assumptions or other inputs	184,708	6,109,978	(5,666,336)	-
Benefit payments	887,527	(782,728)	(757,015)	(761,524)
Net change in Total OPEB Liability	1,468,436	7,461,436	(4,998,845)	1,825,981
Total OPEB Liability- beginning	35,587,013	28,125,577	33,124,422	31,298,441
Total OPEB Liability- ending	<u>\$ 37,055,449</u>	<u>\$ 35,587,013</u>	<u>\$ 28,125,577</u>	<u>\$ 33,124,422</u>
Covered-employee payroll	4,720,774	4,603,527	4,603,527	5,574,508
Total OPEB Liability as a percentage of covered-employee payroll	784.94%	773.04%	610.96%	594.21%

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
June 30, 2021

	<u>Teachers' Retirement System</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District 's proportion of the net pension asset/liability	.025775%	.025631%	.026087%	.025618%	.025855%
District's proportionate share of the net pension (asset)/liability	\$ 712,229	\$ (665,899)	\$ (471,720)	\$ (194,721)	\$ 276,921
District's covered-employee payroll	\$ 4,538,705	\$ 4,452,692	\$ 4,392,860	\$ 4,347,846	\$ 4,059,583
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	15.69%	14.95%	10.74%	4.48%	6.82%
Plan fiduciary net position as a percentage of the total pension liability	97.80%	102.20%	101.53%	100.66%	99.01%
	<u>Employees' Retirement System</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District 's proportion of the net pension liability	.0043263%	.0044719%	.0048725%	.0046649%	.0047761%
District's proportionate share of the net pension liability	\$ 4,308	\$ 1,184,190	\$ 345,233	\$ 150,558	\$ 448,776
District's covered-employee payroll	\$ 1,381,517	\$ 1,394,984	\$ 1,364,658	\$ 1,323,553	\$ 1,334,652
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.31%	84.89%	25.30%	11.38%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 June 30, 2021

Teachers' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 432,539	\$ 394,509	\$ 466,522	\$ 426,089	\$ 525,503
Contributions in relation to the contractually required contribution	<u>432,539</u>	<u>394,509</u>	<u>466,522</u>	<u>426,089</u>	<u>525,503</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 4,538,705</u>	<u>\$ 4,452,692</u>	<u>\$ 4,392,860</u>	<u>\$ 4,347,846</u>	<u>\$ 4,059,583</u>
Contributions as a percentage of covered employee payroll	9.53%	8.86%	10.6%	9.8%	12.9%

Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 196,158	\$ 195,069	\$ 192,895	\$ 193,054	\$ 183,711
Contributions in relation to the contractually required contribution	<u>196,158</u>	<u>195,069</u>	<u>192,895</u>	<u>193,054</u>	<u>183,711</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 1,381,517</u>	<u>\$ 1,394,984</u>	<u>\$ 1,364,658</u>	<u>\$ 1,323,553</u>	<u>\$ 1,334,652</u>
Contributions as a percentage of covered employee payroll	14.2%	14.0%	14.1%	14.6%	13.8%

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

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

CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET

Original Budget		\$ 12,764,051
Additions:		
Prior year's encumbrances	\$ 279,300	
Federal Grants	100,059	379,359
Final Budget		\$ 13,143,410

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 Voter-approved Expenditure Budget	\$ 12,122,588
Maximum allowed (4% of 2021-2022 Budget)	<u>\$ 484,904</u>

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

Unrestricted fund balance:		
Assigned fund balance	\$ 355,766	
Unassigned fund balance	491,812	
Total unrestricted fund balance	<u>\$ 847,578</u>	

Less:		
Appropriated fund balance	260,000	
Encumbrances included in committed and assigned fund balance	95,766	
Total adjustments	<u>\$ 355,766</u>	

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ 491,812
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Actual percentage	4.06%
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* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (originally Issued November 2010), the portion of General Fund Fund Balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

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

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2021	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources		Total
Walter B. Howard-Elementary	\$ 1,336,000	\$ 1,339,689	\$ 1,353,627	\$ -	\$ 1,353,627	\$ (13,938)	\$ 530,160	\$ 190,353	\$ 619,176	\$ 1,339,689	\$ (13,938)
Walter B. Howard-Elementary	40,000	42,800	40,894	-	40,894	1,906	-	-	42,800	42,800	1,906
Hot Water Heater	130,000	130,000	131,337	-	131,337	(1,337)	-	-	130,000	130,000	(1,337)
Bus Garage	1,200,000	1,000,000	988,632	-	988,632	11,368	-	-	1,000,000	1,000,000	11,368
Jr./Sr. High School	100,000	200,000	163,422	-	163,422	36,578	-	-	200,000	200,000	36,578
Roofing Project	130,000	130,000	121,480	-	121,480	8,520	-	-	130,000	130,000	8,520
Bathroom-Pool Jr./Sr. High	100,000	100,000	98,744	-	98,744	1,256	-	-	100,000	100,000	1,256
Roof- Jr./Sr. High	300,000	630,000	607,232	-	607,232	22,768	-	-	630,000	630,000	22,768
Security Upgrades	110,000	110,000	105,519	-	105,519	4,481	-	-	110,000	110,000	4,481
Entrance	126,000	130,000	129,045	-	129,045	955	-	-	130,000	130,000	955
Water Pressure	107,800	115,000	114,164	-	114,164	836	-	-	115,000	115,000	836
Renovation Project-2017	11,855,000	11,855,000	4,079,074	5,543,723	9,622,797	2,232,203	5,590,000	-	4,226,845	9,816,845	194,048
Energy Performance Contract	1,089,682	1,089,682	1,089,682	-	1,089,682	-	1,089,682	-	-	1,089,682	-
	<u>\$ 16,624,482</u>	<u>\$ 16,872,171</u>	<u>\$ 9,022,852</u>	<u>\$ 5,543,723</u>	<u>\$ 14,566,575</u>	<u>\$ 2,305,596</u>	<u>\$ 7,209,842</u>	<u>\$ 190,353</u>	<u>\$ 7,433,821</u>	<u>\$ 14,834,016</u>	<u>\$ 267,441</u>

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

NEW LEBANON CENTRAL SCHOOL DISTRICT
 INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
 FOR THE YEAR ENDED JUNE 30, 2021

Capital assets, net		\$ 20,752,343
Deduct:		
Short-term portion of capital lease payable	\$ 59,112	
Short-term portion of bonds payable	365,000	
Long-term portion of bonds payable	4,885,000	
Long-term portion of capital lease payable	973,010	
less: unspent portion of bonds payable	<u>(1,940,048)</u>	<u>6,088,074</u>
Net investment in capital assets		<u><u>\$ 14,664,269</u></u>

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

RAYMOND G. PREUSSER, CPA, P.C.

Certified Public Accountants

P.O. Box 538

Claverack, New York 12513

Telephone: (518) 851-6650

Fax: (518) 851-6675

www.rgpreusser-cpa.com

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

To the Board of Education of the
New Lebanon Central School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the New Lebanon Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated November 8, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Raymond G. Preusser, CPA, PC

Claverack, New York
November 8, 2021

RAYMOND G. PREUSSER, CPA, P.C.

Certified Public Accountants

P.O. Box 538

Claverack, New York 12513

Telephone: (518) 851-6650

Fax: (518) 851-6675

To the Board of Education of the
New Lebanon Central School District:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary funds of the New Lebanon Central School District as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the New Lebanon Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Lebanon Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the New Lebanon Central School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated November 8, 2021 on the financial statements of the New Lebanon Central School District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Other Matters:

Property Tax Revenue

During our audit, we noted that the District did not collect approximately \$377,818 of its real property taxes that were levied due to a clerical error.

We recommend that in the future, tax billings and collections are reviewed and verified to ensure that the entire tax levy that is approved is collected.

School Lunch Fund

During our audit, we noted the following:

1. The Fund had an operating loss in the amount of \$52,472, but with the interfund transfer of \$35,000 from the General Fund this reduced the loss to \$17,472 to end with a deficit fund balance of \$54,208.
2. The Fund is indebted to the General Fund in the amount of \$110,592 as of June 30, 2021.

A School Lunch Fund operation is to be maintained on a “breakeven” or profitable basis.

We did note that the District included in the 2021-22 budget a transfer from General Fund of \$35,000 to help cover the costs of the program. We urge the District to monitor the revenues and expenditures closely to eliminate the deficit.

We recommend the District establish a plan to eliminate the interfund payable as soon as possible.

Fixed Assets

During our audit, we noted that the fixed asset inventory had been updated with new additions and deletions from the current year but the additions and deletions from prior years were still not included.

We recommend that the additions and deletions to the inventory be sent to BOCES who provides the fixed asset service for the District. Also the District should have a physical inventory performed at the completion of the current Capital Project.

This communication is intended solely for the information and use of the Board of Education, management, the audit committee, the New York State Education Department and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the Business Office personnel for their courtesies received during the course of our audit.

Very truly yours,
RAYMOND G. PREUSSER, CPA, P.C.


Scott R. Preusser