

SARANAC CENTRAL SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Saranac Central School District
Saranac, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Saranac 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 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 of 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 aggregate remaining fund information of the Saranac Central School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 12), budgetary comparison information (pages 50 - 51), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 53), and Schedule of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and the schedules of the District's Contributions – ERS and TRS (pages 55 through 58) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saranac Central School District's basic financial statements as a whole. The Combining Non-Major Fund Financial statements, Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment In Capital Assets are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of Saranac Central School District. The Combining Non-Major Fund financial statements, Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, Net Investment In Capital Assets and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly

stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2021, on our consideration of the Saranac 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 Saranac Central School District's internal control over financial reporting and compliance.

Boulrice & Wood CPAs, PC

September 18, 2021

Saranac Central School District Management's Discussion & Analysis For the Fiscal Year Ended June 30, 2021

The Following is Management's Discussion and Analysis (MD&A) of the Saranac Central School District's financial performance for the fiscal year ended June 30, 2021. The MD&A is a summary of the District's financial activities based on the currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements.

This section is only an introduction and should be read in conjunction with the District's financial statements, which are immediately following this section.

Financial Highlights For 2020-2021

- Revenues totaled more than \$36.0 million. The general revenues represent 93.5% of this total with the balance coming from program revenues.
- Fund equity for the general fund increased by \$2,746,506.
- Fund equity for the school food service fund increased by \$79,918.

Overview of the Financial Statements

This annual report consists of the MD&A, a series of financial statements, and required supplementary information. The district-wide statements are organized so the reader can understand Saranac Central School District as a financial whole, an entire operating entity. The statements then proceed to provide an increased focus on individual parts of the District in more detail than the district-wide statements. The fund financial statements concentrate on the District's most significant funds. The financial statements also included notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Statements

The district-wide financial statements are designed to be similar to corporate statements in that all governmental and business type activities are consolidated. The Statement of Net Position combines governmental fund's current financial resources with capital assets and long-term obligations.

The first of the district-wide financial statements is the Statement of Net Position. This statement includes all of the District's assets and liabilities, with the difference reported as net position. Increases or decreases in net assets may serve as a useful indicator of whether the overall financial position of the District is improving or deterioration. In addition to this information evaluation of the District's overall health would extend to other non-financial factors such as diversification of the taxpayer base, the continued financial support of New York State and the Federal government, and the condition of the District's infrastructure.

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES

	6/30/2021	Restated 6/30/2020
Current and other assets	\$ 23,109,774	\$ 14,001,696
Capital assets	31,040,381	23,209,927
Total Assets	<u>54,150,155</u>	<u>37,211,623</u>
Deferred Outflows of Resources		
OPEB (GASB 75)	47,952,252	11,735,572
Pensions	9,045,959	7,947,317
Total Assets and Deferred Outflows of Resources	<u>\$ 111,148,366</u>	<u>\$ 56,894,512</u>
Other Liabilities	\$ 19,574,544	\$ 2,646,599
Long Term Liabilities	145,712,359	98,531,104
Total Liabilities	<u>165,286,903</u>	<u>101,177,703</u>
Deferred Inflow of Resources		
OPEB (GASB 75)	4,680,588	6,698,902
Pensions	4,011,070	2,875,811
Total Liabilities and Deferred Inflows of Resources	<u>8,691,658</u>	<u>9,574,713</u>
NET POSITION		
Net Investment in capital assets	16,154,685	18,152,976
Restricted	4,383,644	4,042,709
Unrestricted	<u>(83,368,524)</u>	<u>(76,053,589)</u>
Total Net Position	<u>(62,830,195)</u>	<u>(53,857,904)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 111,148,366</u>	<u>\$ 56,894,512</u>

The largest portion of the District's net assets is the investment in capital assets (land, building, equipment), less the outstanding balance of bonds used to acquire, construct, and improve the assets. These assets are used to provide educational services to students; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources necessary to repay this debt must be provided from the general fund budget. These assets are not to be liquidated to pay any of the debt.

Furthermore, net position of capital projects and special aid funds is restricted by State law to be spent for the purposes of the funds and are not available for spending at the District's discretion. The net position of the General Fund is not restricted by State law and is available for spending at the District's discretion.

Investment in capital assets net of related debt decreased from 2019-2020 to 2020-2021. This is primarily the result of the capital project borrowing (BAN) in the current year..

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The restricted amount is reserved for bus purchases retirement, a debt service fund and various legal reserves.

- A capital reserve was established by the taxpayers, August 2002, for the purpose of purchasing buses. The voters allowed contributions to be made for 10 years and up to \$750,000, excluding interest earnings. This reserve is permitted, by law, to continue until all of the funds are exhausted.
- A debt service fund is maintained for the payment of principal and interest on long-term debt.
- A Workers' Compensation Reserve was established during the 2020-21 school year to pay for compensation benefits and other expenses authorized under the Workers' Compensation Law and for payment of expenses of administering this self-insurance program.
- The District maintains the Retirement Contribution Reserve for Employees' Retirement System costs. Over the years, retirement costs have increased. This reserve may be used to help offset years when costs have risen and could potentially push the increase in taxes above the tax levy limit.
- The Teachers' Retirement System sub reserve was increased by \$246,000 to work towards fully funding the reserve for future retirement payments.

There was a decrease of \$7,314,935 in the unrestricted component of net position. This is primarily due to the Governmental Accounting Standards Board (GASB) #75 requirement to record a liability for post-employment benefits in regards to health care premiums. This amount is recorded as a long-term liability, under retirement benefits, and decreases the unrestricted component of net position.

Net position is the difference between the District's assets and liabilities, which is one way to measure financial health or position. There are three categories of net position: capital assets (net of related debt), restricted net position, and unrestricted net position. At the end of the fiscal year, the District reported positive balances in both the capital and restricted assets, both for the District as a whole, as well as for the individual funds.

CHANGES IN NET POSITION
(STATEMENT OF ACTIVITIES)

	6/30/2021	Restated 6/30/2020
REVENUES		
Program Revenues:		
Charges for services	\$ 4,185	\$ 144,363
Operating grants	2,082,237	2,119,828
General Revenues:		
Real property taxes	11,964,931	11,471,119
Other tax items	1,936,267	2,005,368
Charges for services	30,555	140,523
Use of money and property	10,588	92,641
Sale of property and compensation for loss	29,272	25,248
Miscellaneous	959,677	470,218
State Sources	18,614,045	19,954,804
Federal sources	366,302	123,871
Total Revenues	<u>35,998,059</u>	<u>36,547,983</u>
EXPENSES		
General support	4,030,247	6,063,318
Instruction	17,476,924	18,303,289
Pupil transportation	1,384,598	1,532,960
Community service	-	18,242
Employee benefits	21,360,698	15,244,003
Debt service	412,308	189,060
Capital outlay	78,773	1,230,719
School lunch program	226,802	243,704
Total Expenses	<u>44,970,350</u>	<u>42,825,295</u>
Increase (Decrease) in Net Position	<u>\$ (8,972,291)</u>	<u>\$ (6,277,312)</u>

The Statement of Activities is similar to an income statement, in that it reports revenues, expenditures, and changes in net position. With the greatest amount of revenues coming from one source, state aid \$18,614,045, the District is susceptible to fluctuations in the New York State budget. Less money means a higher property tax rate. The largest expense is employee benefits, \$21,360,698. The District has a decrease in net position of (\$8,972,291). This primarily resulted from the increase in employee benefits.

There was a decrease in most expense areas except for employee benefits.

All of the District's programs and services are reported in the district-wide financial statements as governmental activities. Most of the District's services are included here, such as regular and special education, support services, operation and maintenance of school, pupil transportation, extracurricular activities and administration. Property taxes and State formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The governmental fund financial statements are presented on a modified accrual basis; whereas, the governmental activities in the district-wide statements are presented on an accrual basis of accounting. The District has one kind of fund, governmental.

Governmental Funds. Most of the District's activities are reported in governmental funds, which focus on how cash flows in and out of the funds and the balances left at year end are available for future spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are financial resources that can be spent to finance the District's programs. Any differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

General Fund. When comparing last year's statement to this year's, total fund equity increased \$2,746,506 (30%) from 2019-2020 to 2020-2021. After passage of the school budget, New York State determined they may need to reduce state aid by 20%. To manage this potential loss of revenue the District immediately implemented cost saving measures. The majority of the vacant instructional positions were left unfilled for the entire school year resulting in considerably savings. The District also had vacancies in other areas left unfilled, reduced supply purchases and minimized building projects. Districts were notified in March 2021 that there would be no reduction in state aid. Receiving the total amount of state aid budgeted greatly contributed to the increase in fund equity since cost savings measures were fully implemented for the entire school year.

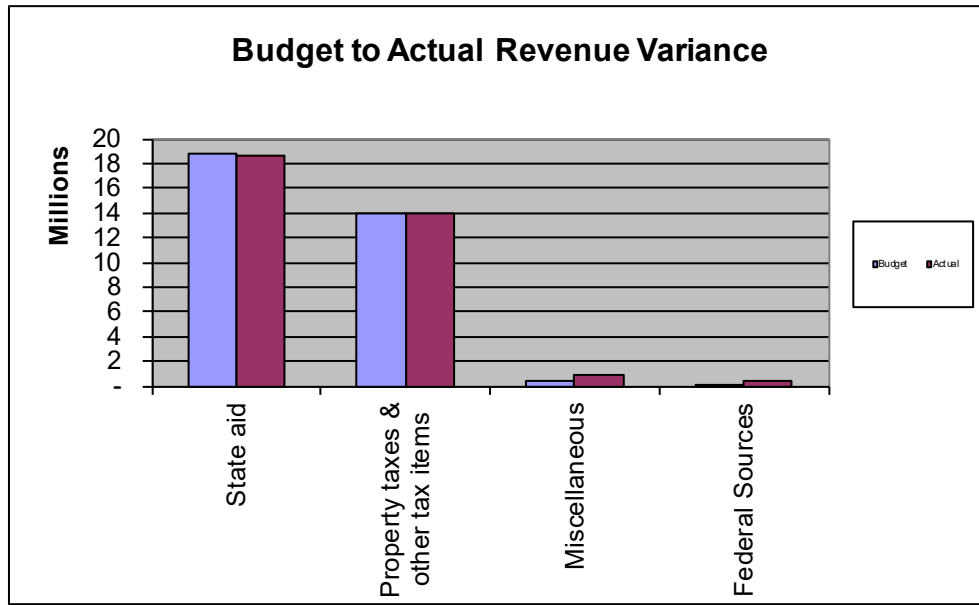
Cafeteria Fund. Under the Families First Coronavirus Response Act all students were eligible for free meals during the 2020-2021 school year. Due to this change, there was an increase in student meal participation. Since reimbursement is higher when meals are free the cafeteria fund equity increased \$79,918 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's general fund budget is prepared according to New York State law. During the 2020-2021 school year the original budget increased \$324,457. The increases were \$153,952 from prior year encumbrances, \$1,000 from donations and \$169,050 from capital project.

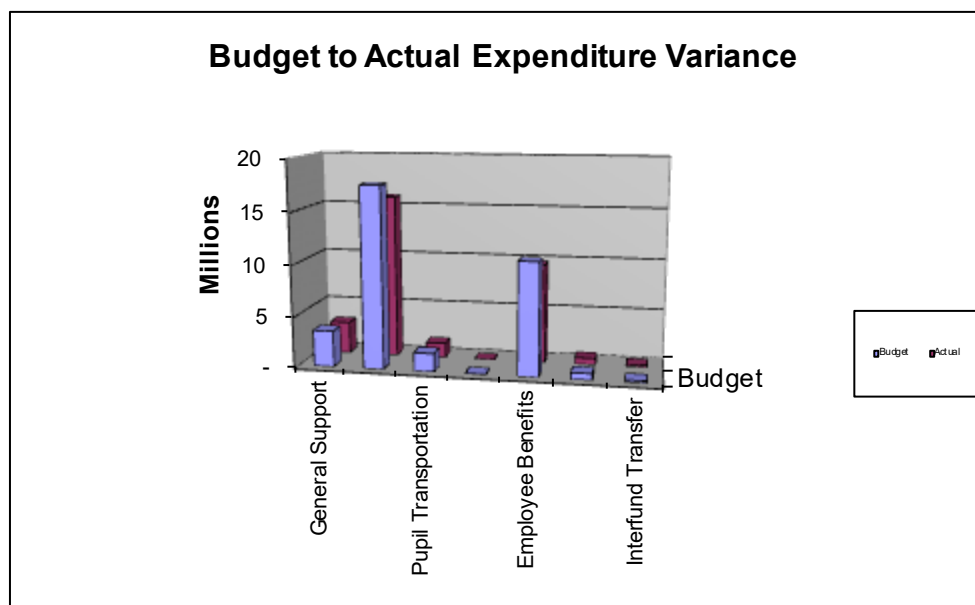
The budget decreased 5.9% from 2019-2020 to 2020-2021, \$36,466,476 to \$34,329,522.

General fund actual revenues were over the budgeted amount by \$479,663. This was primarily due to the CARES Act in Federal Aid.



	Budget	Actual	Variance
State aid	18,797,792	18,564,801	(232,991)
Property taxes & other tax items	13,905,068	13,901,198	(3,870)
Miscellaneous	398,000	823,222	425,222
Federal Sources	75,000	366,302	291,302
Total	33,175,860	33,655,523	479,663

General fund actual expenditures were less than the final budget by \$3,604,985. A portion of the savings, \$1,649,843 came from instructional spending. Within this area are costs associated with special education and budgeting can be difficult because there are many unknown factors. Another area that saw significant savings, \$1,209,928, was employee benefits. This was mostly due to the number of positions left vacant for the school year.



	Budget	Actual	Variance
General Support	3,512,574	3,133,189	(379,385)
Instructional	17,589,792	15,939,949	(1,649,843)
Pupil Transportation	1,780,146	1,433,618	(346,528)
Community Services	19,300	-	(19,300)
Employee Benefits	10,917,333	9,707,405	(1,209,928)
Debt Service	628,796	628,795	(1)
Interfund Transfer	205,583	205,583	-
Total	34,653,524	31,048,539	(3,604,985)

CAPITAL ASSET AND DEBT ADMINISTRATION

See Notes to the Financial Statements.

Capital Assets

The District's capital assets as of June 30, 2021, are as follows:

CAPITAL ASSETS

	June 30, 2021	June 30, 2020
Non-Depreciable Assets:		
Land	\$ 323,700	\$ 323,700
Construction in Process	11,291,829	2,672,315
Depreciable Assets:		
Building and Improvements	36,106,409	36,181,409
Machinery and Equipment	5,935,732	6,279,873
Total	<u>\$ 53,657,670</u>	<u>\$ 45,457,297</u>

The total increase in capital assets was \$8,200,373.

Debt

The District's total outstanding debt, as of June 30, 2021 was \$4,260,875, with \$432,940 due within one year. This amount is backed by the full faith and credit of the District with debt service fully funded by New York State building aid and voter approved property taxes.

OUTSTANDING DEBT

	Beginning	Ending
Serial Bonds	\$ 3,490,000	\$ 3,190,000
Installment Purchase Obligation	1,184,731	1,070,875
	<u>\$ 4,674,731</u>	<u>\$ 4,260,875</u>

Bond Ratings/Commitment for Capital Expenses/Debt Limitations

The District has been assigned an Aa3 rating by Moody's Investor Service. This rating reflects the District's strong ability to meet financial commitments, trend of satisfactory financial operations with historically ample reserves, manageable debt burden, and conservative management.

Currently, there are no outstanding commitments for capital expenses other than those already disclosed or any debt limitations that may affect financing.

FACTORS BEARING ON THE DISTRICT'S FUTURE

School Taxes

The District relies heavily on school taxes to support the budget. In 2011, New York State established the property tax cap law limiting school districts ability to raise taxes by 2% or the rate of inflation (whichever is less). This prevents districts from trying to increase school taxes to supplement the state aid reductions. With revenue sources limited, primarily to state aid and property taxes, it is difficult to keep up with rising costs to provide a quality education to our students.

Health Insurance

School districts are a people business, therefore; the majority of our expenses are salaries and benefits. Health insurance expenditures are a large percentage of our budget. Over the years we have seen significant increases in premium costs. The District participates in a BOCES Health Insurance Consortium where changes are continuing to be made to the plan to help with the rising costs of health care. The District's retiree costs are close to active employees and continuing to support these costs is challenging.

American Rescue Plan

The District has been allocated \$3,891,314 in Federal Funds under the American Rescue Plan. This money will be spread out over of a three-year period ending with the June 30, 2024 school year. These funds will be spent on summer school programming, afterschool/extended learning programs, student learning loss, interventions to support students' academic, emotional, and social needs as well as other necessary supports.

Cafeteria

The Families First Coronavirus Response Act allowing all students to be eligible for free meals continues in the 2021-2022 school year. The District continues to have a strong and increased participation for both breakfast and lunch programs.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designated 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 money it receives. The report complies with finance related laws and regulations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Saranac Central School District, 32 Emmons Road, Dannemora, New York 12929.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 1

STATEMENT OF NET POSITION

June 30, 2021

ASSETS

Cash:	
Unrestricted	\$ 9,555,802
Restricted	11,733,486
Receivables:	
Accounts receivable	7,999
State and federal aid	1,797,017
Inventories	15,470
Capital assets, net	31,040,381
Total Assets	54,150,155

DEFERRED OUTFLOWS OF RESOURCES

Other post employment benefits	47,952,252
Pensions	9,045,959
Total Deferred Outflows of Resources	56,998,211

Total Assets and Deferred Outflow of Resources **\$ 111,148,366**

LIABILITIES

Payables:	
Accounts payable	\$ 1,000,683
Accrued liabilities	105,239
Bond Anticipation notes payable	16,800,000
Due to other governments	79,301
Due to teacher's retirement system	1,199,782
Due to employee's retirement system	132,594
Unearned revenue	901
Accrued bond interest	256,044
Long-term liabilities	
Due and payable within one year:	
Bonds payable - current	315,000
Installment purchase - current	117,940
Due and payable after one year	
Bonds payable - non-current, including amortized bond premium	3,214,553
Installment purchase - non-current	952,935
Compensated absences payable	971,538
Other post employment benefits	138,123,195
Net pension liability-proportionate share	2,017,198
Total Liabilities	165,286,903

DEFERRED INFLOWS OF RESOURCES

Other post employment benefits	4,680,588
Pensions	4,011,070
Total Deferred Inflows of Resources	8,691,658

NET POSITION

Net investment in capital assets	16,154,685
Restricted	4,383,644
Unrestricted	(83,368,524)
Total Net Position	(62,830,195)

Total Liabilities, Deferred Inflows of Resources, and Net Position **\$ 111,148,366**

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 2

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	
General support	\$ (4,030,247)	\$ -	\$ -	\$ (4,030,247)
Instruction	(17,476,924)	-	1,488,518	(15,988,406)
Pupil transportation	(1,384,598)	-	-	(1,384,598)
Employee benefits	(21,360,698)	-	-	(21,360,698)
Debt service	(412,308)	-	-	(412,308)
Capital outlay	(78,773)			(78,773)
School lunch program	(226,802)	4,185	593,719	371,102
Total Functions and Programs	\$ (44,970,350)	\$ 4,185	\$ 2,082,237	(42,883,928)
GENERAL REVENUES				
Real property taxes				11,964,931
Other tax items				1,936,267
Charges for services				30,555
Use of money and property				10,588
Sale of property and compensation for loss				29,272
Miscellaneous				959,677
State Sources				18,614,045
Federal Sources				366,302
Total General Revenues				33,911,637
Change in Net Position				(8,972,291)
Total Net Position - Beginning of Year, as previously reported				(54,053,881)
Prior period adjustment (Note 15)				195,977
Total Net Position - Beginning of Year, as restated				(53,857,904)
Total Net Position - End of Year				\$ (62,830,195)

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 3

BALANCE SHEET-GOVERNMENTAL FUNDS

June 30, 2021

ASSETS	GENERAL	SPECIAL AID	SCHOOL FOOD SERVICE	DEBT SERVICE	CAPITAL PROJECTS	NON-MAJOR	TOTAL
Unrestricted cash	\$ 9,259,777	\$ 167,088	\$ 128,937	\$ -	\$ -	\$ -	\$ 9,555,802
Restricted cash	2,624,594	-	7,067	1,746,494	7,149,912	205,419	11,733,486
Accounts receivable	7,999	-	-	-	-	-	7,999
Due from other funds	862,390	-	73	12,556	-	-	875,019
State and federal aid receivable	1,147,925	539,774	60,074	-	49,244	-	1,797,017
Inventories	-	-	15,470	-	-	-	15,470
Total Assets	\$ 13,902,685	\$ 706,862	\$ 211,621	\$ 1,759,050	\$ 7,199,156	\$ 205,419	\$ 23,984,793
LIABILITIES							
Accounts payable	\$ 502,754	\$ -	\$ -	\$ -	\$ 497,929	\$ -	\$ 1,000,683
Accrued liabilities	93,982	5,233	6,024	-	-	-	105,239
Bond anticipation notes payable	-	-	-	-	16,800,000	-	16,800,000
Due to other governments	68,581	10,606	114	-	-	-	79,301
Due to other funds	2,330	690,122	6,792	-	175,775	-	875,019
Due to teachers' retirement system	1,199,782	-	-	-	-	-	1,199,782
Due to employees' retirement system	130,251	-	2,343	-	-	-	132,594
Unearned revenue	-	901	-	-	-	-	901
Total Liabilities	1,997,680	706,862	15,273	-	17,473,704	-	20,193,519
FUND BALANCES							
Nonspendable:							
Inventories	-	-	15,470	-	-	-	15,470
Restricted:							
Workers' Compensation	150,000	-	-	-	-	-	150,000
Retirement contributions - ERS	1,138,767	-	-	-	-	-	1,138,767
Retirement contributions - TRS	711,000	-	-	-	-	-	711,000
Unemployment insurance	202,599	-	-	-	-	-	202,599
Capital reserve	422,228	-	-	-	-	-	422,228
Debt reserve	-	-	-	1,759,050	-	-	1,759,050
Other	-	-	-	-	-	205,419	205,419
Assigned:							
Appropriated fund balance	1,264,400	-	-	-	-	-	1,264,400
School lunch	-	-	180,878	-	-	-	180,878
Encumbrances (Note 10)	261,824	-	-	-	-	-	261,824
Unassigned:							
Tax reduction reserve	141,365	-	-	-	-	-	141,365
Unassigned fund balance	7,612,822	-	-	-	(10,274,548)	-	(2,661,726)
Total Fund Balances	11,905,005	-	196,348	1,759,050	(10,274,548)	205,419	3,791,274
Total Liabilities and Fund Balance	\$ 13,902,685	\$ 706,862	\$ 211,621	\$ 1,759,050	\$ 7,199,156	\$ 205,419	\$ 23,984,793

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 4

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Non-Major	TOTAL
REVENUES							
Real property taxes	\$ 11,964,931	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,964,931
Other tax items	1,936,267	-	-	-	-	-	1,936,267
Charges for services	30,555	-	-	-	-	-	30,555
Use of money and property	5,292	-	36	5,183	-	77	10,588
Sale of property and compensation for loss	29,272	-	-	-	-	-	29,272
Miscellaneous	758,103	2,275	980	-	-	63,074	824,432
State Sources	18,564,801	533,195	15,300	-	49,244	-	19,162,540
Federal sources	366,302	955,323	578,419	-	-	-	1,900,044
Sales	-	-	4,185	-	-	-	4,185
Total Revenues	33,655,523	1,490,793	598,920	5,183	49,244	63,151	35,862,814
EXPENDITURES							
General support	3,133,189	-	243,203	-	-	53,709	3,430,101
Instruction	15,939,949	1,279,288	-	-	-	-	17,219,237
Pupil transportation	1,433,618	-	-	-	-	-	1,433,618
Employee benefits	9,707,405	248,038	48,997	-	-	-	10,004,440
Debt service	628,795	-	-	-	-	-	628,795
Capital outlay	-	-	-	-	8,698,287	-	8,698,287
Cost of sales	-	-	226,802	-	-	-	226,802
Total Expenditures	30,842,956	1,527,326	519,002	-	8,698,287	53,709	41,641,280
Excess (Deficit) of Revenues over Expenditures	2,812,567	(36,533)	79,918	5,183	(8,649,043)	9,442	(5,778,466)

See Notes to the Financial Statements.

OTHER SOURCES AND USES

Operating transfers in	139,522	36,533	-	-	169,050	-	345,105
Operating transfers (out)	(205,583)	-	-	-	(139,522)	-	(345,105)
BAN Premium	-	-	-	135,245	-	-	135,245
Total Other Sources and Uses	<u>(66,061)</u>	<u>36,533</u>	<u>-</u>	<u>135,245</u>	<u>29,528</u>	<u>-</u>	<u>135,245</u>
Excess (Deficiency) Revenues and Other Sources over Expenditures and Other Uses	2,746,506	-	79,918	140,428	(8,619,515)	9,442	(5,643,221)
Fund Balances, Beginning of Year, restated (Note 15)	<u>9,158,499</u>	<u>-</u>	<u>116,430</u>	<u>1,618,622</u>	<u>(1,655,033)</u>	<u>195,977</u>	<u>9,434,495</u>
Fund Balances, End of Year	<u>\$ 11,905,005</u>	<u>\$ -</u>	<u>\$ 196,348</u>	<u>\$ 1,759,050</u>	<u>\$(10,274,548)</u>	<u>\$ 205,419</u>	<u>\$ 3,791,274</u>

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 5

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET ASSETS TOTALS
ASSETS				
Unrestricted cash	\$ 9,555,802	\$ -	\$ -	\$ 9,555,802
Restricted cash	11,733,486	-	-	11,733,486
Accounts receivable	7,999	-	-	7,999
Due from other funds	875,019	-	(875,019)	-
State and federal aid receivable	1,797,017	-	-	1,797,017
Inventories	15,470	-	-	15,470
Fixed assets	-	31,040,381	-	31,040,381
Total Assets	23,984,793	31,040,381	(875,019)	54,150,155
DEFERRED OUTFLOWS OF RESOURCES				
Other post employment benefits	-	47,952,252	-	47,952,252
Pensions	-	9,045,959	-	9,045,959
Total Deferred Outflows of Resources	-	56,998,211	-	56,998,211
Total Assets and Deferred Outflows of Resources	23,984,793	88,038,592	(875,019)	111,148,366
LIABILITIES				
Accounts payable	\$ 1,000,683	\$ -	\$ -	\$ 1,000,683
Accrued liabilities	105,239	-	-	105,239
Accrued bond interest	-	256,044	-	256,044
Bond anticipation notes payable	16,800,000	-	-	16,800,000
Due to other funds	875,019	-	(875,019)	-
Due to other governments	79,301	-	-	79,301
Due to teachers' retirement system	1,199,782	-	-	1,199,782
Due to employees' retirement system	132,594	-	-	132,594
Unearned revenue	901	-	-	901
Bonds payable and other long-term debt	-	4,600,428	-	4,600,428
Compensated absences	-	971,538	-	971,538
Other post employment benefits	-	138,123,195	-	138,123,195
Net pension liability-proportionate share	-	2,017,198	-	2,017,198
Total Liabilities	20,193,519	145,968,403	(875,019)	165,286,903
DEFERRED INFLOWS OF RESOURCES				
Other post employment benefits	-	4,680,588	-	4,680,588
Pensions	-	4,011,070	-	4,011,070
Total Deferred Inflows of Resources	-	8,691,658	-	8,691,658
FUND EQUITY/NET POSITION				
Total Fund Equity/ Net Position	3,791,274	(66,621,469)	-	(62,830,195)
Total Liabilities, Deferred Inflows of Resources and Fund Equity/NetPosition	\$ 23,984,793	\$ 88,038,592	\$ (875,019)	\$ 111,148,366

See Notes to the Financial Statements.

SARANAC CENTRAL SCHOOL DISTRICT

EXHIBIT 6

**RECONCILIATION OF GOVERNMENTAL FUNDS-REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real property taxes	\$ 11,964,931	\$ -	\$ -	\$ -	\$ -	\$ 11,964,931
Other tax items	1,936,267	-	-	-	-	1,936,267
Charges for services	30,555	-	-	-	-	30,555
Use of money and property	10,588	-	-	-	-	10,588
Sale of property and compensation for loss	29,272	-	-	-	-	29,272
Miscellaneous	824,432	-	-	-	-	824,432
State Sources	19,162,540	-	-	-	-	19,162,540
Federal sources	1,900,044	-	-	-	-	1,900,044
Sales	4,185	-	-	-	-	4,185
Total Revenues	35,862,814	-	-	-	-	35,862,814
EXPENDITURES						
General support	3,430,101	-	600,146	-	-	4,030,247
Instruction	17,219,237	19,753	237,934	-	-	17,476,924
Pupil transportation	1,433,618	-	(49,020)	-	-	1,384,598
Employee benefits	10,004,440	11,356,258	-	-	-	21,360,698
Debt service	628,795	240,036	-	(456,523)	-	412,308
Capital outlay	8,698,287	-	(8,619,514)	-	-	78,773
Cost of sales	226,802	-	-	-	-	226,802
Total Expenditures	41,641,280	11,616,047	(7,830,454)	(456,523)	-	44,970,350
Excess (Deficit) of Revenues over Expenditures	(5,778,466)	(11,616,047)	7,830,454	456,523	-	(9,107,536)
OTHER SOURCES AND USES						
Operating transfers in	345,105	-	-	-	(345,105)	-
Operating transfers out	(345,105)	-	-	-	345,105	-
BAN Premium	135,245	-	-	-	-	135,245
Total Other Sources and Uses	135,245	-	-	-	-	135,245
Net Change for the Year	\$ (5,643,221)	\$ (11,616,047)	\$ 7,830,454	\$ 456,523	\$ -	\$ (8,972,291)

See Notes to the Financial Statements.

Note 1. Summary of Significant Accounting Policies

A. Reporting entity: The Saranac Central School District (District) is governed by the Education Law and other general laws of the State of New York. The governing body is the Board of Education of Saranac Central School (Board). The Board is the basic level of government, which has oversight responsibilities and control over all activities related to the public school education in the region of Saranac Central School District. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Basis of presentation

1. District-Wide Statements

The 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, State aid, intergovernmental revenues, and other exchange and nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program 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 good or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Functional Statements

The fund 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. Non-major funds are aggregated and presented in a single column. The District chooses to report all governmental funds as major funds, except for Extraclassroom Activity Funds and Scholarship fund.

Note 1. Summary of Significant Accounting Policies (continued)

The District reports the following major governmental funds:

General Fund - the general fund is the principal operating fund of the District and is used to account for all financial resources, except those accounted for in another fund.

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

- Special Aid Fund - Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.
- School Food Service Fund – Used to account for transactions of the lunch and breakfast programs.

Capital Projects Fund - the capital projects funds are to account for and report financial resources to be used for the acquisition, or construction or renovation of major capital facilities, or equipment.

Debt Service - the debt service funds are to account for the accumulation of resources and the payment of general long-term debt principal and interest.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements are reported using 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. Revenue from grants and donations is in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days (60 days for property taxes) after the end of the fiscal year.

Note 1. Summary of Significant Accounting Policies (continued)

Expenditures are recorded when the related fund liability is incurred except for:

- a. Prepaids and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
- d. Pension costs are recognized as an expenditure when billed by the state.
- e. The School District recognizes the cost of providing post-retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as an expenditure in the year paid.

D. Inventories: Inventories of food and supplies 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, which approximates market. Purchases of supplies in other funds are recorded as expenditures at the time of purchase, and year-end inventory balances are not maintained.

E. Capital assets: Capital assets are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Acquisitions of equipment and capital facilities are treated as expenditures in the various funds of the School District, and are also reflected in the general fixed asset group of accounts. The assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight Line	20-50 years
Land Improvements	\$ 5,000	Straight Line	15-30 years
Machinery and Equipment	\$ 5,000	Straight Line	5-20 years

F. Retirement plan: The School District provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State Teachers' Retirement System and the New York State Employees' Retirement System. These systems provide various plans and options, some of which require employee contributions.

Note 1. Summary of Significant Accounting Policies (continued)

- G. Property Taxes: Real property taxes are levied annually by the Board of Education no later than September 1st. Uncollected real property taxes are subsequently enforced by the County of Clinton. An amount representing uncollected real property taxes is transmitted to the county for enforcement and is paid by the county to the District no later than the forthcoming April 1st.
- H. Other Assets: In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same cost are netted against bond proceeds and recognized in the period of issuance.
- I. Unearned Revenue: Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability of unearned revenues is removed and revenues are recognized.
- J. General long-term debt: Bonds, capital notes and bond anticipation notes issued for capital projects are recognized when issued.
- K. Budgetary Procedures and Budgetary Accounting

1) General

The School District's policy relating to budgetary information as shown in the accompanying financial statements is as follows:

A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education. The budget is then approved by the voters within the School District.

Appropriations established by adoption of the budget constitute limitations on expenditures (and encumbrances) which may be incurred.

The New York Uniform System of Accounts requires that fixed budgetary control be used for all governmental fund types.

Budget appropriations lapse at year-end.

2) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as part of assigned fund balance and such commitments will be honored through budget appropriations in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

Note 1. Summary of Significant Accounting Policies (continued)

L. Equity Classifications:

District- wide statements:

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

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

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

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the district.

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

Fund statements:

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Service Fund of \$15,470.

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:

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed

Note 1. Summary of Significant Accounting Policies (continued)

on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Tax Certiorari

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

Unemployment Insurance

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

Workers' Compensation

According to General Municipal Law §6-j, must be 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 gets applied to appropriations of the next succeeding fiscal year's budget.

Note 1. Summary of Significant Accounting Policies (continued)

Restricted-other

Represents amounts restricted for scholarships and extraclassroom activities.

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

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.

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 School District.

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

- M. Reclassifications: Certain amounts in the 2020 financial statements may have been reclassified to conform to the 2021 presentation.
- N. Events Occurring After Reporting Date: The District has evaluated events and transactions that occurred between June 30, 2021 and September 18, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.
- O. Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results

Note 1. Summary of Significant Accounting Policies (continued)

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.

- P. Deferred Outflows and Inflows of Resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the differences between expected and actual experience and changes of assumptions. The second item is. District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide statement of Net Position. This amount represents employer contributions subsequent to the measurement date, differences between expected and actual experience, and changes of assumptions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 qualifies for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net position. This represents the differences between expected and actual experience, changes of assumptions, changes in proportion, and net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the district-wide Statement of Net Position. This amount represents changes in assumptions or other inputs.

- Q. New Accounting Standards:

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2021, including GASB Statement No. 84, *Fiduciary Activities*.

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources of the governmental funds.

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

Total fund balances of the District's governmental funds differs 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.

The costs of building and acquiring capital assets (land, buildings and equipment) financed from the 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, with their original costs capitalized and depreciation expensed annually over their useful lives.

Because the governmental funds focus on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenue in the governmental funds, and thus are not included in the fund balance. They are, however, included in the net position of the governmental activities. As of June 30, 2021 the District did not have any assets unavailable to pay for current-period expenditures.

Long-term liabilities are reported in the Statements 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:

SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Explanation of Differences Between Governmental Fund Balances and District Wide Net Assets

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit 3)	\$ 3,791,274
Capital assets net of related depreciation	31,040,381
Deferred outflows:	
Pensions - TRS	6,950,520
Pensions - ERS	2,095,439
Other post employment benefits	47,952,252
Liabilities, long term	
Accrued bond interest	(256,044)
Bonds payable, including bond premium	(4,600,428)
Other post employment benefits	(138,123,195)
Compensated absences	(971,538)
Net pension liability	(2,017,198)
Deferred inflows:	
Pensions - TRS	(1,207,230)
Pensions - ERS	(2,803,840)
Other post employment benefits	<u>(4,680,588)</u>
Ending net position reported on Statement of Activities for governmental activities (Exhibit 1)	<u>\$ (62,830,195)</u>

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

Differences between the governmental funds Statement of Revenues, Expenditures and

Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. 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.

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

2. 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.

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur as a result of proceeds from serial bonds reflected as revenue in governmental funds whereas they are a liability on the statement of net position. Also 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.

4. Other Post-Employment Benefits Differences

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 75 requires an actuarial calculation of the future liability and to record the OPEB Obligation in the Statement of Net Position.

5. 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.

Following are reconciliations of revenues and expenditures Governmental Funds to Statement of Activities.

SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities

Total Revenues and other Funding Sources

Total revenues and other funding sources of governmental funds (Exhibit 4)	\$ 35,862,814
No changes	<u>-</u>
Total revenues of governmental activities in the Statement of Activities (Exhibit 6)	<u>\$ 35,862,814</u>

Total Expenditures/Expenses

Total expenditures reported in governmental funds (Exhibit 4)	\$ 41,641,280
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences earned was greater than the amount used during the year. (Exhibit 6)	19,753
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. This is the amount by which capital expenditures exceeded depreciation expense in the current year. (Exhibit 6)	(7,830,454)
In the Statement of Activities, accrued interest expense is measured by the amount accrued at the end of the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Accrued interest was more than the amount accrued during the prior year. (Exhibit 6)	240,036
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.	9,900,165
(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 governmental funds.	
Teachers' Retirement System	1,594,307
Employees' Retirement System	(138,214)
The following items are reported as expenditures and other uses in the governmental funds, but reduce long-term liabilities in the Statement of Net Assets, and does not effect the Statement of Activities: (Exhibit 2)	
Repayment of bonds	(413,856)
Bond amortization	<u>(42,667)</u>
Total expenses reported on the Statement of Activities (Exhibit 6)	<u>\$ 44,970,350</u>

SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 3. Cash and Investments

The District's investment policies are governed by State statutes and the District's own written policy. District 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 deposits. 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 deposits 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 New York State and its municipalities and Districts.

At June 30, 2021, the District's bank balances totaled \$16,576,691, of which \$1,000,000 was covered by Federal depository insurance and \$15,576,691 was covered by collateral held by the pledging banks in the District's name.

Note 4. Interfund Balances and Activity

Interfund balances and activity at June 30, 2021 and for the fiscal year then ended, were as follows:

Fund Type	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General	\$ 862,390	\$ 2,330	\$ 139,522	\$ 205,583
School Food Service	73	6,792	-	-
Special aid	-	690,122	36,533	-
Capital	-	175,775	169,050	139,522
Debt service	12,556	-	-	-
Total	<u>\$ 875,019</u>	<u>\$ 875,019</u>	<u>\$ 345,105</u>	<u>\$ 345,105</u>

Interfund receivables and payables are eliminated on the statement of Net Position.

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

The District typically transfers money from the General Fund to the Special Aid Fund for its share of special aid programs.

The District transferred money from the General Fund to the Capital Projects Fund for its share of a capital project.

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

SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 5. Capital Assets

The following is a summary of changes in capital assets:

Capital Assets

	June 30, 2020			June 30, 2021
	Beginning		Retirements/ Reclassifications	Ending
	Balance	Additions		Balance
Governmental activities				
Capital assets that are not depreciated:				
Land	\$ 323,700	\$ -	\$ -	\$ 323,700
Construction in progress	2,672,315	8,619,514	-	11,291,829
	<u>2,996,015</u>	<u>8,619,514</u>	<u>-</u>	<u>11,615,529</u>
Capital assets that are depreciated:				
Buildings	34,820,959	-	-	34,820,959
Land improvements	1,360,450	-	75,000	1,285,450
Machinery and equipment	2,902,411	45,989	306,511	2,641,889
Licensed Vehicles	3,377,462	402,400	486,019	3,293,843
Total depreciable historical cost	<u>42,461,282</u>	<u>448,389</u>	<u>867,530</u>	<u>42,042,141</u>
Less accumulated depreciation:				
Buildings	17,162,331	583,895	-	17,746,226
Land improvements	1,190,247	16,251	75,000	1,131,498
Machinery and equipment	1,934,515	283,923	306,511	1,911,927
Licensed Vehicles	1,960,277	353,380	486,019	1,827,638
Total accumulated depreciation	<u>22,247,370</u>	<u>1,237,449</u>	<u>867,530</u>	<u>22,617,289</u>
Total depreciable historical cost, net	<u>20,213,912</u>	<u>(789,060)</u>	<u>-</u>	<u>19,424,852</u>
Total Capital Assets	<u>\$ 23,209,927</u>	<u>\$ 7,830,454</u>	<u>\$ -</u>	<u>\$ 31,040,381</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	283,923
Pupil transportation	353,380
Total depreciation	<u>\$ 1,237,449</u>

SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 6. Compensated Absences

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

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

District employees are granted vacation in varying amounts, based primarily on length of service and service position.

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting / termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay 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 financial resources. These amounts are expensed on a pay-as-you go basis.

Note 7. Indebtedness

Short-term Debt:

Bond Anticipation Notes – Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. 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. The School District currently has one BAN as described above. The interest rate on the BAN is 1.5%. The BAN has an outstanding balance of \$16,800,000 at June 30, 2021.

The following is a summary of changes in short-term debt:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Bond Anticipation Notes	\$ -	\$ 16,800,000	\$ -	\$ 16,800,000

BANs are comprised of the following:

Payee	Interest Rate	Date Issued	Maturity Date	Purpose	Balance 6/30/2021
Jefferies, LLC	1.50%	7/15/2020	7/15/2021	Improvements	<u>\$16,800,000</u>

**SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 7. Indebtedness (continued)

Long-term Debt: The following is a summary of changes in long-term debt:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Serial Bond 2014	\$ 3,490,000	\$ -	\$ 300,000	\$ 3,190,000
Installment Purchase 2013	1,184,731	-	113,856	1,070,875
Compensated Absences	951,785	19,753	-	971,538
Other Post Employment Benefits	89,988,036	48,135,159	-	138,123,195
Bond premiums, net of amortization	382,220	-	42,667	339,553
Total	<u>\$ 95,996,772</u>	<u>\$ 48,154,912</u>	<u>\$ 456,523</u>	<u>\$ 143,695,161</u>

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/21
Serial Bond 2014	6/10/2014	6/15/2030	5.00%	\$ 3,190,000
Installment Purchase 2013	9/6/2013	4/15/2029	3.540%	1,070,875
Plus: Bond premium, net of amortization				339,553
Total				<u>\$ 4,600,428</u>

The following is a summary of maturing debt service requirements:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 432,940	\$ 195,855	\$ 628,795
2023	452,171	175,874	628,045
2024	471,554	154,991	626,545
2025	496,093	133,202	629,295
2026	520,796	110,249	631,045
2027-2031	1,887,321	193,313	2,080,634
	<u>\$ 4,260,875</u>	<u>\$ 963,484</u>	<u>\$ 5,224,359</u>

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

Interest paid	\$ 214,939
Less: interest accrued in the prior year	(16,009)
amortization of bond premium	(42,667)
Plus: interest accrued in the current year	<u>256,045</u>
	<u>\$ 412,308</u>

Note 8. Pensions

General information

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

Provisions and administrations

Teachers' Retirement System (TRS)

The System is governed by a 10 member Board of Trustees. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of 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 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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State statute. The District also participated 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.

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

Note 8. Pensions (continued)

their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

CONTRIBUTIONS

	ERS	TRS
2021	\$ 404,184	\$ 1,155,963
2020	\$ 402,583	\$ 1,383,715
2019	\$ 428,639	\$ 1,187,954

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

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

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

	ERS	TRS
Measurement Date	3/31/2021	6/30/2020
Net Pension asset/(liability)	\$ (9,639)	\$ (2,007,559)
District's portion of the Plan's total net pension asset/(liability)	0.0096807%	0.072652%
Change in proportion since the prior measurement date	\$ 2,524,693	\$ (3,944,169)

For the year ended June 30, 2021, the District's recognized pension expense of \$408,540 for ERS and \$1,127,072 for TRS. At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 8. Pensions (continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 117,724	\$ 1,759,024	\$ -	\$ 102,884
Changes of assumptions	1,772,385	2,539,095	33,428	905,055
Net difference between projected and actual earnings on pension plan investments	-	1,311,112	2,769,020	-
Changes in proportion and differences between the Districts' contributions and proportionate share of contributions	78,621	209,555	1,392	199,291
District's contributions subsequent to the measurement date	126,709	1,131,734	-	-
Total	<u>\$ 2,095,439</u>	<u>\$ 6,950,520</u>	<u>\$ 2,803,840</u>	<u>\$ 1,207,230</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, 2022. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pension will be recognized in pension expense as follow:

	ERS	TRS
Year ended:		
2021	\$ -	\$ 801,539
2022	(130,339)	1,598,188
2023	(35,035)	1,298,997
2024	(140,005)	793,975
2025	(529,731)	12,764
Thereafter	-	106,093
Total	<u>\$ (835,110)</u>	<u>\$ 4,611,556</u>

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 to total pension liability to the measurement date.

The actuarial valuation used the following actuarial assumptions:

Note 8. Pensions (continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2021	6/30/2020
Actuarial valuation date	4/1/2020	6/30/2019
Interest rate	5.9%	7.10%
Salary scale	4.4%	1.90%-4.72%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2009- June 30, 2014 System Experience
Inflation rate	2.7%	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 Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member 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.

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

**SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 8. Pensions (continued)

	<u>ERS</u>	<u>TRS</u>
Measurement Date	3/31/2021	6/30/2020
Asset Type:	%	%
Domestic equity	4.05	7.10
International equity	6.30	7.70
Private equity	6.75	10.40
Real estate	4.95	6.80
Domestic fixed income securities	-	1.80
Opportunistic/ARS portfolio	4.50	-
Credit	3.63	-
Real assets	5.95	-
Cash equivalents	0.50	0.70
Private debt	-	5.20
Global equities	-	7.40
Global bonds	-	1.00
High-yield bonds	-	3.90
Real estate debt	-	3.60

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.

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

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

**SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 8. Pensions (continued)

ERS	1% Decrease 4.9%	Current Assumption 5.9%	1% Increase 6.9%
Employer's proportionate share of the net pension asset (liability)	\$ (2,675,541)	\$ (9,639)	\$ 2,448,945
TRIS	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
Employer's proportionate share of the net pension asset (liability)	\$ (12,681,060)	\$ (2,007,559)	\$ 6,950,213

Pension Plan Fiduciary Net Position

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

	ERS	TRIS	Total
Valuation date	3/31/2021	6/30/2020	
Employers' total pension asset/(liability)	\$ (220,680,157)	\$ (123,242,776,215)	\$ (123,463,456,372)
Plan Net Position	220,580,583	120,479,505,380	120,700,085,963
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,270,835)</u>	<u>\$ (2,763,370,409)</u>
Ratio of plan net position to the Employers' total pension asset / (liability)	-99.95%	-97.76%	-97.76%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 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 employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$132,594.

For TRIS, 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 for the fiscal year ended June 30, 2021 are based on paid TRIS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRIS System. Accrued retirement contributions as of June 30, 2021 amounted to \$1,199,782.

Note 9. Post-Employment (Health Insurance) Benefits

The District provides post-employment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Post-employment benefits aggregating \$3,745,835 for 212 employees were charged to expenses/ expenditures in the Governmental Funds in the current year.

A. General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time 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 employees or beneficiaries currently receiving benefit payments	206
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>246</u>
	<u><u>452</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$138,123,195 was measured as of July 1, 2020, and was determined by an actuarial valuation as July 1, 2020.

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

Inflation	2.5 percent
Salary Increases	3.4 percent
Discount Rate	2.21 percent

**SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 9. Post-Employment (Health Insurance) Benefits (continued)

Healthcare Cost Trend Rates 7.25 percent for 2022, decreasing annually to an ultimate rate of 4.04 percent for 2081 and later years

The discount rate was based on Bond Buyer Weekly 20-Bond GO Index.

Mortality rates were based on the RPH-2014 Mortality Table, as appropriate, with generational mortality adjusted to 2006 using scale MP-2014.

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 89,988,036</u>
<u>Changes for the Year-</u>	
Service Cost	2,798,262
Interest	3,203,088
Changes of benefit terms	-
Differences between expected and actual experience	13,049,191
Changes in assumptions or other inputs	31,623,613
Benefit payments	<u>(2,538,995)</u>
Net Changes	<u>48,135,159</u>
Balance at June 30, 2021	<u><u>\$ 138,123,195</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% percent in 2020 to 2.21% percent in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current discount rate:

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	<u>\$ 163,808,028</u>	<u>\$ 138,123,195</u>	<u>\$ 117,669,619</u>

SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 9. Post-Employment (Health Insurance) Benefits (continued)

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 115,132,201</u>	<u>\$ 138,123,195</u>	<u>\$ 168,262,088</u>

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 \$13,417,824. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,731,032	\$ -
Changes of assumptions or other inputs	27,703,561	4,680,588
Contributions subsequent to the measurement date	<u>3,517,659</u>	<u>-</u>
Total	<u>\$ 47,952,252</u>	<u>\$ 4,680,588</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 7,416,474
2023	7,416,474
2024	8,870,681
2025	7,877,750
2026	7,368,366
2027 and Thereafter	<u>804,260</u>
	<u>\$ 39,754,005</u>

Note 10. Assigned Fund Balance – Encumbrances

Assigned Fund Balance – Encumbrances as follows:

<u>General Fund</u>	<u>2021</u>
Central Services	\$ 196,417
Instructional media	7,684
Pupil services	56,928
Employee benefits	795
	<u>\$ 261,824</u>

Note 11. Commitments and Contingencies

Risk Financing and Related Insurance - The Saranac Central School District is exposed to the risk of various types of loss which includes torts; theft of, damage to, and destruction of assets; and injuries to employees and students. These risks, and settled claims, are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

The District participates in the Clinton-Essex-Warren-Washington BOCES Health Insurance Consortium, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of the individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide unlimited coverage for its members per insured event. The pool obtains independent coverage for insured events, and the District has essentially transferred all related risk to the pool.

The District participates in the Clinton-Essex-Warren-Washington BOCES Workers Compensation Insurance Consortium, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District has no liability as of June 30, 2021.

The District has received Federal and State Aid/Grants which are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The District believes disallowances, not previously provided for, if any, will be immaterial.

The District has been notified of potential litigation under the Child Victims Act. At this time, the District's attorney estimates that recovery could be from \$0 to \$250,000, based on other similar cases. The District has been unable to determine if it has insurance coverage to pay a claim.

Note 12. Joint Venture

The Saranac Central School is one of 16 component school districts in the Clinton-Essex-Warren-Washington 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.

**SARANAC CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 12. Joint Venture, Continued.

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 also 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).

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 its 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 Saranac Central School District was billed \$2,935,542 for BOCES administrative and program costs. Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2021, the Saranac Central School District issued no serial bonds on behalf of BOCES. General-purpose financial statements for the Clinton-Essex-Warren-Washington BOCES are available from BOCES administrative office at P.O. Box 485, Plattsburgh, New York. The District's share of BOCES income amounted to \$1,067,494. BOCES also refunded the District \$539,040 for excess expenses billed in prior years.

Note 13. Stewardship

The District's unassigned general fund balance was in excess of the New York State Real Property Tax Law Section 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The unassigned fund balance at June 30, 2021 was \$7,612,822 which represents 20.42% of next year's budget. The excess amounted to \$6,121,595.

Note 14: Change in Accounting Principle

The District implemented GASB Statement No. 84, *Fiduciary Activities* during the year ended June 30, 2021. As such, certain amounts historically reported in the Fiduciary Fund were moved to the Governmental Funds, as follows:

Scholarship Fund	\$ 133,704
Extraclassroom Activities Fund	62,273
Non-Major Fund Balance, Beginning of year	<u>195,977</u>
Governmental Fund Balance, as previously reported	<u>9,238,518</u>
Governmental Fund Balance, restated	<u><u>\$ 9,434,495</u></u>

SARANAC CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NON-MAJOR FUNDS

June 30, 2021

	SCHOLARSHIP FUND	EXTRACLASSROOM ACTIVITIES FUND	Total
ASSETS			
Cash	\$ 156,381	\$ 49,038	\$ 205,419
Total assets	\$ 156,381	\$ 49,038	\$ 205,419
Net Position			
Total Net Position	\$ 156,381	\$ 49,038	\$ 205,419

SARANAC CENTRAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES AND EXPENDITURES - NON-MAJOR FUNDS

Year Ended June 30, 2021

	SCHOLARSHIP FUND	EXTRACLASSROOM ACTIVITIES FUND	Total
REVENUES			
Gifts and contributions	\$ 30,150	\$ -	\$ 30,150
Miscellaneous Revenue	-	32,924	32,924
Use of money and property	77	-	77
Total revenues	<u>30,227</u>	<u>32,924</u>	<u>63,151</u>
EXPENDITURES			
Scholarship and awards	7,550	-	7,550
Disbursements - extraclassroom	-	46,159	46,159
Total expenditures	<u>7,550</u>	<u>46,159</u>	<u>53,709</u>
Change in Net Position	22,677	(13,235)	9,442
Net Position, Beginning of Year	<u>133,704</u>	<u>62,273</u>	<u>195,977</u>
Net Postion, End of Year	<u>\$ 156,381</u>	<u>\$ 49,038</u>	<u>205,419</u>

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT

For the Year Ended June 30, 2021

Adopted budget		\$ 34,329,522
Additions:		
Encumbrances - fiscal year 2020	\$	153,952
Gifts and donations		1,000
Capital project		169,050
Total additions		<u>324,002</u>
Revised budget		<u><u>\$ 34,653,524</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 expenditure budget \$ 37,280,686

Maximum allowed (4% of 2021-22 budget)

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

Unrestricted fund balance:		
Committed fund balance	\$	-
Assigned fund balance		1,526,224
Unassigned fund balance		<u>7,754,187</u>
Total unrestricted fund balance		<u>9,280,411</u>

Less:

Appropriated fund balance	\$	1,264,400
Insurance recovery reserve		-
Tax reduction reserve		141,365
Encumbrances included in assigned fund balance		<u>261,824</u>
Total adjustments		<u>1,667,589</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law \$ 7,612,822

Actual percentage 20.42%

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

Year Ended June 30, 2021

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenues:				
Local Sources:				
Real property taxes	\$ 11,895,568	\$ 11,895,568	\$ 11,964,931	\$ 69,363
Other tax items	2,009,500	2,009,500	1,936,267	(73,233)
Charges for services	60,000	60,000	30,555	(29,445)
Use of money and property	55,000	55,000	5,292	(49,708)
Sale of property and compensation for loss	30,000	30,000	29,272	(728)
Miscellaneous	252,000	253,000	758,103	505,103
State sources	18,797,792	18,797,792	18,564,801	(232,991)
Federal sources	75,000	75,000	366,302	291,302
Total Revenues	33,174,860	33,175,860	33,655,523	479,663
Other Financing Sources				
Interfund Transfers	129,788	298,838	139,522	
Appropriated Reserves	-	153,952	-	
Total Unreserved Fund Balance	129,788	452,790	139,522	
Total revenues and appropriated fund balance	\$ 33,304,648	\$ 33,628,650	\$ 33,795,045	

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of education	\$ 14,826	\$ 12,632	\$ 12,187	\$ -	\$ 445
Central administration	216,381	218,575	216,088	-	2,487
Finance	310,524	311,704	307,809	-	3,895
Staff	104,178	104,178	92,585	-	11,593
Central services	2,042,351	2,057,126	1,697,007	196,417	163,702
Special items	783,359	808,359	807,513	-	846
Instructional:					
Instruction, administration and improvement	948,186	889,049	775,277	-	113,772
Teaching - regular school	7,915,184	7,875,148	7,338,342	-	536,806
Programs for Children with Handicapping	5,468,321	5,486,355	4,779,602	-	706,753
Occupational Education	758,721	748,577	727,018	-	21,559
Instructional media	722,064	763,709	735,299	7,684	20,726
Pupil service	1,740,415	1,826,954	1,584,411	56,928	185,615
Pupil transportation	1,781,173	1,780,146	1,433,618	-	346,528
Community Services	19,300	19,300	-	-	19,300
Employee benefits	10,840,743	10,917,333	9,707,405	795	1,209,133
Debt Service	628,796	628,796	628,795	-	1
Total expenditures	34,294,522	34,447,941	30,842,956	261,824	3,343,161
Other uses:					
Interfund transfer	35,000	205,583	205,583	-	-
Total expenditures and other uses	\$ 34,329,522	\$ 34,653,524	31,048,539	\$ 261,824	\$ 3,343,161
 Net change in fund balance	 (1,024,874)	 (1,024,874)	 2,746,506		
 Fund balance - beginning	 9,158,499	 9,158,499	 9,158,499		
 Fund balance - ending	 <u>\$ 8,133,625</u>	 <u>\$ 8,133,625</u>	 <u>\$ 11,905,005</u>		

See Independent Auditor's Report.

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

Year Ended June 30, 2021

Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	(Over-expended) Unexpended Balance	Methods of Financing				Fund Balance June 30, 2021
							Proceeds of Obligations	State Aid	Local Sources	Total	
Upgrades Phase 3	\$ 499,330	\$ 610,837	\$ 610,837	\$ -	\$ 610,837	\$ -	\$ 600,000	\$ -	\$ 21,557	\$ 621,557	\$ 10,720
Capital Project	19,200,000	19,200,000	2,632,321	8,649,043	11,281,364	7,918,636	-	-	996,096	996,096	(10,285,268)
Smart Schools	1,738,450	1,738,450	954,010	49,244	1,003,254	735,196	-	1,003,254	-	1,003,254	-
Total Project	<u>\$ 21,437,780</u>	<u>\$ 21,549,287</u>	<u>\$ 4,197,168</u>	<u>\$ 8,698,287</u>	<u>\$ 12,895,455</u>	<u>\$ 8,653,832</u>	<u>\$ 600,000</u>	<u>\$ 1,003,254</u>	<u>\$ 1,017,653</u>	<u>\$ 2,620,907</u>	<u>\$ (10,274,548)</u>

See Independent Auditor's Report.

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurment Date	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability:				
Service Cost	\$ 2,798,262	\$ 2,808,156	\$ 2,437,243	\$ 3,164,420
Interest	3,203,088	3,327,995	2,662,287	2,302,372
Changes in benefit terms	-	-	-	-
Differences between expected and acutal experience in the Measurement of the total OPEB liability	13,049,191	-	11,288,603	-
Changes of assumptions or other inputs	31,623,613	1,855,022	(2,601,551)	(9,732,010)
Benefit payments	<u>(2,538,995)</u>	<u>(2,379,376)</u>	<u>(1,851,049)</u>	<u>(1,829,227)</u>
Net change in total OPEB liability	48,135,159	5,611,797	11,935,533	(6,094,445)
Total OPEB liability - beginning	<u>89,988,036</u>	<u>84,376,239</u>	<u>72,440,706</u>	<u>78,535,151</u>
Total OPEB liability - Ending	<u><u>\$ 138,123,195</u></u>	<u><u>\$ 89,988,036</u></u>	<u><u>\$ 84,376,239</u></u>	<u><u>\$ 72,440,706</u></u>
 Covered payroll	 <u><u>\$ 16,175,567</u></u>	 <u><u>\$ 16,175,567</u></u>	 <u><u>\$ 16,331,362</u></u>	 <u><u>\$ 16,250,580</u></u>
Total OPEB liability as a percentage of covered payroll	854%	551%	572%	446%

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

Changes of assumptions and other inputs reflects the change in the discount rate from 3.5% to 2.21% at the current measurement date.

See Independent Auditor's Report.

SARANAC CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2021

Capital Assets, Net	\$ 31,040,381
Deduct:	
Bond anticipation notes	16,800,000
Short-term portion of bonds and notes payable	432,940
Long-term portion of bonds and notes payable	3,827,935
Add back unspent BAN proceeds	(6,514,732)
Premiums included with bonds payable	<u>339,553</u>
Net investment in capital assets	<u><u>\$ 16,154,685</u></u>

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year Ended June 30, 2021

NYSERS Pension Plan
 Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0096807%	0.0095705%	0.0094059%	0.0100000%	0.0094871%	0.0096412%	0.0098124%			
District's proportionate share of the net pension liability (asset)	\$ 9,639	\$ 2,534,332	\$ 666,433	\$ 302,105	\$ 891,425	\$ 1,547,443	\$ 331,488			
District's covered- employee payroll	\$ 3,504,193	\$ 3,667,824	\$ 3,525,571	\$ 3,039,227	\$ 2,690,714	\$ 2,870,811	\$ 2,782,289			
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.28%	69.10%	18.90%	9.94%	33.13%	53.90%	11.91%			
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%			

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2021

**NYSERS Pension Plan
Last 10 Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 404,184	\$ 402,583	\$ 428,639	\$ 425,816	\$ 418,769	\$ 477,165	\$ 529,606	\$ 531,585	\$ 543,262	\$ 368,545
Contributions in relation to the contractually required contribution	\$ 404,184	\$ 402,583	\$ 428,639	\$ 425,816	\$ 418,769	\$ 477,165	\$ 529,606	\$ 531,585	\$ 543,262	\$ 368,545
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 3,504,193	\$ 3,667,824	\$ 3,525,571	\$ 3,039,227	\$ 2,690,714	\$ 2,870,811	\$ 2,782,289			
Contributions as a percentage of covered employee payroll	11.5%	11.0%	12.2%	14.0%	15.6%	16.6%	19.0%			

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30, 2021

NYSTRS Pension Plan
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.072652%	-0.074542%	-0.070726%	-0.071953%	0.071985%	-0.073911%	-0.075852%	-0.075199%		
District's proportionate share of the net pension liability (asset)	\$ 2,007,559	\$ (1,936,610)	\$ (1,278,921)	\$ (546,912)	\$ 770,988	\$ (7,677,012)	\$ (8,449,478)	\$ (494,997)		
District's covered- employee payroll	\$ 12,112,035	\$ 12,507,743	\$ 12,709,287	\$ 11,708,690	\$ 11,323,099	\$ 11,292,665	\$ 11,262,739			
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.57%	-15.48%	-10.06%	-4.67%	6.81%	-67.98%	-75.02%			
Plan fiduciary net position as a percentage of the total pension liability	97.8%	-102.2%	-101.5%	-100.7%	99.0%	-110.5%	-111.5%			

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2021

NYSTRS Pension Plan
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,092,144	\$ 1,321,372	\$ 1,129,013	\$ 1,336,329	\$ 1,472,919	\$ 1,946,261	\$ 1,820,743	\$ 1,350,592	\$ 1,250,047	\$ 1,024,594
Contributions in relation to the contractually required contribution	\$ 1,092,144	\$ 1,321,372	\$ 1,129,013	\$ 1,336,329	\$ 1,472,919	\$ 1,946,261	\$ 1,820,743	\$ 1,350,592	\$ 1,250,047	\$ 1,024,594
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 12,112,035	\$ 12,507,743	\$ 12,709,287	\$ 11,708,690	\$ 11,323,099	\$ 11,292,665				
Contributions as a percentage of covered employee payroll	9.02%	10.56%	8.88%	11.41%	13.01%	17.23%				

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

SARANAC CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Pass-Through New York State Department of Education:			
Special Education Cluster:			
IDEA Part B Section 611	84.027A	0032-21-0141	\$ 437,080
IDEA Part B Section 619	84.173A	0033-21-0141	19,397
Total Special Education Cluster			<u>456,477</u>
 Title I	 84.010A	 0021-21-0515	 <u>401,658</u>
Title II Principal & Teacher	84.367A	0147-21-0515	<u>81,417</u>
Title IV SSAE Allocation	84.424A	0204-21-0515	<u>15,772</u>
 Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - ESSERF	 84.425D	 5890-21-0515	 210,819
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - GEER	84.425C	5895-21-0515	51,596
Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act			<u>262,415</u>
 Total U.S. Department of Education			 <u>1,217,739</u>
U.S. Department of Agriculture:			
Pass-Through New York State Department of Education:			
National School Lunch Program - Commodities	10.555		25,048
COVID-19 Summer Food Service Program	10.559		553,371
Total Child Nutrition Cluster			<u>578,419</u>
 Total Department of Agriculture			 <u>578,419</u>
 Total Federal Assistance Expended			 <u>\$ 1,796,158</u>

See Notes to Schedule of Expenditures of Federal Rewards

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

Note 1. Summary of Certain Significant Accounting Policies

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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
Saranac Central School District
Saranac, New York 12981

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Saranac Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Saranac Central School District's basic financial statements and have issued our report thereon dated September 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Saranac 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 Saranac Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Saranac 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 Saranac Central School District'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 the 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. The finding is referenced as 2021-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Saranac 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 instances of noncompliance or other matters that are required to be reported under Government *Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-001.

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.

Boulrice & Wood CPAs, PC

September 18, 2021

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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

To the Board of Education
Saranac Central School District
Saranac, New York 12981

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Boulrice & Wood CPAs, PC

September 18, 2021

**SARANAC CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
· Material weakness(es) identified?	_____ yes <u> x </u> no
· Significant deficiencies identified that are not considered to be material weaknesses?	<u> x </u> yes _____ none reported
Noncompliance material to financial statements noted?	_____ yes <u> x </u> no

Federal Awards

Internal control over major programs:	
· Material weakness(es) identified?	_____ yes <u> x </u> no
· Significant deficiencies identified not considered to be a material weakness?	_____ yes <u> x </u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	_____ yes <u> x </u> no

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program - Commodities
10.559	COVID-19 Summer Food Service Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk Auditee?	<u> x </u> yes _____ no

**SARANAC CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
JUNE 30, 2021**

SECTION II – FINANCIAL STATEMENTS

2021-001 Excess Fund Balance

Condition: The District's unassigned general fund balance was 20.42% of next year's budget.

Effect: The District's unassigned general fund balance was 16.42% or \$6,121,595 over the amount allowable by law.

Criteria: According to New York State Real Property Tax Law Section 1318, a district's unappropriated fund balance may not exceed an amount equal to 4% of next year's budget.

Recommendation: We recommend the District keep in mind this rule when preparing the next year's budget.

Corrective Action: The Saranac Central School District has taken a conservative approach to spending and continues to monitor expenditures and reduce where we can without impacting student education. Part of this process entails comparing the budget to actual expenditures and using this information to plan future budgets. The Board will continue to review fund balance and use it to provide stability to taxpayers over future years.

SECTION III – MAJOR FEDERAL AWARDS

There were no current period findings or questioned costs.

**SARANAC CENTRAL SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2021**

There were no prior year audit findings.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board
Saranac Central School District
Saranac, New York

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Saranac Central School District as of and for the year June 30, 2021, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion 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 minimum program procedures established by the New York State Department of Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Saranac Central School District as of June 30, 2021, and its receipts, disbursements and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC
September 18, 2021

**SARANAC CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
June 30, 2021 and 2020**

	<u>6/30/2021</u>	<u>6/30/2020</u>
Assets		
Cash	<u>\$ 49,038</u>	<u>\$ 62,273</u>
Total Assets	<u>\$ 49,038</u>	<u>\$ 62,273</u>
Fund Balance		
Extraclassroom Activity	<u>\$ 49,038</u>	<u>\$ 62,273</u>
Total Fund Balance	<u>\$ 49,038</u>	<u>\$ 62,273</u>

See Notes to the Financial Statements – Extraclassroom Activity Funds

**SARANAC CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND ENDING BALANCES
Year Ended June 30, 2021**

Activity	Balance June 30, 2020	Receipts	Disbursements	Balance June 30, 2021
Saranac HS Art Club	\$ 81	\$ -	\$ -	\$ 81
Saranac HS Band	3,586	-	746	2,840
Saranac HS Class of 2020	167	4,434	4,601	-
Saranac HS Class of 2021	16,480	2,289	15,598	3,171
Saranac HS Class of 2022	5,174	3,041	3,256	4,959
Saranac HS Class of 2023	921	5,248	50	6,119
Saranac HS Class of 2024	-	8,310	3,760	4,550
Saranac HS Drama Club	5,405	1,257	3,121	3,541
Saranac HS Home & Careers	1,238	500	-	1,738
Saranac HS Key Club	2,592	533	307	2,818
Saranac HS Library Club	1,864	303	1,301	866
Saranac HS NHS	990	210	781	419
Saranac HS Multicultural Club	645	-	-	645
Saranac HS Student Council	1,177	939	813	1,303
Saranac HS Outdoor Club	1,971	-	-	1,971
Saranac HS Yearbook	8,964	5,000	10,745	3,219
Saranac MS Student Council	1,572	860	1,080	1,352
Saranac MS Drama	7,937	-	-	7,937
Saranac MS Builders Club	775	-	-	775
Saranac HS SADD	734	-	-	734
	<u>\$ 62,273</u>	<u>\$ 32,924</u>	<u>\$ 46,159</u>	<u>\$ 49,038</u>

. See Notes to the Financial Statements – Extraclassroom Activity Funds

SARANAC CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies

Basis of Accounting: The books and records of the Saranac Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Saranac Central School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Trust and Agency Funds of the District.

Cash Equivalents: For financial statement purposes all highly liquid investments having maturities of three months or less are considered as cash equivalents.