

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2021**

# WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of the  
Waterford-Halfmoon Union Free School District

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Waterford-Halfmoon Union Free School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Waterford-Halfmoon Union Free 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.

## **Change in Accounting Principle**

As described in Note 9 to the financial statements, in 2020/2021, the District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## **Correction of Errors**

As discussed in Note 5 to the financial statements, the District incorrectly recorded amounts in prior years related to amounts due from state and federal and interfund receivables. Accordingly, an adjustment has been made to fund equity in the General Fund and Capital Projects Fund, as well as net position in the district-wide financial statements at July 1, 2020. Our opinion is not modified with respect to that matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1-A10, budgetary comparison information on pages C1 and C2, schedule of changes in total OPEB liability on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of District contributions on page C5 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.

### *Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterford-Halfmoon Union Free School District's basic financial statements. The supplemental information on pages D1-D3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page F3 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* 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.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021, on our consideration of the 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Marvin and Company, P.C.*

Latham, NY

October 12, 2021

# WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING JUNE 30, 2021

The following is a discussion and analysis of the Waterford-Halfmoon Union Free School District's (District) financial performance for the fiscal year ending June 30, 2021. This section 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. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

## FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2021 are as follows:

- Total net position increased by \$1,859,746 over the course of the year.
- General revenues accounted for \$20,253,514 in revenue or 92% of all revenues. Program specific revenues, in the form of charges for services, sales, grants, and contributions, accounted for \$843,325 or 6% of total revenues of \$21,096,839.
- The District had \$19,237,093 in expenditures related to governmental activities; only \$843,325 of these expenditures were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily property taxes and state aid) of \$20,253,514 were adequate to provide these programs during the current fiscal year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The District's annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
  - The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
  - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

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

Figure A-1 summarizes the major features of the district's financial statements, including the portal of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING JUNE 30, 2021**

**TABLE A-1: MAJOR FEATURES OF THE DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

	District-Wide	Fund Financial Statements	
	Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the School District administers resources on behalf of someone else.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities and changes in net position</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund equity</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

**DISTRICT-WIDE FINANCIAL STATEMENTS**

The *District-wide financial statements* report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The *statement of net position* presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District.

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. retirement system liabilities and earned but unused vacation leave).

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING JUNE 30, 2021**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

The District-wide financial statements can be found on pages B1 and B2 of this report.

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base, condition of the school buildings and facilities, and the performance of the students.

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

Net Position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - 1) Net Position invested in capital assets, net of related debt;
  - 2) Restricted net position are those with constraints placed on the use by external sources (creditors, granters, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
  - 3) Unrestricted net position is net positions that do not meet any of the above restrictions.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING JUNE 30, 2021**

**FUND FINANCIAL STATEMENTS**

The District's fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs.

- Some funds have been established by the laws of the State of New York and by bond covenants.
- The District establishes other funds to control and to management money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two types of funds:

- *Governmental funds:* Most of the District's activities are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's total net position was \$(1,296,284) at June 30, 2021.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING JUNE 30, 2021**

Table A-2

<b>Condensed Statement of Net Position (in thousands of dollars)</b>			
	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Current and Other Assets	\$8,147	\$10,144	-19.69%
Capital Assets	\$23,105	\$23,798	-2.91%
Net Pension Asset	\$0	\$1,039	-100.00%
Total Assets	<u>\$31,252</u>	<u>\$34,981</u>	<u>-10.66%</u>
Deferred Outflows of Resources	\$6,501	\$5,647	15.12%
Current Liabilities	\$1,141	\$4,205	-72.87%
Non-Current Liabilities	\$26,991	\$36,208	-25.46%
Net Pension Liability	\$1,136	\$1,288	-11.80%
Total Liabilities	<u>\$29,268</u>	<u>\$41,701</u>	<u>-29.81%</u>
Deferred Inflows of Resources	\$9,782	\$2,278	329.41%
Capital Assets, Net of Related Debt	\$13,405	\$12,113	10.67%
Restricted	\$3,156	\$2,135	47.82%
Unrestricted	(\$17,857)	(\$17,599)	1.47%
Total Net Position	<u>(\$1,296)</u>	<u>(\$3,351)</u>	<u>-61.32%</u>

Most of the District's net position is invested in capital assets (buildings, land and equipment). The remaining unrestricted net position is a combination of assigned, unassigned and non-spendable amounts. The restricted balances are amounts set-aside to fund future purchases, debt payments, tax certioraris, retirement contributions, unemployment insurance benefits, workers compensation benefits or capital projects as planned by District.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING JUNE 30, 2021**

Table A-3

<b>Condensed Statement of Net Position (in thousands of dollars)</b>			
	Fiscal Year 2021	Fiscal Year 2020	Percent Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$140	\$201	-30.35%
Operating Grants	\$702	\$763	-7.99%
Capital Grants	\$2	\$77	100.00%
General Revenues			
Property Taxes	\$11,660	\$11,310	3.09%
State Aid	\$7,937	\$7,934	0.04%
Investment Earnings	\$5	\$124	-95.97%
Other	\$651	\$437	48.97%
Total Revenues	\$21,097	\$20,846	1.20%
<b>Expenses</b>			
Instruction	\$10,307	\$10,849	-5.00%
General Support	\$1,469	\$5,551	-73.54%
Pupil Transportation	\$1,098	\$1,247	-11.95%
Employee Benefits	\$4,646	\$5,329	-12.82%
Depreciation expense	\$1,147	\$1,034	10.93%
Food Services	\$286	\$368	-22.28%
Capital Outlay	\$0	\$387	100.00%
Debt Service Expense	\$284	\$325	-12.62%
Total Expenses	\$19,237	\$25,090	-23.33%
Increase (Decrease) in net position	\$1,860	(\$4,244)	24.53%

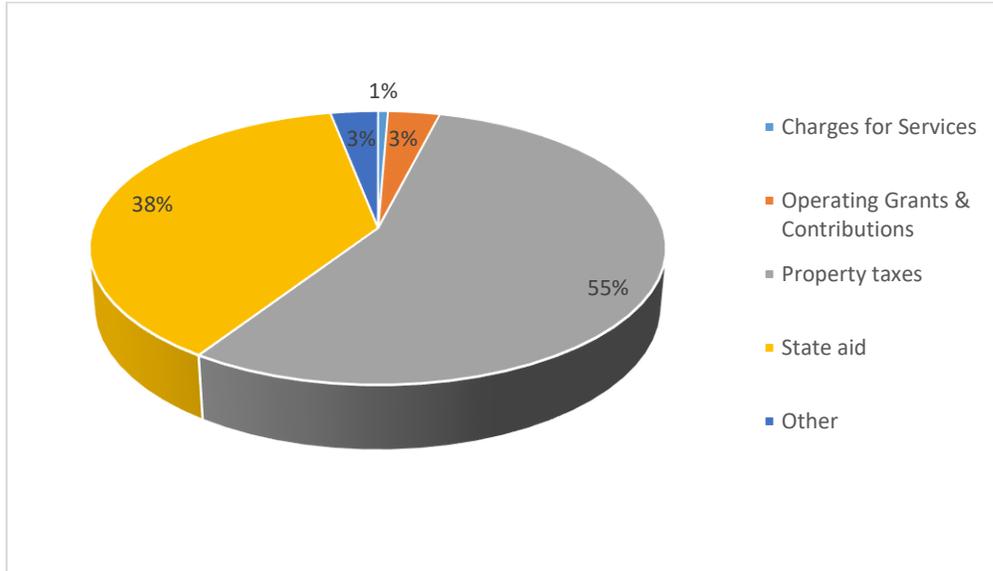
Government Activities

Revenues for the District's governmental activities totaled \$21,096,839 while total expenses equaled \$19,237,093. Therefore, the increase in fund equity for governmental activities was \$1,859,746 in the fiscal year 2020-2021.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING JUNE 30, 2021**

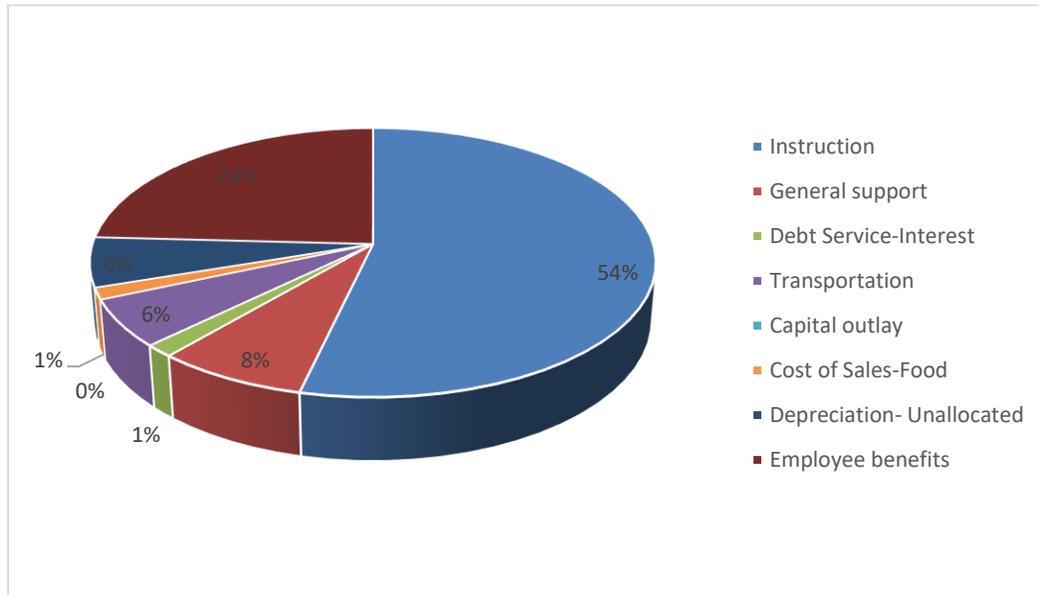
**Sources of Revenues for Fiscal Year 2021**

Table A-4



**Expenses for Fiscal Year 2021**

Table A-5



**WATERFORD - HALFMOON UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Table A-5  
Fiscal Year Ended June 30, 2021  
Net Cost of Governmental Activities**

<u>Category</u>	<u>Total Cost</u>	<u>Net Cost</u>
Instruction	\$ 10,307,043	\$ 9,703,099
General Support	1,468,930	1,468,930
Pupil Transportation	1,098,316	1,098,316
Employee Benefits	4,646,076	4,646,076
Depreciation	1,146,949	1,146,949
Food Service	286,266	48,590
Debt Service	283,513	283,513
Capital Outlay	<u>0</u>	<u>(1,705)</u>
Total	<u>\$ 19,237,093</u>	<u>\$ 18,393,768</u>

- The cost of all governmental activities this year was \$19,237,093.
- The users of the District's programs financed some of the cost at \$140,101.
- The federal and state governments subsidized certain programs with grants of \$703,224.
- Most of the District's net costs \$18,393,768 was financed by taxpayers and state aid.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

There are significant variations reflected in the governmental fund financial statements for the fiscal year 2020 -2021. They are as follows:

- In the fiscal year 2020-21, liabilities decreased by approximately \$3.2 million, primarily due to the settlement of a large multi-year tax certiorari case which required the payment of a refund in the amount of approximately \$3.3 million.
- In the fiscal year 2020-21, restricted fund balance increased by \$1 million, due to the District establishing a reserve plan and funding reserves in accordance with the plan. Unrestricted fund balance increased approximately \$1.5 million.

At June 30, 2021, the District governmental funds reported a combined fund balance of \$6,967,524, which is an increase of \$926,867 prior to the prior period adjustment.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At June 30, 2021, the District had \$23,105,479 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$692,705 or 2.8% from last year.

**WATERFORD - HALFMOON UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Table A-6  
Capital assets - net of depreciation**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Land	\$ 120,000	\$ 120,000
Construction-In-Progress	568,298	120,558
Buildings and improvements	22,023,471	23,101,633
Furniture and Equipment	393,765	455,992
Total	<u>\$ 23,105,479</u>	<u>\$ 23,798,183</u>

See Notes in the financial statement for changes.

**DEBT ADMINISTRATION**

At year end, the District had \$9,700,000 in general obligation and other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in Notes to the financial statements.

**Table A-7 Outstanding  
Long-Term Debt**

Category	<u>June 30, 2021</u>	<u>June 30, 2020</u>
General Obligation Bonds	\$ 9,700,000	\$11,685,000
Other General Obligation Debt	-	-
Total	<u>\$ 9,700,000</u>	<u>\$11,685,000</u>

During the year, the District paid \$1,985,000 towards its long-term debt obligations.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The Waterford-Halfmoon School District (District) is facing the same economic factors as are most New York State schools. The District's tax levy for this year is below the New York State tax levy limit amount. In 2020-21, the District, along with all other NYS school districts, was faced with the possibility of significant reductions in State aid and was poised to act if such reductions came to fruition, which they did not.

In August 2020, the District settled a tax certiorari case with MPM Silicones, LLC which requires the payment of a substantial tax refund for tax years 2016 through 2019. Additionally, the settlement resulted in a reduced assessed value for MPM Silicones, LLC, thus causing a significant increase in the District's tax rate.

Despite these factors, the District has adopted a budget which remains within the State tax levy limit and continues to operate in a positive financial position. The District has been successful in passing budgets for several years and receiving positive voter approval for several construction projects. In December of 2012, the voters approved a \$9,679,902 construction project which focused on safety issues, energy efficiency, handicap accessibility and upgrades to the classroom that date back to the buildings original construction. The project was divided in three phases, all of which were complete as of the fall of 2018.

**WATERFORD - HALFMOON UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

Additionally, in December of 2019, the voters approved a \$15,185,000 construction project. The proposed project includes two propositions; one focuses on building work such as upgrades to lighting, power, communications, fire alarms and updates and repairs to the mechanical system, cooling tower, plumbing system and flooring, walls and ceilings. This work will occur primarily in the art and technology wing of the building. The second proposition is for the replacement of the existing end-of-life sports track and replacing an existing soccer field which currently has drainage issues.

The District's continued conservative approach has again allowed us to make major investments in staff development, student achievement, program enhancements and technology upgrades. The District began its 1 to 1 Chromebook initiative in 2016 which provides for all students in grades 4 – 12 to have Chromebooks. In 2020, the District expanded this program to provide Chromebooks to all students in grade 3 as well. Student participation in VOTEC programs and early college studies has remained stable in the current year. STEM initiatives were started in the 2018 school year. A Cisco program was added in the high school.

The District has approximately 400 students in the K-6 and 340 students in the 7-12. Enrollment has remained stable for several years. In the start of the new fiscal year we have seen an increase in enrollment in the elementary grades.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

Waterford - Halfmoon Union Free School  
District Attn: Patrick Pomerville  
Superintendent of Schools  
Middletown Road  
Waterford, New York 12188  
(518) 237 - 0800

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**ASSETS**

Current Assets:	
Cash - unrestricted	\$ 3,684,039
Cash - restricted	127,650
Investments - unrestricted	202,313
Investments - restricted	3,071,257
State and Federal Aid Receivable	854,290
Due From Other Governments	32,355
Other Receivables, net	114,636
Inventories	12,218
Long-Term Accounts Receivable	48,265
Capital Assets, net	23,105,479
Total Assets	<u>31,252,502</u>
Deferred Outflows of Resources:	
Pensions	4,883,615
Other Postemployment Benefits	1,617,531
Total Deferred Outflows of Resources	<u>6,501,146</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 37,753,648</u>

**LIABILITIES**

Current Liabilities:	
Accounts Payable	\$ 236,080
Accrued Liabilities	138,385
Due to Other Governments	15,204
Due to Teachers' Retirement System	673,740
Due to Employees' Retirement System	57,323
Bond Interest Accrued	9,791
Refundable Advances	10,502
Long-Term Liabilities - Due and Payable Within One Year:	
Bonds	1,645,000
Long-Term Liabilities - Due and Payable After One Year:	
Bonds	8,055,000
Compensated Absences	460,780
Other Postemployment Benefits Payable	16,830,219
Net Pension Liability, Proportionate Share	1,135,991
Total Liabilities	<u>29,268,015</u>
Deferred Inflows of Resources:	
Pensions	1,993,219
Other Postemployment Benefits	7,788,698
Total Deferred Inflows of Resources	<u>9,781,917</u>

**NET POSITION**

Net Investment in Capital Assets	13,405,479
Restricted	3,155,713
Unrestricted	<u>(17,857,476)</u>
Total Net Position	<u>(1,296,284)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 37,753,648</u>

See accompanying notes to financial statements.

B1.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Program Revenues</b>				<b>Net (Expense)</b>
<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<b>Revenue and</b>	<b>Changes in</b>
	<u>Services</u>	<u>Grants</u>	<u>Grants</u>	<b>Net Position</b>	
<b>FUNCTIONS AND PROGRAMS</b>					
General Support	\$ 1,468,930	\$ -	\$ -	\$ -	\$ (1,468,930)
Instruction	7,458,329	134,514	469,430	-	(6,854,385)
Special Education	2,848,714	-	-	-	(2,848,714)
Pupil Transportation	1,098,316	-	-	-	(1,098,316)
Employee Benefits	4,646,076	-	-	-	(4,646,076)
Debt Service	283,513	-	-	-	(283,513)
Depreciation - Unallocated	1,146,949	-	-	-	(1,146,949)
Capital Outlay	-	-	-	1,705	1,705
School Lunch Program	286,266	5,587	232,089	-	(48,590)
	<u>\$ 19,237,093</u>	<u>\$ 140,101</u>	<u>\$ 701,519</u>	<u>\$ 1,705</u>	<u>(18,393,768)</u>
<b>GENERAL REVENUES</b>					
Real Property Taxes					11,659,719
Use of Money and Property					5,413
Sale of Property and Compensation for Loss					11,884
State Sources					7,936,728
Federal Sources					203,192
Miscellaneous					436,578
					<u>20,253,514</u>
Change in Net Position					<u>1,859,746</u>
Total Net Position - Beginning of Year, As Previously Reported					(3,350,746)
Cumulative Change in Accounting Principle - See Note 9					82,736
Prior Period Adjustment - See Note 5					111,980
					<u>(3,156,030)</u>
Total Net Position - Beginning of Year, as Restated					(3,156,030)
Total Net Position - End of Year					<u>\$ (1,296,284)</u>

See accompanying notes to financial statements.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<u>General</u>	<u>School Lunch</u>	<u>Special Aid</u>	<u>Special Revenue Fund</u>	<u>Special Revenue Fund- Extraclass</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>								
Cash - unrestricted	\$ 3,633,330	\$ 24,301	\$ 26,408	\$ -	\$ -	\$ -	\$ -	\$ 3,684,039
Cash - restricted	-	-	-	30,156	54,496	-	42,998	127,650
Investments - unrestricted	202,313	-	-	-	-	-	-	202,313
Investments - restricted	2,590,186	-	-	-	-	481,071	-	3,071,257
State and Federal Receivable	643,876	55,604	153,105	-	-	-	1,705	854,290
Due From Other Governments	32,355	-	-	-	-	-	-	32,355
Due From Other Funds	888,177	856	35,781	-	-	-	-	924,814
Other Receivables, net	114,486	150	-	-	-	-	-	114,636
Inventories	-	12,218	-	-	-	-	-	12,218
<b>Total Assets</b>	<b>\$ 8,104,723</b>	<b>\$ 93,129</b>	<b>\$ 215,294</b>	<b>\$ 30,156</b>	<b>\$ 54,496</b>	<b>\$ 481,071</b>	<b>\$ 44,703</b>	<b>\$ 9,023,572</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ 215,633	\$ 2,571	\$ 7,178	\$ -	\$ -	\$ -	\$ 10,698	\$ 236,080
Accrued Liabilities	134,474	1,876	2,035	-	-	-	-	138,385
Due to Other Funds	36,637	98,236	187,442	-	196	-	602,303	924,814
Due to Other Governments	-	59	15,145	-	-	-	-	15,204
Due to Teachers' Retirement System	673,740	-	-	-	-	-	-	673,740
Due to Employees' Retirement System	57,323	-	-	-	-	-	-	57,323
Refundable Advances	-	7,062	3,440	-	-	-	-	10,502
<b>Total Liabilities</b>	<b>1,117,807</b>	<b>109,804</b>	<b>215,240</b>	<b>-</b>	<b>196</b>	<b>-</b>	<b>613,001</b>	<b>2,056,048</b>
<b>FUND EQUITY (DEFICIENCY)</b>								
Non-spendable	-	12,218	-	-	-	-	-	12,218
Restricted	2,590,186	-	-	30,156	54,300	481,071	-	3,155,713
Committed	-	-	-	-	-	-	-	-
Assigned	939,013	-	54	-	-	-	-	939,067
Unassigned	3,457,717	(28,893)	-	-	-	-	(568,298)	2,860,526
<b>Total Fund Equity (Deficiency)</b>	<b>6,986,916</b>	<b>(16,675)</b>	<b>54</b>	<b>30,156</b>	<b>54,300</b>	<b>481,071</b>	<b>(568,298)</b>	<b>6,967,524</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Equity (Deficiency)</b>	<b>\$ 8,104,723</b>	<b>\$ 93,129</b>	<b>\$ 215,294</b>	<b>\$ 30,156</b>	<b>\$ 54,496</b>	<b>\$ 481,071</b>	<b>\$ 44,703</b>	<b>\$ 9,023,572</b>

Amounts reported for governmental activities in the statement of net position are different due to the following:

Governmental fund equity per above	\$ 6,967,524
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	23,105,479
Accrued Interest	(9,791)
Long-term liabilities, including bonds payable, loss on refunding, judgments and claims and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds	(26,990,999)
Net Pension Liability	(1,135,991)
Deferred Inflows of Resources Related to Pensions and OPEB	(9,781,917)
Deferred Outflows of Resources Related to Pensions and OPEB	6,501,146
Receivable not available in the current period and, therefore, is not reported in the funds	48,265
<b>Net position of governmental activities</b>	<b>\$ (1,296,284)</b>

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>School Lunch</u>	<u>Special Aid</u>	<u>Special Revenue Fund</u>	<u>Special Revenue Fund- Extraclass</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>								
Real Property Taxes and Tax Items	\$ 11,659,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,659,719
Charges for Services	134,514	-	-	-	-	-	-	134,514
Use of Money and Property	5,041	3	-	4	-	365	-	5,413
Sale of Property and Compensation for Loss	11,884	-	-	-	-	-	-	11,884
Miscellaneous	349,368	-	-	1,650	37,295	-	-	388,313
State Sources	8,041,028	7,164	86,701	-	-	-	1,705	8,136,598
Federal Sources	203,192	224,925	382,729	-	-	-	-	810,846
Sales	-	5,587	-	-	-	-	-	5,587
<b>Total Revenues</b>	<b>20,404,746</b>	<b>237,679</b>	<b>469,430</b>	<b>1,654</b>	<b>37,295</b>	<b>365</b>	<b>1,705</b>	<b>21,152,874</b>
<b>Expenditures</b>								
General Support	1,768,930	158,736	-	-	-	-	-	1,927,666
Instruction	9,769,402	-	505,211	2,100	35,129	-	-	10,311,842
Pupil Transportation	1,098,316	-	-	-	-	-	-	1,098,316
Employee Benefits	4,040,789	10,806	-	-	-	-	-	4,051,595
Debt Service	-	-	-	-	-	-	-	-
Principal	1,985,000	-	-	-	-	-	-	1,985,000
Interest	285,419	-	-	-	-	-	-	285,419
Cost of Sales	-	116,724	-	-	-	-	-	116,724
Capital Outlay	-	-	-	-	-	-	449,445	449,445
<b>Total Expenditures</b>	<b>18,947,856</b>	<b>286,266</b>	<b>505,211</b>	<b>2,100</b>	<b>35,129</b>	<b>-</b>	<b>449,445</b>	<b>20,226,007</b>
Excess (Deficiency) of Revenues Over Expenditures	1,456,890	(48,587)	(35,781)	(446)	2,166	365	(447,740)	926,867
<b>Other Sources And (Uses)</b>								
Interfund Transfers, net	9,216	-	35,781	-	-	(44,997)	-	-
Proceeds of Long-Term Debt	-	-	-	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<b>9,216</b>	<b>-</b>	<b>35,781</b>	<b>-</b>	<b>-</b>	<b>(44,997)</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<b>1,466,106</b>	<b>(48,587)</b>	<b>-</b>	<b>(446)</b>	<b>2,166</b>	<b>(44,632)</b>	<b>(447,740)</b>	<b>926,867</b>
<b>Fund Equity (Deficiency) - Beginning of Year As Originally Reported</b>	<b>5,162,329</b>	<b>31,912</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>525,703</b>	<b>125,943</b>	<b>5,845,941</b>
Cumulative Change in Accounting Principle - See Note 9	-	-	-	30,602	52,134	-	-	82,736
Prior Period Adjustment - See Note 5	358,481	-	-	-	-	-	(248,501)	111,980
<b>Fund Equity (Deficiency) - Beginning of Year As Restated</b>	<b>5,520,810</b>	<b>31,912</b>	<b>54</b>	<b>30,602</b>	<b>52,134</b>	<b>525,703</b>	<b>(120,558)</b>	<b>6,040,657</b>
<b>Fund Equity (Deficiency) - End of Year</b>	<b>\$ 6,986,916</b>	<b>\$ (16,675)</b>	<b>\$ 54</b>	<b>\$ 30,156</b>	<b>\$ 54,300</b>	<b>\$ 481,071</b>	<b>\$ (568,298)</b>	<b>\$ 6,967,524</b>

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Net changes in fund equity - total governmental funds	\$	926,867
<p>Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.</p>		
	Depreciation expense \$	(1,146,949)
	Capital outlays, excluding retainage	<u>454,244</u>
		(692,705)
<p>Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues.</p>		
		1,906
<p>Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		1,985,000
<p>Long-term receivable not recorded in the governmental funds, however recorded as revenue in the statement of activities.</p>		
		48,265
<p>Excess cost aid and BOCES aid expected to be received after the availability period are reported as deferred inflows in the governmental funds. However, in the statement of activities these amounts are recognized as revenue when awarded.</p>		
		(104,300)
<p>Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds including the following:</p>		
Compensated absences	\$	(33,283)
Other postemployment benefit		194,865
Judgements and claims		300,000
TRS pension adjustments		(863,723)
ERS pension adjustments		<u>96,854</u>
		<u>(305,287)</u>
Change in net position - governmental activities	\$	<u><u>1,859,746</u></u>

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2021**

		<u>Private Purpose Trusts</u>
<b>ASSETS</b>		
Cash - unrestricted	\$	-
Cash - restricted		11,675
Due from other funds		-
		<hr/>
Total Assets	\$	<u>11,675</u>
 <b>LIABILITIES</b>		
Extraclassroom activity balances	\$	-
Other liabilities		-
		<hr/>
Total Liabilities	\$	<u>-</u>
 <b>NET POSITION</b>		
Reserved for scholarships	\$	<u>11,675</u>

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

		<u>Private Purpose Trusts</u>
<b>ADDITIONS</b>		
Gifts and contributions	\$	-
Investment earnings		-
		<hr/>
Total Additions		<u>-</u>
 <b>DEDUCTIONS</b>		
Scholarships and awards		-
		<hr/>
Total Deductions		<u>-</u>
Change in Net Position		-
Net Position - Beginning of Year, As Originally Reported		42,277
Cumulative Change in Accounting Principle (Note 9)		<u>(30,602)</u>
Net Position - Beginning of Year, As Restated		<u>11,675</u>
Net Position - End of Year	\$	<u>11,675</u>

See accompanying notes to financial statements.

B6.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Waterford-Halfmoon Union Free School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

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

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

The accompanying financial statements present the activities of the District and its component unit. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of an entity included in the District's reporting entity. For the fiscal year ended June 30, 2021, the District adopted provisions of GASB Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities for accounting and reporting purposes. As a result of applying this guidance and due to the administrative involvement defined in paragraph 8b footnote 1 to GASB 84, the District accounts for the student organization funds within the special revenue fund-extraclass.

The Extraclassroom Activity Fund

The extraclassroom activity fund of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity fund is independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity fund can be found at the District's business office, located at 125 Middletown Road, Waterford, New York.

**B. Joint Venture**

The District is a component district in Washington-Saratoga-Warren-Hamilton-Essex Counties Board of Cooperative Educations Services. 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. There is no authority or process by which a school district can terminate its status as a BOCES component.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***B. Joint Venture***

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 also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-(4)(b)(7) of the General Municipal Law.

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

During the year ended June 30, 2021, the Waterford-Halfmoon Union Free School District was billed \$2,023,140 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$504,460. Financial statements for the BOCES are available from the BOCES administrative office.

***C. Basis of Presentation***

***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. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column, if any, reflects capital-specific grants.

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 the particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

***Fund financial 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.

The District reports the following major governmental funds:

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Basis of Presentation**

**I. Governmental Funds**

General Fund

The General Fund is the principal operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund

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

Special Revenue Funds

Used to account for the proceeds of special revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

a. Special Aid Fund

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

b. School Lunch Fund

Used to account for transactions of the lunch and breakfast programs.

c. Special Revenue Fund

Used to account for revenues legally restricted to expenditure for specified purposes such as scholarships.

d. Special Revenue Fund Extra-Class

Used to account for revenues restricted for extraclassroom activities.

Debt Service Fund

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Basis of Presentation**

**II. Fiduciary Funds**

During the fiscal year ended June 30, 2021, the District adopted provisions of GASB Statement No. 84, *Fiduciary Activities*. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accompanying and financial reporting purposes. See Note 9 for the impact of the implementation on the financial statements.

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

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits individuals, private organizations and other governments. A scholarship is an example of a private purpose trust. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Custodial funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. There are no activities that meet the criteria to be reported as custodial.

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

**General Information**

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available when levied.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***General Information***

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

***E. Refundable Advances***

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenue is recognized.

***F. Property Taxes***

***I. Calendar***

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 20, 2020. Taxes were collected during the period September 1 through October 31, 2020.

***II. Enforcement***

Uncollected real property taxes are subsequently enforced by the County of Saratoga, in which the District is located. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the county to the District no later than the forthcoming April 1.

***G. Restricted Resources***

When an expense is incurred for purposes for which both restricted and unrestricted net 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.

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

From Reduction in Revenues:

Correction of budget	\$ <u>(2,231)</u>
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- d. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.
- e. Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

***II. Encumbrances***

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

***III. Budget Basis of Accounting***

Under GASB No. 34, budgetary comparison information is required to be presented for the General Fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***I. Cash and Investments***

The District investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Investments are stated at fair value. Certificates of deposit, if any, are classified as investments in these financial statements.

***J. Accounts Receivable***

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

***K. Inventories and Prepaid Items***

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 inventoriable items in other funds are recorded as expenditures at the time of purchase.

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

A portion of the fund equity in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

***L. Interfund Transactions***

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

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

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**L. Interfund Transactions**

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

Refer to Note 2.A.II for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**M. 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, construction or improvements of those assets.

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

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

Fund statements:

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

**Non-spendable** - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund equity includes the inventory recorded in the School Lunch Fund of \$12,218.

**Restricted** - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all 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.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Fund statements:

The District has established the following restricted fund equity:

Debt Service

According to General Municipal Law §6-1, this reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond issue proceeds not utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserve funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payments into the sub-fund up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. The portion of the reserve set aside for the Employee's Retirement System is \$547,293 and for the Teacher's Retirement System is \$254,633.

Tax Certiorari Reserve

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.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Fund statements:

Capital Reserve

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 voters. The form for the required legal notice for the note on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law.

Workers' Compensation

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

Unemployment Insurance

According to General Municipal Law §6-m, this reserve must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the 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.

Insurance

According to General Municipal Law §6-n, this reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Fund statements:

Special Revenue Fund

Restricted for scholarships for students that meet donor specified criteria.

Special Revenue Fund - Extraclass

Restricted for extraclassroom activities.

Restricted fund equity includes the following:

General Fund:	
Employee Benefit Accrued Liability	\$ 931,773
Retirement Contributions - ERS	547,293
Retirement Contributions - TRS	254,633
Tax Certiorari	500,014
Capital Reserve	10,002
Workers' Compensation	156,488
Unemployment Insurance	89,981
Insurance	<u>100,002</u>
Total General Fund	2,590,186
Special Revenue Fund	30,156
Special Revenue Fund- Extraclass	54,300
Debt Service Fund	<u>481,071</u>
Total Restricted Funds	<u>\$ 3,155,713</u>

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

**Assigned** - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund equity represents the residual amount of fund equity. Assigned fund equity also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted as the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund. Encumbrances reported in the General Fund amounted to \$46,437. Appropriated fund equity in the General Fund amounted to \$892,576. Assigned fund equity in the Special Aid Fund amounted to \$54.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Encumbrances

Purpose of Encumbrances

General Fund	
General Support	\$ 30,541
Instruction	<u>15,896</u>
	<u>\$ 46,437</u>

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

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity 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. At June 30, 2021 the District's unassigned fund equity exceeded the 4% limitation by \$2,626,054.

Net Position/Fund Balance

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund equity, restricted fund equity (to the extent appropriated), 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 then assigned. The remaining amounts are reported as unassigned.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Postemployment Benefits***

In addition to providing the retirement benefits described in Note 2.B.I., the District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure. See Note 4.

***O. Due to/from Other Funds***

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund equity at year-end is provided subsequently in these notes.

***P. Capital Assets***

Capital assets are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated assets are reported at estimated fair value at the time received.

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

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life in Years</u></b>
Buildings	\$ 1,000	SL	40
Building improvements	1,000	SL	40
Site improvements	1,000	SL	20
Furniture and equipment and vehicles	1,000	SL	5-20

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Q. Deferred Outflows and Inflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow 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 Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to the OPEB and Systems reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and investments and changes in 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 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 effect of the net change in the District's proportionate share of the collective net pension liability (TRS and ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems and OPEB not included in pension expense. The second item is related to the Systems and OPEB report in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

***R. Short-Term Debt***

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

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

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***R. Short-Term Debt***

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

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

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

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

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

***T. 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 basic financial statements contain a full reconciliation of these items.

The differences result primarily from the economic focus of the statement of activities, compared with the current financial resources focus of the governmental funds.

- a. Total fund equity of governmental fund vs. net position of governmental activities:

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

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***T. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements***

- b. Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities:

Differences between the governmental funds statement of revenues, expenditures and changes in fund equity and the statement of activities fall into one of five broad categories. The differences represent:

***Long-Term Revenue and Expense Differences***

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities 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 in the Statement of Activities.

***Capital Related Differences***

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

***Long-Term Debt Transaction Differences***

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

***Pension Differences***

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

***OPEB Differences***

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

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***U. Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other postemployment benefits, potential contingent liabilities, the lives of long-term assets, net pension asset and liability, and deferred inflows/outflows.

***V. Vested Employee Benefits***

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the applicable contract 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.

***W. Implementation of New Accounting Standards***

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

GASB issued Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2021. See Note 9 for the impact of this standard.

GASB has issued Statement 90, *Accounting and Financial Reporting for Majority Equity Interest*, effective for the year ending June 30, 2021. This statement had no impact on the District.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**X. Future Changes in Accounting Standards**

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

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

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

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

GASB has issued Statement 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2022.

GASB has issued Statement 94, *Public-Private and Public-Public Partnerships*, effective for the year ending June 30, 2023.

GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

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

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

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2021 all deposits were fully insured and collateralized by the District's agent in the District's name.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Investment and Deposit Policy

The District follows an investment and deposit policy, overall the objective of which is to adequately safeguard the principal amounts of funds investment or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investment will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing and non-interest bearing demand accounts
- Time deposit accounts and Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issue, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and the Unites States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Restricted Cash and Investments

General Fund - Restricted investments of \$2,590,186 consist of \$931,773 restricted for Employee Benefit Accrued Liability Reserve, \$801,926 restricted for Retirement Contributions Reserve, \$500,014 restricted for Tax Certiorari, \$10,002 restricted for Capital Reserve, \$156,488 restricted for Workers' Compensation, \$89,981 restricted for Unemployment Insurance, and \$100,002 restricted for Insurance.

Debt Service Fund - Restricted investments of \$481,071 are restricted for debt service.

Capital Projects Fund - Restricted cash of \$42,998 is restricted for specific capital projects.

Special Revenue Fund - Restricted cash of \$30,156 is restricted for scholarships.

Special Revenue Fund - Extraclass - Restricted cash of \$54,496 is restricted for extraclassroom activities of District students.

Fiduciary Funds - Restricted cash of \$11,675 is restricted for scholarships.

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Investments

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the District's investments are valued based on Level 2 of the hierarchy. The District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2021, the District held \$3,273,570 in investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative as of year-end are \$3,351,078,688, which consisted of \$353,203,694 in repurchase agreements, \$860,892,115 in collateralized bank deposits, \$195,702,995 in FDIC insured bank deposits and \$1,941,279,884 in U.S. Government Treasury Securities.

The following valuation inputs are included as investments:

<u>Investments in Securities at Fair Value</u>	<u>Valuation Inputs</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
General Fund	\$ -	\$ 2,792,499	\$ -	\$ 2,792,499
Debt Service Fund	-	<u>481,071</u>	-	<u>481,071</u>
Total	<u>\$ -</u>	<u>\$ 3,273,570</u>	<u>\$ -</u>	<u>\$ 3,273,570</u>

The above amounts represent the fair value of the investment pool shares. For the year ended June 30, 2021, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of net position and balance sheet.

**II. Interfund Balances and Activities**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund balances and activities at June 30, 2021 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 888,177	\$ 36,637	\$ 44,997	\$ 35,781
Special Aid Fund	35,781	187,442	35,781	-
School Lunch	856	98,236	-	-
Debt Service Fund	-	-	-	44,997
Capital Projects Funds	-	602,303	-	-
Special Revenue Fund-Extraclass	-	196	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Government Activities	924,814	924,814	80,778	80,778
Fiduciary Fund	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
Total	<u>\$ 924,814</u>	<u>\$ 924,814</u>	<u>\$ 80,778</u>	<u>\$ 80,778</u>

The General Fund transfer to the Special Aid Fund is for the District's share of special education summer school programs its students attended. The Debt Service Fund transfer to the General fund is for amounts to pay down related debt.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**III. Capital Assets**

	<u>Balance</u> <u>July 1,</u> <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2021</u>
Land	\$ 120,000	\$ -	\$ -	\$ 120,000
Construction in Progress	120,558	447,740	-	568,298
Depreciation Assets				
Buildings and Improvements	35,772,517	-	-	35,772,517
Furniture and Equipment and vehicles	<u>1,661,408</u>	<u>6,504</u>	<u>(94,124)</u>	<u>1,573,788</u>
Total	<u>37,674,483</u>	<u>454,244</u>	<u>(94,124)</u>	<u>38,034,603</u>
Accumulated Depreciation				
Buildings and Improvements	12,670,883	1,078,218	-	13,749,101
Furniture and Equipment and vehicles	<u>1,205,416</u>	<u>68,731</u>	<u>(94,124)</u>	<u>1,180,023</u>
Total	<u>13,876,299</u>	<u>1,146,949</u>	<u>(94,124)</u>	<u>14,929,124</u>
 Total Capital Assets, Net	 <u>\$ 23,798,184</u>	 <u>\$ (692,705)</u>	 <u>\$ -</u>	 <u>\$ 23,105,479</u>

**B. Liabilities**

**I. Pension Plans**

General Information

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

Plan Descriptions

*Teachers' Retirement System*

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

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

Plan Descriptions

*Teachers' Retirement System*

The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information 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 NYSTRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

*Employees' Retirement System*

The New York State and Local Employees' Retirement 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. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244 or found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976 who contribute 3% of their salary for the first ten years of membership, and employees who joined after January 1, 2010 who generally contribute 3% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For 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. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

Contributions

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>TRS</u>
2020-21	\$ 196,935	\$ 667,066
2019-20	205,057	599,827
2018-19	198,004	711,073

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

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 net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2020	June 30, 2019
Net pension asset/(liability)	\$(4,410)	\$(1,131,581)
District's portion of the Plan's total net pension asset/(liability)	.0044292%	.040951%

*Pension Expense (Credit)*

For the year ended June 30, 2021, the District recognized its proportionate share of pension expense of \$102,412 for ERS and \$1,526,569 for TRS.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experiences	\$ 53,862	\$ 991,491	\$ -	\$ 57,991
Changes of assumptions	810,918	1,431,186	15,294	510,143
Net difference between projected and actual earnings on pension plan investments	-	739,021	1,266,907	-
Changes in proportion and differences between contributions and proportionate share of contributions	75,959	76,198	48,778	94,106
Contributions subsequent to the measurement date	<u>57,323</u>	<u>647,657</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 998,062</u>	<u>\$ 3,885,553</u>	<u>\$ 1,330,979</u>	<u>\$ 662,240</u>

*Deferred Outflows and Inflows of Resources Related to Pensions*

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2022 for ERS and June 30, 2021 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2021	\$ -	\$ 445,040
2022	(61,865)	894,079
2023	(18,665)	733,956
2024	(63,757)	452,082
2025	(245,953)	7,227
Thereafter	G35 -	43,272

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Actuarial Assumptions*

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest Rate	5.9%	7.10%
Salary Scale	4.4%	1.9% - 4.72%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.7%	2.20%
Projected Cost of Living Adjustments	1.4% annually	1.3% annually

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

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

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.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Actuarial Assumptions*

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

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return*</u>
	<u>2021</u>	<u>2021</u>
Asset Class:		
Domestic equities	32%	4.05%
International equities	15	6.30
Private equity	10	6.75
Real estate	9	4.59
Opportunistic ARS Portfolio (1)	3	4.50
Opportunistic portfolio	4	3.63
Real assets	3	5.95
Fixed income	23	0.00
Cash	<u>1</u>	0.50
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.0% for 2021.

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equities and international equities, respectively.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

<u>TRS</u>	<u>Target Allocation</u> <u>2020</u>	<u>Long-term expected</u> <u>Real rate of return*</u> <u>2020</u>
Asset Class:		
Domestic equity	33%	7.1%
International equity	16	7.7
Global equity	4	7.4
Real estate equity	11	6.8
Private equity	8	10.4
Domestic fixed income	16	1.8
Global bonds	2	1.0
High-yield bonds	1	3.9
Private debt	1	5.2
Real estate debt	7	3.6
Cash equivalents	<u>1</u>	0.7
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.2% for 2020.

*Discount Rate*

The discount rate used to calculate the total pension asset/(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 determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

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

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

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

<b>ERS</b>	<b>1% Decrease <u>(4.90%)</u></b>	<b>Current Assumption <u>(5.90%)</u></b>	<b>1% Increase <u>(6.90%)</u></b>
Employer's proportionate share of the net pension asset/(liability)	\$ (1,224,137)	\$ (4,410)	\$ 1,120,463
<b>TRS</b>	<b>1% Decrease <u>(6.10%)</u></b>	<b>Current Assumption <u>(7.10%)</u></b>	<b>1% Increase <u>(8.10%)</u></b>
Employer's proportionate share of the net pension asset/(liability)	\$ (7,147,806)	\$ (1,131,581)	\$ 3,917,557

*Changes in Assumptions*

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

*Collective Pension Expense*

Collective pension expenses includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows or resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2021 is \$120,609 for ERS and \$1,527,733 for TRS.

*Payables to the Pension Plan*

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$57,323.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as Reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$673,740.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

Other Benefits

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

***II. Indebtedness***

Short-Term Debt

There was no short-term debt at June 30, 2021. There was also no interest paid on any short-term debt during the year.

Long-Term Debt

Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. Interest on long-term debt was comprised of:

Interest paid	\$ 285,419
Less interest accrued in the prior year	(11,697)
Plus interest accrued in the current year	<u>9,791</u>
Total Expense	<u>\$ 283,513</u>

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

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**II. Indebtedness**

Changes in Long-Term Debt

The changes in indebtedness during the year ended June 30, 2021 are summarized as follows:

	<b>Balance <u>July 1</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance <u>June 30</u></b>
Serial Bonds	\$ 11,685,000	\$ -	\$ (1,985,000)	\$ 9,700,000
Compensated absences	427,497	33,283	-	460,780
Judgments and claims	300,000	-	(300,000)	-
Other postemployment benefits (See Note 4)	<u>23,795,182</u>	<u>-</u>	<u>(6,964,963)</u>	<u>16,830,219</u>
Total	<u>\$ 36,207,679</u>	<u>\$ 33,283</u>	<u>\$ (9,249,963)</u>	<u>\$ 26,990,999</u>

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

The above liabilities are liquidated by the General Fund.

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2021, \$1,490,000 are considered defeased.

Judgments and Claims

There are tax settlements due and payable at various times. The amount noted in prior year financial statements of \$3,270,825 was paid in November of 2020, with the remaining \$300,000 being forgiven during the year.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**II. Indebtedness**

Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2021</u>
<u>Serial Bonds</u>				
Advanced Refunding	2014	2034	2.0-3.75%	\$ 1,375,000
Alterations	2010	2024	1.75-4.0%	1,195,000
Alterations	2015	2031	2.0-2.25%	3,310,000
Alterations	2019	2034	2.0-2.5%	<u>3,820,000</u>
Total Serial Bonds				<u>\$ 9,700,000</u>

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,645,000	\$ 238,894	\$ 1,883,894
2023	1,040,000	196,206	1,236,206
2024	1,010,000	166,313	1,176,313
2025	660,000	137,881	797,881
2026-2030	3,555,000	468,904	4,023,904
2031-2034	<u>1,790,000</u>	<u>108,600</u>	<u>1,898,600</u>
Total	<u>\$ 9,700,000</u>	<u>\$ 1,316,798</u>	<u>\$ 11,016,798</u>

The District had authorized but unissued debt in the amount of \$15,185,000 at June 30, 2021.

Operating Leases

The District has entered into various non-cancellable operating leases for office equipment and buses. Minimum future rental payments under non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2021, for each of the next five years, if applicable and in the aggregate thereafter are:

For the year ending June 30, 2022	\$ 17,412
2023	8,724

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***III. Constitutional Debt Limit***

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2021, the District has exhausted 15.40% of its constitutional debt limit.

***IV. Deferred Inflows of Resources***

Deferred inflows of resources on the balance sheet - governmental funds arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period and is contingent on future outcomes not expected to occur within the availability period.

**3. COMMITMENTS AND CONTINGENCIES**

***A. Risk Financing and Related Insurance***

General Information

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

Consortium of Self Insured Plans

The District participates in the Southern Adirondack Public Schools Workers' Compensation plan administered by the Board of Director which is composed of the chief executive officer or other designated officer of the districts participating in Washington-Saratoga-Warren-Hamilton-Essex BOCES. Participants of the plan are required to make their current year contributions on July 15 and October 15 of each plan year. The plan year is July 1 through June 30. The Board may retain surplus to establish and maintain a claim contingency fund. If sufficient funds are not available the Board will determine the amount to be assessed to the participants. For the year ended June 30, 2021, \$47,885 was paid to the plan for workers' compensation premiums.

***B. Other Items***

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

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**4. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Plan Description*

The District administers a defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single-employer defined benefit plan (the Plan). The Plan provides Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of Statement No. 75.

*Funding Policy*

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 5 years of service requirement for tiers 2, 3 and 4 to qualify for other postemployment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

*Benefits Provided*

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

*Employees Covered by Benefit Terms* - At the valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	124
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	<u>108</u>
Total Plan Members	<u>232</u>

*Net OPEB Liability*

The District's total OPEB liability of \$16,830,219 was measured as of July 1, 2020; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability at June 30, 2021 was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified:

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**4. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Actuarial Assumptions and Other Inputs*

Discount rate	2.21% (Bond Buyer GO-20 Municipal Bond Index)
Healthcare cost trend rates	7.0% for 2021 decreasing 0.4% per year to an ultimate rate of 5.0% by 2026.

Mortality rates were based on RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2020 with experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020 (generational mortality).

Retirement participation rate assumed that 90% of future retirees eligible for coverage will elect the benefit. Marriage assumption, it was assumed that active employees will maintain their current marital status. Each eligible employee will retire with the maximum number of sick days allowed and use them as contributions to their retiree premium. For current retirees, actual census information was used. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

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

*Changes in the Net OPEB Liability*

Changes in the District's net OPEB liability were as follows:

	<b>Total OPEB Liability [a]</b>	<b>Plan Fiduciary Net Position [b]</b>	<b>Net OPEB Liability [a] - [b]</b>
<b>Balances at June 30, 2020</b>	<u>\$ 23,795,182</u>	<u>\$ -</u>	<u>\$ 23,795,182</u>
Changes for the year:			
Service cost	1,049,741	-	1,049,741
Interest	841,586	-	841,586
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(9,736,439)	-	(9,736,439)
Contributions - employer	-	-	-
Net investment income	-	-	-
Changes of assumptions or other inputs (change in discount rate)	1,566,617	-	1,566,618
Benefit payments	(686,469)	-	(686,469)
Administrative expense	-	-	-
Net changes	<u>(6,964,963)</u>	<u>-</u>	<u>(6,964,963)</u>
<b>Balances, June 30, 2021</b>	<u>\$ 16,830,219</u>	<u>\$ -</u>	<u>\$ 16,830,219</u>

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**4. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Changes in the Net OPEB Liability*

Changes of benefit terms reflect changes in assumptions and other inputs including a change in the discount rate from 3.51% in 2020 to 2.21% in 2021. This also includes the District moving all its Medicare retirees from PPO to HRA contracts, during the current year.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	<b>1% Decrease <u>(1.21%)</u></b>	<b>Discount Rate <u>(2.21%)</u></b>	<b>1% Increase <u>(3.21%)</u></b>
Total OPEB Liability	\$ 18,585,328	\$ 16,830,219	\$ 14,884,065

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the District's total OPEB liability, 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 (6.00% decrease to 3.0%) or 1 percentage point higher (8.00% decreasing to 5.00%) than the current healthcare cost trend rate:

	<b>1% Decrease <u>(6.00% Decreasing to 3.00%)</u></b>	<b>Healthcare Cost Trend Rate <u>(7.00% Decreasing to 4.00%)</u></b>	<b>1% Increase <u>(8.00% Decreasing to 5.00%)</u></b>
Total OPEB Liability	\$ 14,921,098	\$ 16,830,219	\$ 18,526,915

*OPEB Expense, 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 \$292,771. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ (7,788,698)
Changes of assumptions	1,122,990	-
Changes in benefit terms	-	-
Contributions subsequent to the measurement period	<u>494,541</u>	<u>-</u>
	<u>\$ 1,617,531</u>	<u>\$ (7,788,698)</u>

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**4. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE**

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

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

<b>Year Ending <u>June 30,</u></b>	
2022	\$ (1,598,557)
2023	(953,882)
2024	(953,882)
2025	(953,882)
2026	(1,038,389)
Thereafter	(1,167,116)

**5. PRIOR PERIOD ADJUSTMENTS**

During the year ended June 30, 2021, the District identified items recorded in prior years that were recorded incorrectly. As a result, prior period adjustments were recorded in the General Fund of \$358,481 increasing beginning of year fund equity. The prior period adjustment was a result of \$132,324 related to an unrecorded receivable, \$246,501 recorded as a transfer from the Capital Fund for funds that were not expended, and \$20,344 of federal receivables that were not collectable and funds had to be transferred to the Special Aid Fund to cover. In the Capital Projects Fund a prior period adjustment of \$246,501 was recorded decreasing beginning year fund equity due to transfers to the General Fund of funds that were not expended. In the statement of activities and changes in net position, a prior period adjustment of \$111,980 increasing net position is recorded, which is the net of \$132,324 and \$20,344 explained previously in this note.

**6. LONG-TERM RECEIVABLE**

During the year, the District entered into an agreement with the Library, which will be paid out over a five year period starting in 2020/2021, for the Library to repay the District for its portion of the tax certiorari paid by the District during the year. The remaining balance of \$48,265 is recorded as a receivable in the statement of net position.

**7. TAX ABATEMENT**

The Town enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. No tax abatements were entered into during the year ended June 30, 2021. The District did receive PILOT payments in the amount of \$101,398 for the year ended June 30, 2021.

**8. CONTINGENCY**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a respiratory disease, to be a pandemic. It is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future operations. The District's operations are heavily dependent on real property taxes and state aid. Additionally, access to grants, funding and

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**8. CONTINGENCY**

contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak will likely have a continued material adverse impact on the economy and cost of education. The full impact of the COVID-19 outbreak continues to evolve as of the date these financial statements were available to be issued.

**9. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

As of July 1, 2020, for the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The Statement established new criteria for identifying fiduciary activities for accounting and reporting purposes. As a result of applying this guidance many items previously reported as fiduciary in nature have been reclassified. The District's fund balances and government-wide net position were restated as a result of the implementation of GASB No. 84 as follows:

Fiduciary Fund - Private Purpose Trust Fund:	
Net position at beginning of year, as previously stated	\$ 42,277
GASB Statement No. 84 implementation	<u>(30,602)</u>
Net position at beginning of year, as restated	<u>\$ 11,675</u>
Fiduciary Fund - Trust and Agency Fund:	
Items previously reported as assets and liabilities within this fund	<u>\$ 52,134</u>
Special Revenue Fund - Extraclass:	
Fund equity at beginning of year, as previously stated	\$ -
GASB Statement No. 84 implementation	<u>52,134</u>
Fund Equity at beginning of year, as restated	<u>\$ 52,134</u>
Special Revenue Fund:	
Fund Equity at beginning of year, as previously stated	\$ -
GASB Statement No. 84 implementation	<u>30,602</u>
Fund Equity at beginning of year, as restated	<u>\$ 30,602</u>
Statement of Activities:	
Net position at beginning of year, as previously stated	\$ (3,350,746)
Prior Period Adjustment (see Note 5)	111,980
GASB Statement No. 84 implementation	<u>82,736</u>
Net position at beginning of year, as restated	<u>\$ (3,156,030)</u>

**10. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY**

**A. Deficit Fund Equity**

There was a deficit fund equity in the School Lunch Fund of \$16,675 for the year ended June 30, 2021. The District believes that having students back onsite for the 21/22 school year will relieve this deficit.

There was a deficit fund equity in the Capital Projects Fund of \$568,298 for the year ended June 30, 2021. The deficit will be relieved when the project obtains permanent financing.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**11. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 12, 2021, which is the date these financial statements were issued. All subsequent events requiring recording or disclosure as of June 30, 2021, have been incorporated into these financial statements herein.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance With Actual</u>
<b>Revenues</b>				
Local Sources				
Real property taxes	\$ 11,630,000	\$ 11,630,000	\$ 11,659,719	\$ 29,719
Charges for services	105,500	105,500	134,514	29,014
Use of money and property	75,000	75,000	5,041	(69,959)
Sale of property and compensation for loss	1,000	1,000	11,884	10,884
Miscellaneous	<u>152,000</u>	<u>152,000</u>	<u>349,368</u>	<u>197,368</u>
Total Local Sources	11,963,500	11,963,500	12,160,526	197,026
State sources	7,978,600	7,978,600	8,041,028	62,428
Federal sources	45,000	45,000	203,192	158,192
<b>Other Sources</b>				
Transfers from other funds	<u>35,000</u>	<u>35,000</u>	<u>44,997</u>	<u>9,997</u>
Total Revenue and Other Sources	20,022,100	20,022,100	\$ <u><u>20,449,743</u></u>	\$ <u><u>427,643</u></u>
<b>Other Sources</b>				
Prior year encumbrances	61,961	61,961		
Appropriated reserves	22,000	22,000		
Appropriated fund equity	<u>1,471,960</u>	<u>1,469,729</u>		
Total Revenues and Other Sources	\$ <u><u>21,578,021</u></u>	\$ <u><u>21,575,790</u></u>		

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance With Actual and Encumbrances</u>
<b>Expenditures</b>					
<b>General Support</b>					
Board of education	\$ 48,800	\$ 49,475	\$ 15,479	\$ -	\$ 33,996
Central administration	241,500	240,268	221,739	-	18,529
Finance	250,700	249,776	231,418	111	18,247
Staff	143,670	135,832	120,899	-	14,933
Central services	1,159,105	1,275,761	973,096	30,430	272,235
Special items	207,130	217,838	206,299	-	11,539
<b>Total General Support</b>	<u>2,050,905</u>	<u>2,168,950</u>	<u>1,768,930</u>	<u>30,541</u>	<u>369,479</u>
<b>Instruction</b>					
Instruction, administration and improvement	566,545	560,931	533,769	1,006	26,156
Teaching - regular school	5,552,596	5,419,383	4,672,150	3,765	743,468
Programs for children with handicapping conditions	3,158,911	3,216,340	2,848,714	-	367,626
Occupational education	484,500	483,316	471,276	-	12,040
Instructional media	475,687	528,344	478,978	6,707	42,659
Pupil services	896,007	862,715	764,515	4,418	93,782
<b>Total Instruction</b>	<u>11,134,246</u>	<u>11,071,029</u>	<u>9,769,402</u>	<u>15,896</u>	<u>1,285,731</u>
<b>Other</b>					
Pupil transportation	1,564,350	1,510,160	1,098,316	-	411,844
Employee benefits	4,427,500	4,426,862	4,040,789	-	386,073
Debt Service - Principal	1,985,000	1,985,000	1,985,000	-	-
Debt Service - Interest	285,420	285,420	285,419	-	1
<b>Total Other</b>	<u>8,262,270</u>	<u>8,207,442</u>	<u>7,409,524</u>	<u>-</u>	<u>797,918</u>
<b>Total Expenditures</b>	<u>21,447,421</u>	<u>21,447,421</u>	<u>18,947,856</u>	<u>46,437</u>	<u>2,453,128</u>
<b>Other Uses</b>					
Transfers to other funds	130,600	128,369	35,781	-	92,588
<b>Total Expenditures and Other Uses</b>	<u>\$ 21,578,021</u>	<u>\$ 21,575,790</u>	<u>\$ 18,983,637</u>	<u>\$ 46,437</u>	<u>\$ 2,545,716</u>
<b>Net Change in Fund Equity</b>			<b>\$ 1,466,106</b>		
Fund Equity-Beginning, As Restated			<u>5,520,810</u>		
Fund Equity-Ending			<u>\$ 6,986,916</u>		

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2021**

	Fiscal Year Ending *			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Measurement date	7/1/2020	7/1/2019	7/1/2018	7/1/2017
Service cost at end of year	\$ 1,049,741	\$ 999,754	\$ 834,160	\$ 834,160
Interest	841,586	846,906	735,634	665,330
Changes in benefit terms	-	-	(131,158)	-
Difference between expected and actual experience in the measurement of the total OPEB liability	(9,736,439)	-	974,437	-
Changes in assumptions and other inputs	1,566,618	901,102	(382,887)	(3,223,378)
Benefit payments	(686,469)	(673,179)	(653,572)	(573,308)
Net Change in Total OPEB Liability	(6,964,963)	2,074,583	1,376,614	(2,297,196)
Total OPEB Liability - beginning	\$ 23,795,182	\$ 21,720,599	\$ 20,343,985	\$ 22,641,181
Total OPEB Liability - ending	<u>\$ 16,830,219</u>	<u>\$ 23,795,182</u>	<u>\$ 21,720,599</u>	<u>\$ 20,343,985</u>
Covered-employee payroll	\$ 8,103,798	\$ 8,322,153	\$ 8,182,584	\$ 7,973,610
Total OPEB Liability as a percentage of covered-employee payroll	207.68%	285.93%	265.45%	255.14%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of the measurement date as disclosed above.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
FOR THE YEAR ENDED JUNE 30, 2021**

	ERS Pension Plan Last 10 Fiscal Years					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.00443%	0.00487%	0.00470%	0.0050%	0.0052%	0.0055%
Proportionate share of the net pension liability (asset)	\$ 4,410	\$ 1,288,290	\$ 332,740	\$ 162,807	\$ 490,017	\$ 886,458
Covered-employee payroll	\$ 1,320,524	\$ 1,362,355	\$ 1,505,908	\$ 1,552,881	\$ 1,552,801	\$ 1,537,273
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	0.33%	94.56%	22.10%	10.48%	31.56%	57.66%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.7%	90.70%
	TRS Pension Plan Last 10 Fiscal Years					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.0409510%	0.0400000%	0.0393900%	0.0408900%	0.0413830%	0.0413600%
Proportionate share of the net pension liability (asset)	\$ 1,131,581	\$ (1,039,207)	\$ (712,271)	\$ (310,881)	\$ 443,228	\$ (4,295,951)
Covered-employee payroll	\$ 6,783,274	\$ 6,959,798	\$ 6,676,676	\$ 6,420,729	\$ 6,444,891	\$ 6,315,993
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	16.68%	-14.93%	-10.67%	-4.84%	6.88%	-68.02%
Plan fiduciary net position as a percentage of the total pension asset	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

ERS Pension Plan  
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 221,809	\$ 216,877	\$ 216,843	\$ 233,133	\$ 260,647	\$ 278,678
Contributions in relation to the contractually required contribution	<u>(221,809)</u>	<u>(216,877)</u>	<u>(216,843)</u>	<u>(233,133)</u>	<u>(260,647)</u>	<u>(278,678)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered-employee payroll	\$ 1,320,524	\$ 1,362,355	\$ 1,505,908	\$ 1,552,881	\$ 1,552,801	\$ 1,537,273
Contributions as a percentage of covered-employee payroll	16.80%	15.92%	14.40%	15.01%	16.79%	18.13%

TRS Pension Plan  
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 615,827	\$ 709,063	\$ 628,783	\$ 759,438	\$ 846,757	\$ 1,089,101
Contributions in relation to the contractually required contribution	<u>(615,827)</u>	<u>(709,063)</u>	<u>(628,783)</u>	<u>(759,438)</u>	<u>(846,757)</u>	<u>(1,089,101)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered-employee payroll	\$ 6,783,274	\$ 6,959,798	\$ 6,676,676	\$ 6,420,729	\$ 6,444,891	\$ 6,315,993
Contributions as a percentage of covered-employee payroll	9.08%	10.19%	9.42%	11.83%	13.14%	17.24%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND  
SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2021**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$	21,516,060
Add: Prior year's encumbrances		61,961
Original Budget		21,578,021
Additions:		
Budget Amendments		(2,231)
Final Budget	\$	21,575,790

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

2021-22 [subsequent year's] voter-approved expenditure budget	\$	20,791,576
Maximum allowed (4% of 2021-22 [subsequent year's] budget)		831,663

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

Unrestricted Fund Equity:		
Committed Fund Equity	\$	-
Assigned Fund Equity		939,013
Unassigned Fund Equity		3,457,717
Total Unrestricted Fund Equity		4,396,730
Less:		
Appropriated Fund Equity		892,576
Encumbrances included in Committed and Assigned Fund Equity		46,437
Total Adjustments		939,013
General Fund Fund Equity Subject to Section 1318 of Real Property Tax Law	\$	3,457,717
Actual percentage		16.63%

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

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES -  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2021

PROJECT TITLE	SED Project Number	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Transfers to Debt Service	Fund Equity (Deficiency) June 30, 2021
				Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total		
Front Entrance of Elementary Wing	004-22; 004-23, 004-025	\$ 9,679,902	\$ 9,679,902	\$ 9,700,784	\$ -	\$ 9,700,784	\$ (20,882)	\$ 9,679,902	\$ -	\$ 20,882	\$ 9,700,784	\$ -	\$ -
Emergency Lighting Project	0004-24	500,000	500,000	253,499	-	253,499	246,501	-	-	253,499	253,499	-	-
Smart Schools Bond Act	N/A	200,000	200,000	235,276	1,705	236,981	(36,981)	-	236,981	-	236,981	-	-
18-19 Capital Outlay Project	004-026	100,000	100,000	100,000	-	100,000	-	-	-	100,000	100,000	-	-
Phase 2A of Capital Project	Not Yet Assigned	15,185,000	15,185,000	120,558	447,740	568,298	14,616,702	-	-	-	-	-	(568,298)
<b>Totals</b>		<u>\$ 25,664,902</u>	<u>\$ 25,664,902</u>	<u>\$ 10,410,117</u>	<u>\$ 449,445</u>	<u>\$ 10,859,562</u>	<u>\$ 14,805,340</u>	<u>\$ 9,679,902</u>	<u>\$ 236,981</u>	<u>\$ 374,381</u>	<u>\$ 10,291,264</u>	<u>\$ -</u>	<u>\$ (568,298)</u>

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS**  
**JUNE 30, 2021**

<b>Capital Assets, Net</b>		\$ 23,105,479
<b>Add:</b>		
Cash on hand	\$ _____	-
<b>Deduct:</b>		
Bond anticipation note	-	
Short-term portion of bonds payable	1,645,000	
Long-term portion of bonds payable	<u>8,055,000</u>	
		<u>(9,700,000)</u>
<b>Net Investment in Capital Assets</b>		<b>\$ <u><u>13,405,479</u></u></b>

**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 President and Members  
of the Board of Education of the  
Waterford-Halfmoon Union Free School District

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

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2021-001 and 2021-002.

## **District's Response to Findings**

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

## **Purpose of this Report**

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

*Marvin and Company, P.C.*

Latham, NY

October 12, 2021

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

To the President and Members  
of the Board of Education of  
Waterford-Halfmoon Union Free School District

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

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

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

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

## **Report on Internal Control over Compliance**

Management of the Waterford-Halfmoon Union Free School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-003 and 2021-004, that we consider to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Marvin and Company, P.C.*

Latham, NY

October 12, 2021

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title Program Title</b>	<b>Assistance Listing/ Federal CFDA Number</b>	<b>Pass- Through Grantor's Number</b>	<b>Passed Through to Subrecipient</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Education</u></b>				
Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-21-0824	\$ -	\$ 221,380
Special Education - Preschool Grants	84.173	0033-21-0824	-	<u>9,411</u>
Total Special Education Cluster				<u>230,791</u>
Improving Teacher Quality State Grants - Title IIA	84.367	0147-21-2725	-	7,726
Improving Teacher Quality State Grants - Title IIA	84.367	0147-20-2725	-	<u>2,859</u>
Total Title IIA				<u>10,585</u>
Title I Grants to Local Educational Agencies	84.010	0021-21-2725	-	129,030
Student Support and Academic Enrichment Program	84.424	0204-21-2725	-	12,323
Education Stabilization Funds				
COVID-19 Governor's Emergency Education Relief Fund	84.425C	5895-21-2725	-	23,915
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-2725	-	<u>141,258</u>
Total Education Stabilization Funds				<u>165,173</u>
Total U.S. Department of Education				<u>\$ 547,902</u>
<b><u>U.S. Department of Agriculture</u></b>				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
School Breakfast Program	10.553	Not Applicable	\$ -	\$ 2,047
Food Distribution	10.555	Not Applicable	-	18,590
National School Lunch Program	10.555	Not Applicable	-	3,006
Special Milk Program for Children	10.556	Not Applicable	-	3,456
COVID-19 Summer Food Service Program for Children	10.559	Not Applicable	-	<u>197,826</u>
Total Child Nutrition Cluster				<u>224,925</u>
Total U.S. Department of Agriculture				<u>224,925</u>
Total Expenditures of Federal Awards				<u>\$ 772,827</u>

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the Waterford-Halfmoon Union Free School District (District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. 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 presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

**3. SCOPE OF AUDIT**

The Waterford-Halfmoon Union Free School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

**4. NON-CASH ASSISTANCE**

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2021, the District received food commodities totaling \$18,590.

**5. INDIRECT COST RATE**

The Waterford-Halfmoon Union Free School District did not elect to use the 10% de minimus cost rate.

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.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified? \_\_\_\_\_yes        X  none reported

Noncompliance material to financial statements noted?   X  yes      \_\_\_\_\_no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified?   X  yes      \_\_\_\_\_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 200.516(a)?   X  yes      \_\_\_\_\_no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 and 84.173	Special Education Cluster
10.553 and 10.555 and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_yes        X  no

**Section II: Financial Statement Findings**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

Noncompliance Material to the Financial Statements

2021-001      Compliance with New York State Real Property Tax Law

*Statement of Condition:* The unassigned fund balance of the general fund exceeds 4% of the 2021-22 general fund budget by \$2,626,054.

*Criteria:* NYS Real Property Tax Law Section 1318 limits the amount of unassigned fund balance a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section II: Financial Statement Findings**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

Noncompliance Material to the Financial Statements

2021-001 Compliance with New York State Real Property Tax Law (continued)

*Cause of Condition:* The cumulative effect of expenditures being significantly under budget and excess fund balance.

*Effect of Condition:* The District was not in compliance with NYS Real Property Tax Law.

*Context:* As part of our audit procedures compliance with the NYS Real Property Tax Law Section 1318 limits is reviewed.

*Recommendation:* The District should continue to implement the Board of Education approved plan to address and use the excess in future years.

*Views of the Responsible Officials and Planned Corrective Actions:* The District acknowledges that its unrestricted fund balance exceeded the NYS limit. However the District feels that in light of the fiscal uncertainties now faced by all NYS schools, maintaining such fund balance is fiscally prudent. In 2020-21 the District was faced with the potential of significant State aid reductions and as such, implemented a retirement incentive and other cost savings measures. While these cost savings measures were successful, the District's State aid was not reduced, resulting in expending less than planned in 2020-21. Further, the District returned approximately \$250,000 of unused capital project proceeds back to the General fund from a prior year capital project, thus increasing unrestricted fund balance further. In 2020-21 the District established a Fund Balance and Reserve Plan. Further, the District has begun the process of establishing a multi-year financial plan, including a plan to reduce fund balance to an amount that complies with RPTL in such a way as to preserve the fiscal stability of the District.

2021-002 Compliance with General Municipal Law

*Statement of Condition:* The reserve for employee benefit accrued liability exceeds the compensated absences balance at June 30, 2021 by \$470,993.

*Criteria:* General Municipal Law 6p limits the amount included in the reserve for employee benefit accrued liability to no more than the amount accrued in the compensated absences long-term liability account.

*Cause of Condition:* The District has historically had excess amounts in their reserve.

*Effect of Condition:* The District was not in compliance with General Municipal Law.

*Recommendation:* The District should continue to use the reserve balance to the extent allowed each year and work towards reducing the balance to be in compliance.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section II: Financial Statement Findings**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

Noncompliance Material to the Financial Statements

2021-002      Compliance with General Municipal Law

*Views of the Responsible Officials and Planned Corrective Actions:* The District reduced the balance in the EBALR significantly in 2019-20 by using it to fund a retirement incentive and the EBALR reserve in 2020-21 to pay for all contractual leave payments upon retirement. The District plans to use the EBALR reserve to fund any and all retirement payments for leave accruals in 2021-22 and future years. The District will continue to do so until the EBALR reserve balance does not exceed the total compensated absence liability.

**Section III: Federal Award Findings and Questioned Costs**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR.516(a):*

Significant Deficiencies

2021-003      Child Nutrition Cluster - Procurement

*Information on Federal Program:* U.S Department of Agriculture Child Nutrition Cluster (National School Lunch Program, School Breakfast Program, and COVID-19 Summer School Food Service Program CFDA No. 10.553, 10.555, and 10.559) passed through the New York State Education Department.

*Criteria:* CFR Section 200.318 stipulates that a non-Federal entity must use its own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in Part 200 Subpart D. Additionally, 2 CFR Section 200.213 stipulates that no awards, subawards, or contracts be awarded to parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

*Statement of Condition:* During our discussions with management and testing of the major program, we noted that the District is not verifying the eligibility of vendors to participate in Federal assistance programs.

*Statement of Cause:* The District did not review compliance requirements related to procurement outlined in 2 CFR Section 200.318 and Section 200.213.

*Statement of Effect:* The District is not in compliance with 2 CFR Section 200.213. The District is not performing required procedures, as a result, vendors that are not eligible for participation in Federal assistance programs or activities could be selected or the District could be overpaying for goods and services.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section III: Federal Award Findings and Questioned Costs**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR.516(a):*

Significant Deficiencies

2021-003      Child Nutrition Cluster - Procurement

*Questioned Costs:* None

*Perspective Information:* As part of testing of compliance over procurement, a selection of vendors charged to the major program was selected for testing of compliance. Of the District's vendors charged to the program, none were suspended or debarred from participation in Federal assistance programs or activities.

*Repeat Finding:* No

*Recommendation:* We recommend that the District review the requirements of 2 CFR Section 200.213 and ensure that a review of the eligibility of potential vendors to participate in Federal assistance programs or activities is performed prior to disbursing funds to the vendor.

*Views of the Responsible Officials and Planned Corrective Actions:* The District uses a cooperative bidding service to select Child Nutrition vendors and believed that the bidding service included verifying that vendors were eligible to participate. Upon learning that this is not a part of the service, the District has implemented a process to verify vendor eligibility.

2021-004      Child Nutrition Cluster - Verification of Free and Reduced Price Applications

*Information on Federal Program:* U.S Department of Agriculture Child Nutrition Cluster (National School Lunch Program, School Breakfast Program, and COVID-19 Summer School Food Service Program CFDA No. 10.553, 10.555, and 10.559) passed through the New York State Education Department.

*Criteria:* Federal regulations require that all Local Education Agencies (LEAs) participating in the School Breakfast Program (SBP) or National School Lunch Program (NSLP) conducting standard counting and claiming procedures select and verify a sample of their approved free and reduced price meal applications on file as of October 1<sup>st</sup> by November 15<sup>th</sup> of each year. The final Verification Collection Report must be submitted to the Child Nutrition Management System (CNMS) by December 15<sup>th</sup>. It should be noted that the verification deadline for the 2020/2021 school year was extended to February 28, 2021. 7 CFR section 245.6a(b).

*Statement of Condition:* During our discussions with management and testing of the major program, we noted that the District did not perform an income verification during the 2020/2021 school year.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section III: Federal Award Findings and Questioned Costs**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR.516(a):*

Significant Deficiencies

2021-004      Child Nutrition Cluster - Verification of Free and Reduced Price Applications

*Statement of Cause:* The verification was not performed. The District also experienced turnover in the position responsible for performing the calculation during 2020/2021.

*Statement of Effect:* The District was not in compliance with the verification of free and reduced price applications requirement.

*Questioned Costs:* None

*Perspective Information:* The income verification procedures must be on file as of October 1<sup>st</sup>, completed by November 15<sup>th</sup> of each year and submitted by December 15<sup>th</sup>.

*Repeat Finding:* No

*Recommendation:* We recommend that the District perform the income verifications on a timely, annual basis. The District should also maintain the verification documentation and the completion/submission documentation for compliance purposes. A monitoring control should also be implemented to ensure the calculation is performed in the event of turnover or absences of the individual responsible for the submission.

*Views of the Responsible Officials and Planned Corrective Actions:* The District enrolled in a Child Nutrition program for 2020-21 that provided free meals to all students regardless of income called the Summer Food Service Program and was under the impression that income verification was not required as all meals were free. Upon learning that this was required the District implemented a process to ensure income verification occurs regardless of the Child Nutrition program used.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

- Finding 2020-001**      Year-end Accounting
- Condition:* Multiple journal entries were necessary to reflect accurate year end balances of revenue, assets, reserves, expenditures, and liabilities.
- Current Status
- Comment was corrected and therefore not repeated.
- 
- Finding 2020-002**      Segregation of duties
- Condition:* nVision permissions and other various controls were reviewed and determined to be inadequate.
- Current Status
- Comment was corrected and therefore not repeated.
- 
- Finding 2020-003**      Timesheet Review
- Condition:* Timesheet review was not being performed or documented.
- Current Status
- Comment was corrected and therefore not repeated.
- 
- Finding 2020-004**      Compliance with New York State Real Property Tax Law
- Condition:* The unassigned fund balance of the general fund exceeded 4% of the 2020-21 general fund budget.
- Current Status
- Comment was repeated as item 2021-001.
- 
- Finding 2020-005**      Compliance with General Municipal Law
- Condition:* The reserve for employee benefit accrued liability exceeded the compensated absences balance at June 30, 2020 by \$507,746.
- Current Status
- Comment was repeated as item 2021-002.