

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

EAST RAMAPO CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
East Ramapo Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the East Ramapo Central School District (the "District"), as of and for the fiscal 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, each major fund and the fiduciary fund of the District, as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 3 through 17 and 63 through 67, respectively, 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.

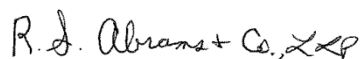
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is 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 December 14, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



R.S. Abrams & Co., LLP
Islandia, NY
December 14, 2021

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

The following is a discussion and analysis of the East Ramapo Central School District’s (the “District”) financial performance for the fiscal year ended June 30, 2021. This section is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund 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.

1. FINANCIAL HIGHLIGHTS

- The District’s expenses for the year, as reflected in the District-Wide Financial Statements, totaled \$326,530,461. Of this amount, \$1,692,184 was offset by program charges for services, \$56,323,720 by operating grants and contributions, and \$1,871,941 by capital grants and contributions. General revenues of \$210,801,532 amounted to 77.88% of total revenues.
- The District’s proposed 2020-21 budget was rejected by voters, resulting in the District having to operate on a contingency budget for the 2020-21 fiscal year in the amount of \$245,744,853.
- On May 5, 2021, the District issued a revenue anticipation note (RAN) for \$15,000,000, maturing on May 5, 2022 for interim financing of the general fund operations. The RAN has a stated interest rate of 1.25% resulting in interest expense of \$187,500. It also includes a total premium of \$114,900, which results in a net interest cost of \$72,600.
- On May 5, 2021, the District issued a deficiency note for \$12,280,000, maturing on May 5, 2022 for interim financing of the general fund operations. The note has a stated interest rate of 1.25% resulting in interest expense of \$153,500. It also includes a total premium of \$94,065, which results in a net interest cost of \$59,435.
- On May 5, 2021, the District issued a budget note for \$8,800,000, maturing on May 5, 2022 for interim financing of the general fund operations. The note has a stated interest rate of 1.25% resulting in interest expense of \$110,000. It also includes a total premium of \$67,408, which results in a net interest cost of \$42,592.
- On July 16, 2020, the District issued tax anticipation notes (TANs) for \$18,000,000, maturing on October 16, 2020 for interim financing of the general fund operations. The TAN has a stated interest rate of 2.00% resulting in interest expense of \$90,000. It also included a total premium of \$48,800, which results in a net interest cost of \$41,200.
- The District was awarded \$2,000,000 in legislative grants to support instructional programs.
- The District implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021. This resulted in the restatement of opening net position and fund balance in the amount of \$203,663.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

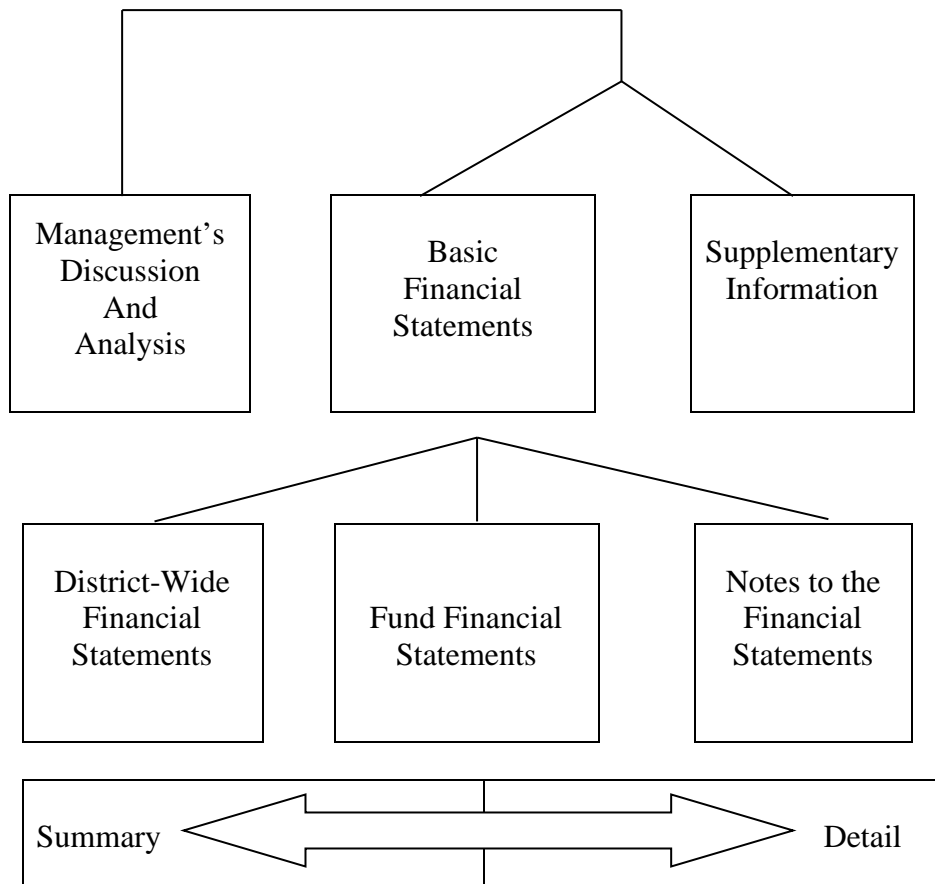
This annual report consists of four parts: management’s discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- 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 operations in *more detail* than the District-Wide Financial Statements.
 - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, including the employees of the District.

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. The following table shows how the various part of this annual report are arranged and related to one another.

Organization of the District’s Annual Financial Report



**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

The following table summarizes the major features of the District’s basic financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide Financial Statements and Fund Financial Statements

| | District-Wide Financial Statements | Fund Financial Statements | |
|--|---|---|--|
| | | Governmental | Fiduciary |
| Scope | Entire entity (except fiduciary funds) | The day-to-day operating activities of the District, such as special education and instruction | Instances in which the District administers resources on behalf of others, such as property taxes collected on behalf of another local government |
| Required financial statements | <ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances | <ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual and current financial resources measurement focus | Accrual accounting and economic resources focus |
| Type of asset/deferred outflow of resources and liability/deferred inflow of resources information | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term | Current assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included | All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any), both short-term and long-term ; these funds do not currently contain capital assets, although they can |
| Type of inflow and outflow information | All revenues and expenses during the year; regardless of when cash is received or paid | Revenues for which cash is received during the year or soon thereafter; 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 |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

A) 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 includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ 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 (money) are expended to purchase or build said 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.

District-Wide Financial 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 to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
 - *Unrestricted net position* are net position that do not meet any of the above restrictions.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

B) Fund Financial Statements:

The 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. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, debt service fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary fund:* 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. Fiduciary fund reporting focuses on net position and changes in net position. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position:

Current assets, current liabilities, unrestricted net position, and total net position for 2020 have been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. This Statement eliminates the trust and agency fund and special purpose fund and now records those activities in the general fund and miscellaneous special revenue fund. See Note 20 “Restatement of Fund Balances and Net Position” for further information.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

| | As Restated 2020 | As Reported 2020 | Increase (Decrease) |
|------------------------------|---------------------|---------------------|------------------------|
| Current assets | \$ 49,398,774 | \$ 48,614,426 | \$ 784,348 |
| Current liabilities | 23,983,309 | 23,402,624 | 580,685 |
| Net Position | | | |
| Unrestricted (Deficit) | (367,854,808) | (368,058,471) | 203,663 |
| Total Net Position (Deficit) | (342,350,571) | (342,554,234) | 203,663 |

The District's net position decreased by \$55,841,084 for fiscal year ended June 30, 2021 as detailed in the table that follows.

Condensed Statement of Net Position

| | 2021 | As Restated 2020 | Change | Total Percentage Change |
|--|------------------|---------------------|-----------------|-------------------------------|
| Current assets | \$ 65,962,524 | \$ 49,398,774 | \$ 16,563,750 | 33.53% |
| Capital assets | 73,439,269 | 76,445,759 | (3,006,490) | (3.93%) |
| Net pension asset -proportionate share | - | 15,179,990 | (15,179,990) | (100.00%) |
| Total Assets | 139,401,793 | 141,024,523 | (1,622,730) | (1.15%) |
| Deferred outflows of resources | 82,416,526 | 73,206,845 | 9,209,681 | 12.58% |
| Total assets and deferred outflows of resources | 221,818,319 | 214,231,368 | 7,586,951 | 3.54% |
| Current liabilities | 76,248,601 | 23,983,309 | 52,265,292 | 217.92% |
| Long-term liabilities | 500,993,749 | 484,191,366 | 16,802,383 | 3.47% |
| Total Liabilities | 577,242,350 | 508,174,675 | 69,067,675 | 13.59% |
| Deferred inflows of resources | 42,767,624 | 48,407,264 | (5,639,640) | (11.65%) |
| Total liabilities and deferred inflows of resources | 620,009,974 | 556,581,939 | 63,428,035 | 11.40% |
| Net Position | | | | |
| Net investment in capital assets | 23,668,116 | 24,271,890 | (603,774) | (2.49%) |
| Restricted | 1,178,640 | 1,232,347 | (53,707) | (4.36%) |
| Unrestricted (deficit) | (423,038,411) | (367,854,808) | (55,183,603) | (15.00%) |
| Total Net Position (Deficit) | \$ (398,191,655) | \$ (342,350,571) | \$ (55,841,084) | (16.31%) |

Current assets increased by \$16,563,750 from 2020 to 2021. This change is primarily related to an increase in cash due to the issuance of the short-term borrowings. Capital assets (net of depreciation) decreased by \$3,006,490 due to current year depreciation expense exceeding current year additions and capital outlay. The District reported a net pension liability – proportionate share for the teachers' retirement system of \$16,611,531, as a result of the actuarial valuation provided by the state.

The change in deferred outflows of resources represents amortization of the pension related items and the change in the District's contributions subsequent to the measurement date, as discussed in Note 12, as well as amortization on the deferred outflows related to the other post-employment benefits obligation as discussed in Note 15.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

Current liabilities increased by \$52,265,292 primarily due to increases in accounts payable, accrued liabilities and notes payable for the short-term borrowings. Long-term liabilities increased by \$16,802,383 which was primarily due to an increase in net pension liability for the teachers' retirement system and total other post-employment benefit obligation, partially offset by a decrease in bonds payable. The changes in deferred inflows represent amortization of pension related items as discussed in Note 12 and deferred inflows related to other post-employment benefits as discussed in Note 15.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt. This number decreased from the prior year by \$603,774.

The restricted net position at June 30, 2021, relates to the District's insurance reserve and restricted amounts for debt service, and scholarships and donations. Restricted net position decreased by \$53,707.

The unrestricted net deficit at June 30, 2021 of \$423,038,411 relates to the balance of the District's net position. The unrestricted net deficit increased by \$55,183,603.

B) Changes in Net Position:

Charges for services and instruction expenses were increased due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. The following schedule outlines these changes:

| | As Restated 2020 | As Reported 2020 | Increase (Decrease) |
|----------------------|---------------------|---------------------|------------------------|
| Revenues | | | |
| Charges for services | \$ 1,524,409 | \$ 1,341,412 | \$ 182,997 |
| Expenses | | | |
| Instruction | \$ 238,548,822 | \$ 238,387,299 | \$ 161,523 |

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2021 and 2020 are as follows:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

Change in Net Position from Operating Results

| | 2021 | As Restated 2020 | Increase (Decrease) | Percentage Change |
|--|------------------------|------------------------|------------------------|----------------------|
| Program Revenues | | | | |
| Charges for services | \$ 1,692,184 | \$ 1,524,409 | \$ 167,775 | 11.01% |
| Operating grants and contributions | 56,323,720 | 46,082,705 | 10,241,015 | 22.22% |
| Capital grants and contributions | 1,871,941 | 264,412 | 1,607,529 | 607.96% |
| General Revenues | | | | |
| Real property taxes and other tax items | 154,494,614 | 154,240,731 | 253,883 | 0.16% |
| Use of money and property | 275,478 | 700,373 | (424,895) | (60.67%) |
| Sale of property and compensation for loss | 196,781 | 182,667 | 14,114 | 7.73% |
| State sources | 52,805,103 | 83,102,933 | (30,297,830) | (36.46%) |
| Other | 3,029,556 | 2,742,809 | 286,747 | 10.45% |
| Total Revenues | <u>270,689,377</u> | <u>288,841,039</u> | <u>(18,151,662)</u> | <u>(6.28%)</u> |
| Expenses | | | | |
| General support | 32,080,309 | 27,838,958 | 4,241,351 | 15.24% |
| Instruction | 241,549,255 | 238,548,822 | 3,000,433 | 1.26% |
| Pupil transportation | 41,877,610 | 28,751,903 | 13,125,707 | 45.65% |
| Community service | 214,294 | 238,713 | (24,419) | (10.23%) |
| Debt service - interest | 2,534,549 | 1,736,825 | 797,724 | 45.93% |
| Food service program | 8,274,444 | 7,095,491 | 1,178,953 | 16.62% |
| Other | - | 5,800 | (5,800) | (100.00%) |
| Total Expenses | <u>326,530,461</u> | <u>304,216,512</u> | <u>22,313,949</u> | <u>7.33%</u> |
| Total Change in Net Position | <u>\$ (55,841,084)</u> | <u>\$ (15,375,473)</u> | <u>\$ (40,465,611)</u> | <u>(263.18%)</u> |

The District's fiscal year 2021 revenues totaled \$270,689,377. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 57.07% and 19.51%, respectively of total revenue. The remainder came from fees charged for services, operating and capital grants and contributions, use of money and property, sale of property and compensation for loss, and other miscellaneous sources. Total revenues decreased by \$18,151,662 from the prior year. This was primarily attributable to decreases in state sources and use of money and property, partially offset by increases in charges for services, operating and capital grants and contribution, real property taxes and other tax items, and other miscellaneous revenues.

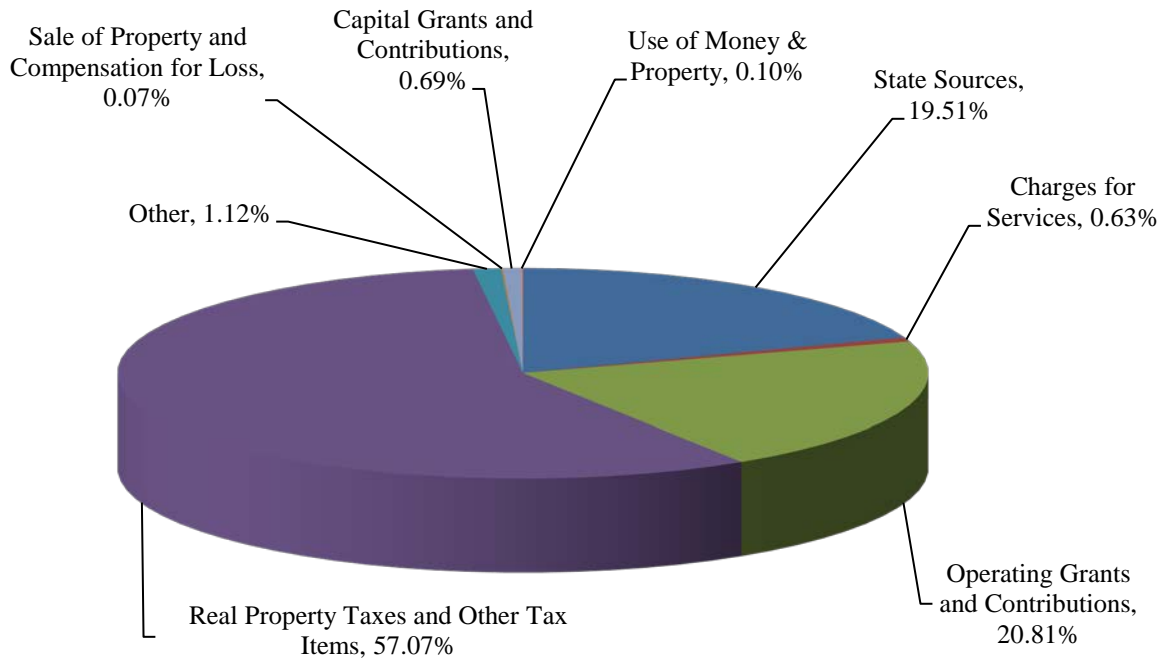
The cost of all programs and services totaled \$326,530,461 for the fiscal year ended June 30, 2021. These expenses are predominantly related to instruction, which account for 73.97% of District expenses. The District's general support activities accounted for 9.82% of total costs. Total expenses increased by \$22,313,949 or 7.33%. This was primarily attributable to the change in pension and OPEB related actuarially calculated information which is allocated to the functions based on salary expenses.

The users of the District's programs financed \$1,692,184 of the cost. The federal and state governments subsidized certain programs with operating grants and contributions of \$56,323,720 and capital grants and contributions of \$1,871,941, both of which increased from the prior year. Most of the District's net costs of \$266,642,616 were financed by District taxpayers, and state sources.

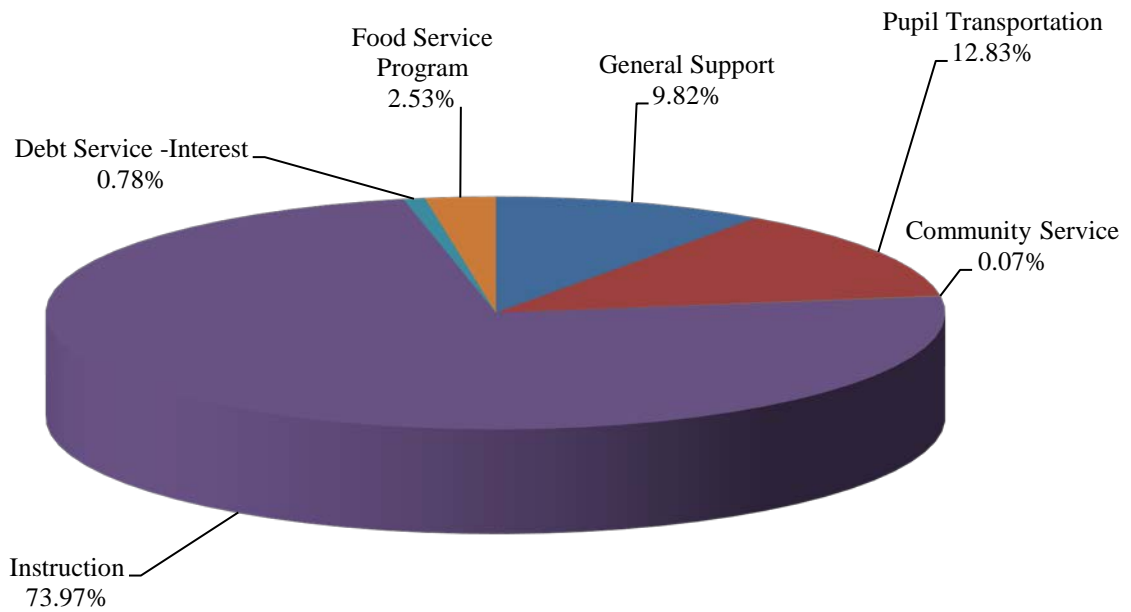
**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

Revenues for Fiscal Year 2021



Expenditures for Fiscal Year 2021



**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the Fund Financial Statements are not the same as variances 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 liabilities, certain deferred outflows or inflows, and capital assets purchased by the District. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt, and the current payments on other long-term liabilities.

As of June 30, 2021, the District's combined governmental funds reported a total fund balance deficit of \$12,881,916, which is a decrease of \$37,608,775 from the prior year. Fund balance for 2020 was restated to include a miscellaneous special revenue fund for extraclassroom activities and scholarships and donations due to the implementation of GASB Statement No. 84, *Fiduciary Activities*.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

A summary of the change in fund balance for all the funds is as follows:

| | 2021 | As Restated 2020 | Increase/ (Decrease) | Total Percentage Change |
|---|------------------------|----------------------|-------------------------|-------------------------------|
| General Fund | | | | |
| Nonspendable for advances | \$ 95,782 | \$ 95,782 | \$ - | 0.00% |
| Restricted for insurance | 103,294 | 102,895 | 399 | 0.39% |
| Assigned - general support | 38,949 | 160,868 | (121,919) | (75.79%) |
| Assigned - instruction | 118,730 | 192,319 | (73,589) | (38.26%) |
| Assigned - pupil transportation | 26,723 | 343,876 | (317,153) | (92.23%) |
| Assigned- employee benefits | - | 2,513 | (2,513) | (100.00%) |
| Assigned-designated for subsequent year's expenditures | - | 1,787,900 | (1,787,900) | (100.00%) |
| Unassigned | (22,352,946) | 13,633,216 | (35,986,162) | (263.96%) |
| Total Fund Balance - General Fund | <u>\$ (21,969,468)</u> | <u>\$ 16,319,369</u> | <u>\$ (38,288,837)</u> | (234.62%) |
| School Lunch Fund | | | | |
| Nonspendable for inventory | \$ 59,727 | \$ 76,792 | \$ (17,065) | (22.22%) |
| Assigned - unappropriated | (102,603) | 136,072 | (238,675) | (175.40%) |
| Total Fund Balance - School Lunch Fund | <u>\$ (42,876)</u> | <u>\$ 212,864</u> | <u>\$ (255,740)</u> | (120.14%) |
| Miscellaneous Special Revenue Fund | | | | |
| Restricted for scholarships and donations | \$ 248,769 | \$ 251,925 | \$ (3,156) | (1.25%) |
| Assigned - unappropriated fund balance | 197,517 | 203,663 | (6,146) | (3.02%) |
| Total Fund Balance - Miscellaneous Special Revenue Fund | <u>\$ 446,286</u> | <u>\$ 455,588</u> | <u>\$ (9,302)</u> | (2.04%) |
| Debt Service Fund | | | | |
| Restricted | \$ 826,577 | \$ 877,527 | \$ (50,950) | (5.81%) |
| Capital Projects Fund | | | | |
| Restricted - unspent debt proceeds | \$ 5,345,582 | \$ 5,823,032 | \$ (477,450) | (8.20%) |
| Assigned - unappropriated | 2,511,983 | 1,038,479 | 1,473,504 | 141.89% |
| Total Fund Balance - Capital Projects Fund | <u>\$ 7,857,565</u> | <u>\$ 6,861,511</u> | <u>\$ 996,054</u> | 14.52% |
| Total Fund Balance - All Funds | <u>\$ (12,881,916)</u> | <u>\$ 24,726,859</u> | <u>\$ (37,608,775)</u> | 152.10% |

A) General Fund

Fund balance in the general fund decreased by \$38,288,837 as a result of expenditures and other financing uses of \$254,570,848 exceeding revenues and other financing sources of \$216,282,011.

B) School Lunch Fund

Fund balance in the school lunch fund decreased by \$255,740, which represents the operating loss for the current fiscal year in the food service program.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

C) Miscellaneous Special Revenue Fund

Fund balance in the miscellaneous special revenue fund decreased by \$9,302, which is due to extraclassroom and scholarship expenditures exceeding revenues.

D) Debt Service Fund

Fund balance in the debt service fund decreased by \$50,950, which was the result of transfers out to the general fund of \$53,218 to offset interest payments made in the current year. The debt service fund also received interest earnings of \$2,268.

E) Capital Projects Fund

Fund balance in the capital projects fund increased by \$996,054. This increase was due to an excess of revenues and other financing sources over expenditures. The capital projects fund received \$2,010,755 from the general fund for emergency appropriations, as well as \$298,260 from New York State in grant funding and Smart Schools Bond Act funds offset by capital outlay of \$1,312,961.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2020-2021 Budget:

The District’s general fund adopted contingency budget for the fiscal year ended June 30, 2021 was \$245,744,853. This amount was increased by encumbrances carried forward from the prior year in the amount of \$699,576, and budget revisions of \$10,822,033, bringing the final budget to \$257,266,462. The majority of the funding was real property taxes and other tax items budget of \$154,761,080.

B) Change in the General Fund Unassigned Fund Balance (Budget to Actual):

The general fund unassigned fund balance is a component to total fund balance that is the residual of prior years’ excess revenues over expenditures, net of transfers to reserves and assignments to fund subsequent years’ budgets. It is this balance that is commonly referred to as “Fund Balance”. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

| | |
|--|------------------------|
| Opening, unassigned fund balance | \$ 13,633,216 |
| Revenues under budget | (36,486,220) |
| Expenditures and encumbrances under budget | 2,511,212 |
| Budget revision - emergency repair at CRMS | (2,010,755) |
| Interest allocated to reserves | (399) |
| Closing, unassigned fund balance | <u>\$ (22,352,946)</u> |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

The opening unassigned fund balance of \$13,633,216 is the June 30, 2020 unassigned fund balance.

The revenues under budget of \$36,486,220 were primarily within charges for services, other real property tax items, use of money and property, state sources, and other financing sources. Refer to Supplemental Schedule #1 for more details.

The expenditures and encumbrances under budget of \$2,511,212 represent savings across the budget, but were primarily within general support, instruction, and employee benefits. Refer to Supplemental Schedule #1 for more details.

On June 29, 2021, the District’s Board of Education approved an emergency repair in the amount \$2,010,755 for asbestos and black mold removal at the Chestnut Ridge Middle School. This was recorded as a budget revision within the general fund.

Interest of \$399 was allocated to the insurance reserve.

The District closed the 2020-2021 fiscal year with a deficit in unassigned fund balance of \$22,352,946. NYS Real Property Tax Law §1318 restricts this number to an amount not greater than 4% of the District’s budget for the ensuing fiscal year. The District’s unassigned fund balance is under the legal limit. See Supplemental Schedule #5 for more details.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets:

The District paid for equipment, and various building additions and renovations during the fiscal year 2021. A summary of the District’s capital assets net of depreciation are as follows:

Capital Assets (Net of Depreciation)

| Category | 2021 | 2020 | Net Increase/ (Decrease) | Percentage Change |
|--------------------------------|---------------|---------------|--------------------------------|----------------------|
| Land | \$ 7,764,601 | \$ 7,764,601 | \$ - | 0.00% |
| Construction in Progress | 11,706,045 | 21,971,664 | (10,265,619) | -46.72% |
| Buildings & Improvements | 127,619,910 | 118,432,391 | 9,187,519 | 7.76% |
| Machinery & Equipment | 7,626,036 | 5,697,035 | 1,929,001 | 33.86% |
| Subtotal | 154,716,592 | 153,865,691 | 850,901 | 0.55% |
| Less: Accumulated Depreciation | 81,277,323 | 77,419,932 | 3,857,391 | 4.98% |
| Total Net Capital Assets | \$ 73,439,269 | \$ 76,445,759 | \$ (3,006,490) | -3.93% |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

The District’s capital outlay for the year was \$1,312,961 from the capital projects fund and capital asset additions of \$41,700 in the general fund. The District recorded depreciation expense of \$4,361,151. See Note 8 to the financial statements for detail.

B) Long-Term Debt:

At June 30, 2021, the District had total bonds payable (exclusive of unamortized premium) of \$53,705,000, which represents a decrease of \$2,766,850 from the prior year. The decrease is due to the principal payments made during the current fiscal year. More detailed information about the District’s long-term debt is presented in Note 11 to the Financial Statements. A summary of outstanding debt at June 30, 2021 and 2020 is as follows:

| | 2021 | 2020 | Increase (Decrease) |
|--|---------------|---------------|------------------------|
| Bonds payable (exclusive of unamortized premium) | \$ 53,705,000 | \$ 56,471,850 | \$ (2,766,850) |

7. FACTORS BEARING ON THE DISTRICT’S FUTURE

- A) The general fund budget for the 2021-22 school year is \$272,449,663, and was approved by voters on May 11, 2021. This is an increase of \$26,704,780 or 10.87% from the previous year’s budget, and includes a 0% tax levy increase from that of the prior year.
- B) In July 2021, the District applied for CRSSA funding of \$66,722,803 through the Elementary and Secondary School Emergency Relief Program (ESSER). The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as they are expended.
- C) The District is required to pay \$5,446,140 in a federal court-ordered payment after the District lost a federal voting rights challenge by the Spring Valley NAACP. The District has accrued for these expenses as of June 30, 2021 as an accrued liability within the general fund. This amount in its entirety was subsequently paid in August of 2021.
- D) As of the financial statement date, the District’s Board of Education approved three emergency repairs for the removal of possible hazardous materials unexpectedly discovered at Spring Valley High School, an emergency door project at Ramapo High School, and emergency repairs of the main entry doors at Kakiat elementary.
- E) On August 24, 2021 the District issued a revenue anticipation note (RAN) in the amount of \$15,000,000, which included a premium on issuance of \$5,000 and carries an interest rate of 1.00%.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 1

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

East Ramapo Central School District
Ms. Linda E. Macias
Assistant Superintendent for Business
105 S. Madison Avenue
Spring Valley, NY 10977
(845)-577-6000

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

| | |
|--|-------------------------|
| ASSETS | |
| Current assets | |
| Cash | |
| Unrestricted | \$ 29,826,085 |
| Restricted | 6,524,222 |
| Receivables | |
| Accounts receivable, net of allowance | 209,177 |
| State and federal aid | 26,509,402 |
| Due from other governments, net of allowance | 2,763,529 |
| Taxes receivable | 70,382 |
| Inventories | 59,727 |
| Capital assets | |
| Not being depreciated | 19,470,646 |
| Being depreciated, net of accumulated depreciation | 53,968,623 |
| TOTAL ASSETS | <u>139,401,793</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pensions | 67,789,353 |
| Other post-employment benefits obligation | 14,627,173 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>82,416,526</u> |
| LIABILITIES | |
| Payables | |
| Accounts payable | 19,268,721 |
| Accrued liabilities | 6,435,307 |
| Accrued interest payable | 535,664 |
| Due to teachers' retirement system | 10,881,861 |
| Due to employees' retirement system | 775,648 |
| Compensated absences payable | 408,872 |
| Due to other governments | 1,504,251 |
| Notes payable | |
| Revenue anticipation note | 15,000,000 |
| Budget note | 8,800,000 |
| Deficiency note | 12,280,000 |
| Unearned credits | |
| Collections in advance | 358,277 |
| Long-term liabilities | |
| Due and payable within one year | |
| Bonds payable (inclusive of unamortized premium) | 2,953,316 |
| Judgements, claims and settlements payable | 221,209 |
| ERS stabilization program liability | 273,737 |
| Due and payable after one year | |
| Bonds payable (inclusive of unamortized premium) | 52,163,419 |
| Judgements, claims and settlements payable | 42,418 |
| ERS stabilization program liability | 1,553,331 |
| Compensated absences payable | 535,554 |
| Total other post-employment benefits obligation | 426,593,435 |
| Net pension liability - proportionate share - employees' retirement system | 45,799 |
| Net pension liability - proportionate share - teachers' retirement system | 16,611,531 |
| TOTAL LIABILITIES | <u>577,242,350</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pensions | 24,465,638 |
| Other post-employment benefits obligation | 18,301,986 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>42,767,624</u> |
| NET POSITION | |
| Net investment in capital assets | <u>23,668,116</u> |
| Restricted | |
| Insurance | 103,294 |
| Debt service | 826,577 |
| Scholarships and donations | 248,769 |
| | <u>1,178,640</u> |
| Unrestricted (deficit) | <u>(423,038,411)</u> |
| TOTAL NET POSITION (DEFICIT) | <u>\$ (398,191,655)</u> |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| FUNCTIONS / PROGRAMS | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|--|-------------------------|-------------------------|---------------------------------------|--|
| | | Charges for Services | Operating Grants and Contributions | |
| General support | \$ (32,080,309) | \$ | \$ | \$ (32,080,309) |
| Instruction | (241,549,255) | 1,692,184 | 48,403,820 | (189,581,310) |
| Pupil transportation | (41,877,610) | | | (41,877,610) |
| Community service | (214,294) | | | (214,294) |
| Debt service-interest | (2,534,549) | | | (2,534,549) |
| Food service program | (8,274,444) | | 7,919,900 | (354,544) |
| TOTAL FUNCTIONS AND PROGRAMS | <u>\$ (326,530,461)</u> | <u>\$ 1,692,184</u> | <u>\$ 56,323,720</u> | <u>\$ (266,642,616)</u> |
| GENERAL REVENUES | | | | |
| Real property taxes | | | | 145,274,441 |
| Other tax items - including STAR reimbursement | | | | 9,220,173 |
| Use of money and property | | | | 275,478 |
| Sale of property and compensation for loss | | | | 196,781 |
| Miscellaneous | | | | 2,446,237 |
| State sources | | | | 52,805,103 |
| Medicaid reimbursement | | | | 583,319 |
| TOTAL GENERAL REVENUES | | | | <u>210,801,532</u> |
| CHANGE IN NET POSITION | | | | (55,841,084) |
| TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 20) | | | | <u>(342,350,571)</u> |
| TOTAL NET POSITION (DEFICIT) - END OF YEAR | | | | <u>\$ (398,191,655)</u> |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

| | General | Special Aid | School Lunch | Miscellaneous Special Revenue Fund | Debt Service | Capital Projects | Total Governmental Funds |
|---|----------------------|----------------------|---------------------|--|-------------------|---------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | | | | | | | |
| Unrestricted | \$ 24,269,711 | \$ 4,051,867 | \$ 663,991 | \$ 197,517 | \$ - | \$ 642,999 | \$ 29,826,085 |
| Restricted | 103,294 | | | 248,769 | 826,265 | 5,346,894 | 6,524,222 |
| Receivables | | | | | | | |
| Accounts receivable, net | 209,177 | | | | | | 209,177 |
| State and federal aid | 10,176,001 | 13,223,561 | 1,536,159 | | | 1,573,681 | 26,509,402 |
| Due from other governments, net | 2,763,529 | | | | | | 2,763,529 |
| Taxes receivable | 70,382 | | | | | | 70,382 |
| Advances to other funds | 95,782 | | | | | | 95,782 |
| Due from other funds | 13,670,142 | | | | 1,312 | 2,010,533 | 15,681,987 |
| Inventories | | | 59,727 | | | | 59,727 |
| TOTAL ASSETS | \$ 51,358,018 | \$ 17,275,428 | \$ 2,259,877 | \$ 446,286 | \$ 826,577 | \$ 9,574,107 | \$ 81,740,293 |
| LIABILITIES | | | | | | | |
| Payables | | | | | | | |
| Accounts payable | \$ 13,573,908 | \$ 4,419,983 | \$ 1,229,063 | \$ - | \$ - | \$ 45,767 | \$ 19,268,721 |
| Accrued liabilities | 6,389,071 | 37,313 | 8,923 | | | | 6,435,307 |
| Due to other governments | 1,504,151 | | 100 | | | | 1,504,251 |
| Advances from other funds | | | | | | 95,782 | 95,782 |
| Due to other funds | 2,010,533 | 12,613,142 | 1,057,000 | | | 1,312 | 15,681,987 |
| Due to teachers' retirement system | 10,881,861 | | | | | | 10,881,861 |
| Due to employees' retirement system | 775,648 | | | | | | 775,648 |
| Compensated absences payable | 408,872 | | | | | | 408,872 |
| Note payable | | | | | | | |
| Revenue anticipation note | 15,000,000 | | | | | | 15,000,000 |
| Budget note | 8,800,000 | | | | | | 8,800,000 |
| Deficiency note | 12,280,000 | | | | | | 12,280,000 |
| Unearned credits | | | | | | | |
| Collections in advance | 145,620 | 204,990 | 7,667 | | | | 358,277 |
| TOTAL LIABILITIES | 71,769,664 | 17,275,428 | 2,302,753 | - | - | 142,861 | 91,490,706 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| New York State aid | | | | | | 1,573,681 | 1,573,681 |
| Non-resident tuition billing | 1,281,449 | | | | | | 1,281,449 |
| Premium on obligations | 276,373 | | | | | | 276,373 |
| | 1,557,822 | - | - | - | - | 1,573,681 | 3,131,503 |
| FUND BALANCES | | | | | | | |
| Nonspendable | | | | | | | |
| Inventory | | | 59,727 | | | | 59,727 |
| Advances to other funds | 95,782 | | | | | | 95,782 |
| Restricted | | | | | | | |
| Insurance | 103,294 | | | | | | 103,294 |
| Debt service | | | | | 826,577 | | 826,577 |
| Unspent bond proceeds | | | | | | 5,345,582 | 5,345,582 |
| Scholarships and donations | | | | 248,769 | | | 248,769 |
| Assigned | | | | | | | |
| Unappropriated fund balance | 184,402 | | | 197,517 | | 2,511,983 | 2,893,902 |
| Unassigned fund balance (deficit) | (22,352,946) | | (102,603) | | | | (22,455,549) |
| TOTAL FUND BALANCES | (21,969,468) | - | (42,876) | 446,286 | 826,577 | 7,857,565 | (12,881,916) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 51,358,018 | \$ 17,275,428 | \$ 2,259,877 | \$ 446,286 | \$ 826,577 | \$ 9,574,107 | \$ 81,740,293 |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Governmental Fund Balances \$ (12,881,916)

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

| | | |
|---------------------------------|---------------------|------------|
| Original cost of capital assets | \$ 154,716,592 | |
| Accumulated depreciation | <u>(81,277,323)</u> | 73,439,269 |

Deferred inflows of resources- The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

| | | |
|--|---------------------|--------------|
| Deferred inflows related to pensions | \$ (24,465,638) | |
| Deferred inflows related to total OPEB liability | <u>(18,301,986)</u> | (42,767,624) |

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and OPEB that will be recognized as expenditures in future periods amounted to:

| | | |
|---|-------------------|------------|
| Deferred outflows related to pensions | \$ 67,789,353 | |
| Deferred outflows related to total OPEB liability | <u>14,627,173</u> | 82,416,526 |

Deferred inflows - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. 3,131,503

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest payable of: (535,664)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

| | | |
|---|---------------------|----------------------|
| Bonds payable (inclusive of unamortized premium) | \$ (55,116,735) | |
| Judgements, claims and settlements payable | (263,627) | |
| ERS stabilization program liability | (1,827,068) | |
| Compensated absences payable | (535,554) | |
| Total other post-employment benefits obligation payable | (426,593,435) | |
| Net pension liability - proportionate share | | |
| Employees' retirement system | (45,799) | |
| Teachers' retirement system | <u>(16,611,531)</u> | <u>(500,993,749)</u> |

Total Net Position \$ (398,191,655)

EAST RAMAPO CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | General | Special Aid | School Lunch | Miscellaneous Special Revenue Fund | Debt Service | Capital Projects | Total Governmental Funds |
|---|------------------------|-------------------|--------------------|--|-------------------|---------------------|--------------------------------|
| REVENUES | | | | | | | |
| Real property taxes | \$ 145,274,441 | \$ | \$ | \$ | \$ | \$ | \$ 145,274,441 |
| Other tax items - including STAR reimbursement | 9,220,173 | | | | | | 9,220,173 |
| Charges for services | 330,077 | | | 80,658 | | | 410,735 |
| Use of money and property | 272,879 | | 147 | 184 | 2,268 | | 275,478 |
| Sale of property and compensation for loss | 196,781 | | | | | | 196,781 |
| Miscellaneous | 2,051,733 | 59,631 | 9,700 | 1,960 | | | 2,123,024 |
| State sources | 53,946,106 | 8,235,597 | 275,646 | | | 298,260 | 62,755,609 |
| Federal sources | 4,887,803 | 35,861,779 | 7,320,849 | | | | 48,070,431 |
| Surplus food | | | 323,405 | | | | 323,405 |
| TOTAL REVENUES | 216,179,993 | 44,157,007 | 7,929,747 | 82,802 | 2,268 | 298,260 | 268,650,077 |
| EXPENDITURES | | | | | | | |
| General support | 26,973,139 | | | | | | 26,973,139 |
| Instruction | 125,280,096 | 44,742,874 | | 92,104 | | | 170,115,074 |
| Pupil transportation | 41,353,867 | | | | | | 41,353,867 |
| Community service | 130,217 | | | | | | 130,217 |
| Employee benefits | 52,905,459 | | | | | | 52,905,459 |
| Debt service - principal | 2,766,850 | | | | | | 2,766,850 |
| Debt service - interest | 2,564,598 | | | | | | 2,564,598 |
| Cost of sales | | | 8,185,487 | | | | 8,185,487 |
| Capital outlay | | | | | | 1,312,961 | 1,312,961 |
| TOTAL EXPENDITURES | 251,974,226 | 44,742,874 | 8,185,487 | 92,104 | - | 1,312,961 | 306,307,652 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (35,794,233) | (585,867) | (255,740) | (9,302) | 2,268 | (1,014,701) | (37,657,575) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Operating transfers in | 53,218 | 585,867 | | | | 2,010,755 | 2,649,840 |
| Operating transfers (out) | (2,596,622) | | | | (53,218) | | (2,649,840) |
| Premium on obligations | 48,800 | | | | | | 48,800 |
| TOTAL OTHER FINANCING SOURCES AND (USES) | (2,494,604) | 585,867 | - | - | (53,218) | 2,010,755 | 48,800 |
| NET CHANGE IN FUND BALANCES | (38,288,837) | - | (255,740) | (9,302) | (50,950) | 996,054 | (37,608,775) |
| FUND BALANCES - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 20) | 16,319,369 | - | 212,864 | 455,588 | 877,527 | 6,861,511 | 24,726,859 |
| FUND BALANCES - END OF YEAR | \$ (21,969,468) | \$ - | \$ (42,876) | \$ 446,286 | \$ 826,577 | \$ 7,857,565 | \$ (12,881,916) |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances \$ (37,608,775)

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial used.

| | | |
|--|------------|---------|
| Decrease in judgements, claims and settlements payable | \$ 221,209 | |
| Decrease in ERS stabilization program liability | 264,547 | |
| Increase in compensated absences payable | 127,767 | 613,523 |

Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

| | | |
|---|--------------|--------------|
| Employees' retirement system | \$ 1,098,801 | |
| Teachers' retirement system | (12,087,689) | |
| Other post-employment benefits obligation | (9,637,853) | (20,626,741) |

Deferred inflows - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the fiscal year ended June 30, 2021 is 1,990,500

Capital Related Items

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

| | | |
|----------------------|--------------|-------------|
| Capital outlays | \$ 1,354,661 | |
| Depreciation expense | (4,361,151) | (3,006,490) |

Long-Term Debt Transactions

Repayment of bond principal is an expenditure in the governmental funds, but it reduced long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 2,766,850

Interest on short and long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as it accrues. Accrued interest from June 30, 2020 to June 30, 2021 changed by (83,267)

Governmental funds report the effect of premiums, discounts and similar items when long-term debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amount of amortization on the bond premium is: 113,316

Change in Net Position \$ (55,841,084)

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
JUNE 30, 2021**

| | Custodial Fund |
|---|-----------------------|
| ASSETS | |
| Due from other governments | \$ 9,783 |
| TOTAL ASSETS | \$ 9,783 |
| LIABILITIES | |
| Due to other governments | \$ 9,783 |
| TOTAL LIABILITIES | 9,783 |
| NET POSITION | |
| Restricted | - |
| TOTAL LIABILITIES AND NET POSITION | \$ 9,783 |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | Custodial Fund |
|--|-----------------------|
| ADDITIONS | |
| Real property taxes collected for Public Library | \$ 7,975,926 |
| TOTAL ADDITIONS | 7,975,926 |
| DEDUCTIONS | |
| Real property taxes disbursed to Public Library | 7,975,926 |
| TOTAL DEDUCTIONS | 7,975,926 |
| CHANGE IN NET POSITION | - |
| NET POSITION - BEGINNING OF YEAR | - |
| NET POSITION - END OF YEAR | \$ - |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

A) Reporting entity:

The 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 nine (9) members. The Board of Education serves as the legislative body and has the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters. In addition, the Board is responsible for, and controls all activities related to public school education within the District. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District’s reporting entity.

B) Joint venture:

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

BOCES is organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

C) Basis of presentation:

District-wide financial 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 non-exchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while capital grants and contributions include capital specific grants, if applicable.

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

Fund financial statements:

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

The District reports the following major governmental funds:

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

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. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School lunch fund: This fund is used to account for the activities of the District's food service operations. The school lunch operations are supported by federal and state grants and charges to participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations. Other activities included in this fund are extraclassroom activities.

Debt service fund: This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

Capital projects fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian 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. The District's fiduciary fund includes the custodial fund, where assets and liabilities are held by the District as a custodian. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting.

D) Measurement focus and basis of accounting:

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

The Fund Financial 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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

funds to be available if the revenues are collected within six months after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

E) Real property taxes:

Calendar

Real property taxes are levied annually by the Board become a lien on July 1st. The District's tax levy is collected by the Towns of Ramapo, Clarkstown, and Haverstraw, and are remitted to the District September 1st through October 31st, after which collection responsibility is transferred to the County as discussed below.

Enforcement

Uncollected real property taxes are subsequently enforced by the County. The County pays an amount representing uncollected real property taxes to the District no later than the following April 1st.

F) 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.

G) Interfund transactions:

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

In the District-Wide Financial 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 fund). Eliminations have been made for all interfund receivables and payables between governmental funds.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

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

H) Advances to/from other funds:

Advances to/from other funds represent loans to other funds which are not expected to be repaid within the next fiscal year. These advances are offset by recording non-spendable fund balance in the fund financial statements which indicates that the funds are not available financial resources to appropriate. Eliminations have been made for all advances between the governmental funds.

I) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent items at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, judgements, claims and settlements, other post-employment benefits, other long-term liabilities, net pension liabilities, and useful lives of capital assets.

J) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand, demand and time deposits.

K) Receivables:

Receivables other than those due from other governments, and accounts receivable in the general fund are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible amounts has been provided since it is believed that such allowance would not be material. The due from other governments and accounts receivable in the general fund are shown net of an allowance for uncollectible amounts, which was determined based on the District's historical knowledge and experience.

L) Prepaid items and inventories:

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenses/expenditures at the time of purchase, and are considered immaterial in amount.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

Non-spendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

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. The District had no prepaid items at June 30, 2021.

M) Capital assets:

Capital assets are reflected in the District-Wide Financial Statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the time received.

All capital assets, except land and construction in progress, are depreciated on a straight line basis over their estimated useful lives. Capitalization thresholds (the individual dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Statements are as follows:

| | <u>Capitalization Threshold</u> | <u>Depreciation Method</u> | <u>Estimated Useful Life</u> |
|----------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Buildings and improvements | \$5,000 | Straight line | 20-50 years |
| Machinery and equipment | \$5,000 | Straight line | 5-20 years |

N) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence 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 collections in advance is removed and revenues are recorded. Collections in advance as of June 30, 2021 consisted of unearned grant monies in the general fund, summer program deposits and unearned grant monies in the special aid fund, and prepaid balances for meals in the school lunch fund.

O) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 two items that qualify for reporting in this category. These amounts are related to pensions and other post-employment benefits liability reported in the District-Wide Statement of Net Position, which are detailed further in Notes 12 and 15.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

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 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. These amounts are related to pensions and other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12 and 15.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District has three items that qualify for reporting in this category. These amounts are related to New York State grants awarded but not yet received, tuition billings for services provided in past years, and premiums on obligations. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

P) Vested employee benefits:

Compensated absences:

Compensated absences consist of unpaid accumulated annual vacation time.

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

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the District-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the Fund Financial 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. The liability is reported only for payments due for unused compensated absences for those employees who have obligated themselves to separate from service with the District by June 30th.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

Q) Other benefits:

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payments). In the District-Wide Financials Statements, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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 liabilities of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent liabilities that will be extinguished by the use of expendable, available resources of the fund.

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 dated. Refer to Note 10 for more information on short-term debt.

The District may issue Deficiency Notes during the fiscal year to finance a deficiency in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. Deficiency notes may not exceed five percent of the amount of that same year's annual budget. These notes are recorded as liabilities of the fund that will actually receive the proceeds from the issuance of the notes. These notes represent liabilities that will be extinguished by the use of expendable, available resources of the fund.

The District may issue Budget Notes as short-term financing intended for any object or purpose for which the District is authorized to expend money. These notes provide cash flow and may be used to finance increases in budgeted appropriations. The proceeds of these notes must be used for the specified purposes for which the notes were issued. These notes are recorded as liabilities of the fund that will actually receive the proceeds from the issuance of the notes. These notes

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

represent liabilities that will be extinguished by the use of expendable, available resources of the fund.

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. Judgments, claims and settlements, compensated absences, net pension liabilities, other post-employment benefit obligations, and other long term liabilities 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, energy performance contract debt, 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 within one year or due after one year in the Statement of Net Position.

T) Equity classifications:

i) District-Wide Financial Statements:

In the District-Wide Financial Statements there are three classes of net position:

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

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

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

ii) Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes advances to the capital projects fund of \$95,782 in the general fund, and inventory recorded in the school lunch fund of \$59,727.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

Restricted fund balance – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has established the following as restricted:

Insurance Reserve

Insurance reserve (GML§6-n), 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. The reserve is accounted for in the general fund.

Debt Service

The unexpended balances of proceeds of borrowings for capital projects, interest and earning from investing proceeds of borrowings, and borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the debt service fund.

Unspent bond proceeds

Unspent long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Scholarships and Donations

Amounts restricted for scholarships and donations are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted in the miscellaneous special revenue fund.

- 1) **Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority (i.e. Board). The District has no committed fund balances as of June 30, 2021.
- 2) **Assigned fund balance** – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

- 3) **Unassigned fund balance** – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation.

Deficit Fund Balance

The general fund had a deficit unassigned fund balance of \$22,352,946 due to current year expenditures and other financing uses exceeding revenues and other financing sources.

The school lunch fund had a deficit unassigned fund balance of \$102,603 due to current year expenditures exceeding revenues.

U) New accounting pronouncements:

GASB has issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. The District has adopted and implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021. See Note 20 (“Restatement of Fund Balance and Net Position”) for further consideration.

V) Future changes in accounting standards:

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

This is the statement that the District feels may have an impact on these financial statements and are not an all-inclusive list of GASB statements issued. The District will evaluate the impact this pronouncement may have on its financial statements and will implement them as applicable and when material.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND

STATEMENTS AND DISTRICT-WIDE STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the District-Wide Financial 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 balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of the three broad categories. The amounts shown below represent:

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal (appropriated) budgets are adopted. The voters of the District rejected the proposed appropriations budget, which resulted in the District having to operate under a contingency budget for the 2020-21 fiscal year. Appropriations are adopted at the program line-item level.

Appropriations established by the 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 as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on the other supplemental information – schedule of change from adopted budget to final budget.

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

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.

B) 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 amounts assigned in the 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.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

New York State law governs the District’s investment policies. Resources must be deposited in Federal Deposit Insurance Company (FDIC) insured commercial banks or trust companies

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

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

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

All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

Restricted Cash and Cash Equivalents:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2021 included \$6,524,222 within the governmental funds for general reserve purposes, scholarships and donations, debt service, and capital projects.

Investments:

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

Investment pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2021, the District held \$313,150 in the governmental funds, in investments consisting of various investments in securities issued by the United States and its agencies.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

| Fund | Bank Balance | Carrying Amount |
|------------------------------------|-------------------|-------------------|
| General fund | \$ 64,322 | \$ 64,322 |
| Special aid fund | 151 | 151 |
| School lunch fund | 493 | 493 |
| Miscellaneous special revenue fund | 247,397 | 247,397 |
| Debt service fund | 782 | 782 |
| Capital projects fund | 5 | 5 |
| Total - governmental funds | <u>\$ 313,150</u> | <u>\$ 313,150</u> |

Total investments of the cooperative at June 30, 2021, at cost, are \$2,312,701,028 which consisted of \$371,757,483 in repurchase agreements and \$1,940,943,545 in U.S. Treasury Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2021 are \$1,057,257,103.

The above chart amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. NYCLASS is rated AAAM by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website, www.newyorkclass.org, or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver CO, 80202.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year, the District was billed \$18,833,089 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$3,894,450. Financial statements for the Rockland BOCES are available from the BOCES administrative office located at 65 Parrott Road, West Nyack, New York 10994.

NOTE 6 – DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2021 consisted of the following:

| | |
|--|---------------------|
| General Fund | |
| Health and welfare billings | \$ 848,645 |
| Non-resident and special education tuition billing | 1,006,807 |
| BOCES refund of surplus | 935,680 |
| Miscellaneous | 1,613 |
| Gross Due from other governments | <u>2,792,745</u> |
| Allowance for uncollectible accounts | (29,216) |
| Total General Fund, net | <u>\$ 2,763,529</u> |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
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EXHIBIT 9

District management has deemed the net receivables to be fully collectible, however \$1,281,449 of the due from other governments is also recorded as a deferred inflow of resources for unavailable revenue. See Note 1 for more information.

NOTE 7 – STATE AND FEDERAL AID RECEIVABLES:

State and federal aid receivables at June 30, 2021 consisted of the following:

| | |
|-------------------------------|---------------|
| General Fund | |
| Excess cost aid | \$ 1,353,864 |
| General aid | 3,464,217 |
| BOCES aid | 3,146,794 |
| NYS Supplemental aid | 2,000,000 |
| Medicaid | 211,126 |
| Total - General Fund | 10,176,001 |
| Special Aid Fund | |
| State grants | 4,614,420 |
| Federal grants | 8,609,141 |
| Total - Special Aid Fund | 13,223,561 |
| School Lunch Fund | |
| Federal reimbursement | 1,483,546 |
| State reimbursement | 52,613 |
| Total - School Lunch Fund | 1,536,159 |
| Capital Projects Fund | |
| State grants | 139,855 |
| Smart Schools Bond Act | 1,433,826 |
| Total - Capital Projects Fund | 1,573,681 |
| Total - All Funds | \$ 26,509,402 |

District management has deemed these amounts to be fully collectible, however the amounts reported in the capital projects fund is also recorded as a deferred inflow of resources for unavailable revenue. See Note 1 for more information.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

NOTE 8 - CAPITAL ASSETS:

Capital asset balances and activity for the fiscal year ended June 30, 2021 were as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals/ Reclassifications</u> | <u>Ending Balance</u> |
|---|------------------------------|-----------------------|---|---------------------------|
| Governmental activities: | | | | |
| Capital assets that are not depreciated: | | | | |
| Land | \$ 7,764,601 | \$ | \$ | \$ 7,764,601 |
| Construction in progress | 21,971,664 | 1,312,961 | (11,578,580) | 11,706,045 |
| Total capital assets not being depreciated | <u>29,736,265</u> | <u>1,312,961</u> | <u>(11,578,580)</u> | <u>19,470,646</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 118,432,391 | | 9,187,519 | 127,619,910 |
| Machinery and equipment | 5,697,035 | 41,700 | 1,887,301 | 7,626,036 |
| Total capital assets being depreciated | <u>124,129,426</u> | <u>41,700</u> | <u>11,074,820</u> | <u>135,245,946</u> |
| Less accumulated depreciation: | | | | |
| Building and improvements | 72,873,390 | 4,024,605 | | 76,897,995 |
| Machinery and equipment | 4,546,542 | 336,546 | (503,760) | 4,379,328 |
| Total accumulated depreciation | <u>77,419,932</u> | <u>4,361,151</u> | <u>(503,760)</u> | <u>81,277,323</u> |
| Total capital assets being depreciated, net | <u>46,709,494</u> | <u>(4,319,451)</u> | <u>11,578,580</u> | <u>53,968,623</u> |
| Total capital assets, net | <u>\$ 76,445,759</u> | <u>\$ (3,006,490)</u> | <u>\$ -</u> | <u>\$ 73,439,269</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------|---------------------|
| Instruction | \$ 4,168,774 |
| General support | 103,420 |
| Food service program | <u>88,957</u> |
| Total | <u>\$ 4,361,151</u> |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

| | Interfund | | Interfund | |
|-----------------------------|---------------|---------------|--------------|--------------|
| | Receivable | Payable | Revenues | Expenditures |
| General fund | \$ 13,670,142 | \$ 2,010,533 | \$ 53,218 | \$ 2,596,622 |
| Special aid fund | | 12,613,142 | 585,867 | |
| School lunch fund | | 1,057,000 | | |
| Debt service fund | 1,312 | | | 53,218 |
| Capital projects fund | 2,010,533 | 1,312 | 2,010,755 | |
| Total government activities | \$ 15,681,987 | \$ 15,681,987 | \$ 2,649,840 | \$ 2,649,840 |
| | Advances To | Advances From | | |
| General fund | \$ 95,782 | \$ | | |
| Capital projects fund | | 95,782 | | |
| Totals | \$ 95,782 | \$ 95,782 | | |

The District transferred from the general fund to the special aid fund to fund the District's share of summer program for students with disabilities and the State supported Section 4201 schools. The District transferred from the debt service fund to the general fund as per the budget, to partially offset long-term debt interest expense. The general fund also transferred funds to the capital projects fund for an emergency floor tile abatement project at Chestnut Ridge Middle School.

The advances from the general fund to the capital projects fund represent the amount of the deficit in various district improvements in the capital projects fund, currently a deficit of \$95,782, which is not expected to be repaid in the next fiscal year.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

NOTE 10 – SHORT-TERM LIABILITIES:

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

| | <u>Maturity</u> | <u>Interest Rate</u> | <u>Beginning Balance</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Ending Balance</u> |
|---------------------------|-----------------|--------------------------|------------------------------|----------------------|----------------------|---------------------------|
| Tax Anticipation Note | 10/16/2020 | 2.00% | \$ - | \$ 18,000,000 | \$ 18,000,000 | \$ - |
| Revenue Anticipation Note | 5/5/2022 | 1.25% | - | 15,000,000 | - | 15,000,000 |
| Budget note | 5/5/2022 | 1.25% | - | 8,800,000 | - | 8,800,000 |
| Deficiency note | 5/5/2022 | 1.25% | - | 12,280,000 | - | 12,280,000 |
| Total | | | <u>\$ -</u> | <u>\$ 54,080,000</u> | <u>\$ 18,000,000</u> | <u>\$ 36,080,000</u> |

On July 16, 2020, the District issued a tax anticipation note (TAN) for \$18,000,000, maturing on October 16, 2020 for interim financing of the general fund operations. The TAN has a stated interest rate of 2.00% resulting in interest expense of \$90,000. It also includes a total premium of \$48,800, which resulted in a net interest cost of \$41,200.

On May 5, 2021, the District issued a revenue anticipation note (RAN) for \$15,000,000, maturing on May 5, 2022 for interim financing of the general fund operations. The RAN has a stated interest rate of 1.25% resulting in interest expense of \$187,500. It also includes a total premium of \$114,900, which results in a net interest cost of \$72,600.

On May 5, 2021, the District issued a deficiency note for \$12,280,000, maturing on May 5, 2022 for interim financing of the general fund operations. The note has a stated interest rate of 1.25% resulting in interest expense of \$153,500. It also includes a total premium of \$94,065, which results in a net interest cost of \$59,435.

On May 5, 2021, the District issued a budget note for \$8,800,000, maturing on May 5, 2022 for interim financing of the general fund operations. The note has a stated interest rate of 1.25% resulting in interest expense of \$110,000. It also includes a total premium of \$67,408, which results in a net interest cost of \$42,592.

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

| | |
|---|-------------------|
| | <u>Total</u> |
| Interest paid | \$ 90,000 |
| Less interest accrued in the prior year | - |
| Plus interest accrued in the current year | 75,166 |
| Total interest expense on short-term debt | <u>\$ 165,166</u> |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

NOTE 11 – LONG-TERM LIABILITIES:

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

| | Beginning Balance | Issued | Redeemed | Ending Balance | Due within one year |
|--|-----------------------|----------------------|------------------------|-----------------------|------------------------|
| Bonds payable | | | | | |
| Construction bonds | \$ 56,471,850 | \$ | \$ (2,766,850) | \$ 53,705,000 | \$ 2,840,000 |
| Plus | | | | | |
| Unamortized premium on bond | 1,525,051 | | (113,316) | 1,411,735 | 113,316 |
| Total bonds payable inclusive of premium | 57,996,901 | - | (2,880,166) | 55,116,735 | 2,953,316 |
| Other liabilities | | | | | |
| Judgements, claims and settlements payable | 484,836 | | (221,209) | 263,627 | 221,209 |
| ERS stabilization program liability | 2,091,615 | | (264,547) | 1,827,068 | 273,737 |
| Compensated absences payable | 663,321 | 281,105 | (408,872) | 535,554 | - |
| Total other post-employment benefits liability | 410,356,406 | 30,502,884 | (14,265,855) | 426,593,435 | - |
| Net pension liability - proportionate share | | | | | |
| Employees' retirement system | 12,598,287 | | (12,552,488) | 45,799 | - |
| Teachers' retirement system | - | 38,480,546 | (21,869,015) | 16,611,531 | - |
| Total long-term liabilities | <u>\$ 484,191,366</u> | <u>\$ 69,264,535</u> | <u>\$ (52,462,152)</u> | <u>\$ 500,993,749</u> | <u>\$ 3,448,262</u> |

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, judgements, claims and settlements payable, ERS stabilization program liabilities, compensated absences, other post-employment benefits and net pension liabilities.

A) Bonds Payable:

Bonds payable is comprised of the following:

| Description | Issue Date | Original Issue Amount | Final Maturity | Interest Rates | Outstanding at June 30, 2021 |
|------------------------------|---------------|--------------------------|-------------------|-------------------|---------------------------------|
| Various Capital Improvements | 2012 | \$7,180,000 | June 2025 | 2.75-3% | \$ 1,810,000 |
| Various Capital Improvements | 2019 | \$22,650,000 | December 2033 | 2.50-5% | 20,580,000 |
| Various Capital Improvements | 2020 | \$32,281,850 | March 2047 | 5.00% | 31,315,000 |
| | | | | | <u>\$ 53,705,000</u> |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

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

| Fiscal Year Ended June 30, | Principal | Interest | Total |
|-------------------------------|----------------------|----------------------|----------------------|
| 2022 | \$ 2,840,000 | \$ 2,399,038 | \$ 5,239,038 |
| 2023 | 2,935,000 | 2,269,238 | 5,204,238 |
| 2024 | 2,630,000 | 2,134,962 | 4,764,962 |
| 2025 | 2,485,000 | 2,008,237 | 4,493,237 |
| 2026 | 2,475,000 | 1,884,113 | 4,359,113 |
| 2027-2031 | 13,640,000 | 7,630,581 | 21,270,581 |
| 2032-2036 | 11,500,000 | 4,945,400 | 16,445,400 |
| 2037-2041 | 6,460,000 | 3,167,250 | 9,627,250 |
| 2041-2046 | 7,200,000 | 1,481,500 | 8,681,500 |
| 2047 | 1,540,000 | 77,000 | 1,617,000 |
| | <u>\$ 53,705,000</u> | <u>\$ 27,997,319</u> | <u>\$ 81,702,319</u> |

Upon default of the payment of principal or interest on the serial bonds, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance and apply the amount withheld to the payment of the defaulted principal or interest.

Unamortized Premiums on Bonds

The District received premiums on bond issuances. These premiums are being amortized over the life of the bond. Amortization is included as a component of interest expense on the District-Wide Financial Statement.

B) Long-Term Interest:

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

| | |
|---|---------------------|
| Interest paid | \$ 2,474,598 |
| Less interest accrued in the prior year | (452,397) |
| Less amortization of bond premium | (113,316) |
| Plus interest accrued in the current year | 460,498 |
| Total interest expense on long-term debt | <u>\$ 2,369,383</u> |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

NOTE 12 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

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

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple – employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law. 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 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. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

B) Funding Policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31st. The District's contribution rate for ERS' fiscal year ended March 31, 2021, by tier, of covered payroll was as follows:

| | |
|--------|-------|
| Tier 1 | 21.6% |
| Tier 2 | 19.7% |
| Tier 3 | 16.1% |
| Tier 4 | 16.1% |
| Tier 5 | 13.4% |
| Tier 6 | 9.6% |

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2021 was 9.53% of covered payroll.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's fiscal year end were:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

| | NYSERS | NYSTRS |
|------|--------------|---------------|
| 2021 | \$ 2,993,678 | \$ 9,764,610 |
| 2020 | \$ 2,913,508 | \$ 9,028,783 |
| 2019 | \$ 3,037,223 | \$ 10,358,443 |

C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

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

| | ERS | TRS |
|--|----------------|-----------------|
| Measurement date | March 31, 2021 | June 30, 2020 |
| Net pension liability | \$ (45,799) | \$ (16,611,531) |
| District's portion of the Plan's total net pension liability | 0.0459945% | 0.601155% |
| Change in proportion since the prior measurement date | -0.0015811% | 0.016861% |

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$1,631,774 for ERS, and \$21,869,015 for TRS. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|--------------------------------|---------------|-------------------------------|---------------|
| | ERS | TRS | ERS | TRS |
| Differences between expected and actual experience | \$ 559,324 | \$ 14,555,025 | \$ | \$ 851,309 |
| Net difference between projected and actual earnings on pension plan investments | | 10,848,786 | 13,156,042 | |
| Changes of assumptions | 8,420,877 | 21,009,721 | 158,820 | 7,488,868 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 1,488,623 | 366,739 | 365,778 | 2,444,821 |
| District's contributions subsequent to the measurement date | 775,648 | 9,764,610 | | |
| | \$ 11,244,472 | \$ 56,544,881 | \$ 13,680,640 | \$ 10,784,998 |

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | ERS | TRS |
|--------------------|----------------|---------------|
| Fiscal Year ended: | | |
| 2021 | | \$ 5,975,153 |
| 2022 | \$ (314,362) | 12,567,020 |
| 2023 | 38,159 | 10,322,477 |
| 2024 | (510,830) | 6,315,490 |
| 2025 | (2,424,783) | 190,919 |
| Thereafter | - | 624,214 |
| | \$ (3,211,816) | \$ 35,995,273 |

Actuarial Assumptions

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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EXHIBIT 9

| | ERS | TRS |
|----------------------------|-----------------------------------|---------------------------------|
| Measurement date | March 31, 2021 | June 30, 2020 |
| Actuarial valuation date | April 1, 2020 | June 30, 2019 |
| Interest rate | 5.90% | 7.10% |
| Salary scale | 4.40% | 4.72% - 1.90% |
| Cost of living adjustments | 1.4% annually | 1.3%, annually |
| Decrement tables | April 1, 2015 - March 31, 2020 | July 1, 2009 - June 30, 2014 |
| | System's Experience | System's Experience |
| Inflation rate | 2.70% | 2.20% |

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis.

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, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections 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 investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

| <u>Measurement Date</u> | ERS | | TRS | |
|------------------------------------|----------------------|--|----------------------|--|
| | March 31, 2021 | | June 30, 2020 | |
| | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| <u>Asset type</u> | | | | |
| Domestic equity | 32.0% | 4.05% | 33.0% | 7.10% |
| International equity | 15.0% | 6.30% | 16.0% | 7.70% |
| Global equity | - | - | 4.0% | 7.40% |
| Private equity | 10.0% | 6.75% | 8.0% | 10.40% |
| Real estate | 9.0% | 4.95% | 11.0% | 6.80% |
| Absolute return strategies | 4.0% | 3.25% | - | - |
| Opportunistic portfolio | 3.0% | 4.65% | - | - |
| Real assets | 3.0% | 5.95% | - | - |
| Bonds and mortgages | 23.0% | 0.00% | - | - |
| Cash | 1.0% | 0.50% | - | - |
| Domestic fixed income securities | - | - | 16.0% | 1.80% |
| Global fixed income securities | - | - | 2.0% | 1.00% |
| High-yield fixed income securities | - | - | 1.0% | 3.90% |
| Private debt | - | - | 1.0% | 5.20% |
| Mortgages - Real Estate Debt | - | - | 7.0% | 3.60% |
| Short-term | - | - | 1.0% | 0.70% |
| | <u>100.0%</u> | | <u>100.0%</u> | |

The expected real rate of return is net of long-term inflation assumptions of 2.00% for ERS, and 2.20% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 6.10% for TRS) or 1-percentage point higher (6.90% for ERS and 8.10% for TRS) than the current rate:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

| ERS | 1% Decrease (4.90%) | Current Assumption (5.90%) | 1% Increase (6.90%) |
|--|---------------------------|----------------------------------|---------------------------|
| District's proportionate share of the net pension asset (liability) | \$ (12,711,907) | \$ (45,799) | \$ 11,635,318 |
| TRIS | 1% Decrease (6.10%) | Current Assumption (7.10%) | 1% Increase (8.10%) |
| District's proportionate share of the net pension asset (liability) | \$ (104,929,318) | \$ (16,611,531) | \$ 57,509,474 |

Pension Plan Fiduciary Net Position

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

| | (Dollars in Thousands) | |
|---|------------------------|------------------|
| | ERS | TRIS |
| Measurement date | March 31, 2021 | June 30, 2020 |
| Employers' total pension liability | \$ (220,680,157) | \$ (123,242,776) |
| Plan Net Position | 220,580,583 | 120,479,505 |
| Employers' net pension liability | \$ (99,574) | \$ (2,763,271) |
| Ratio of plan net position to the Employers' total pension liability | 99.95% | 97.76% |

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. 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 \$775,648.

For TRIS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October, and November through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRIS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRIS System. Accrued retirement contributions as of June 30, 2021 amounted to \$10,881,861.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

NOTE 13 – OTHER PENSION OBLIGATIONS – ERS STABILIZATION PROGRAM:

Legislation enacted as part of the 2013-14 New York State adopted budget as Chapter 57 of the Laws of 2013 established an alternative to the original Contribution Stabilization Program enacted in 2010. This Alternate Contribution Stabilization Program (“ACSP”) authorized local governments and school districts, at their option, to defer payment on a portion of their annual ERS contribution beginning in the 2013-14 fiscal year. The maximum amortization amount in each year going forward under this alternate plan will be determined by the difference between each employer’s normal effective contribution rate as compared to the System’s ACSP graded rate. The graded rate will always move from the previous graded rate towards the new actuarial rate by no more than .5% per year. Any amounts amortized under this program are to be paid in equal annual installments over a twelve-year period, although amounts may be prepaid at any time. The interest rate on an amount amortized in a given year will be the interest rate for that year and will be fixed for the duration of that payment period. The interest rate will be comparable to a twelve-year US Treasury bond plus 1%. If the System’s average actuarial rates are lower than the employer’s graded rate, the employer would still be required to pay the graded rate. Any additional contributions made as a result will first be used to pay off existing amortizations with any excess being deposited into a reserve account to be used to offset future increases in contribution rates. The District elected to amortize the maximum allowable ERS contributions for the years noted in the table below. The following table summarizes transactions during the year related to amounts amortized under this program and included as a long-term liability in the District-Wide Statement of Net Position, as ERS stabilization program liability:

| Fiscal Year | Original Amount Amortized | Beginning of Year Balance | Current Year Additions / (Payments) | End of Year Balance | Principal Due Within One Year |
|----------------|---------------------------------|------------------------------|--|---------------------------|-------------------------------------|
| 2014 | \$ 1,193,538 | \$ 662,581 | \$ (100,496) | \$ 562,085 | \$ 104,275 |
| 2015 | 759,759 | 480,743 | (61,797) | 418,946 | 63,960 |
| 2016 | 956,005 | 678,424 | (75,322) | 603,102 | 77,853 |
| 2017 | 346,546 | 269,867 | (26,932) | 242,935 | 27,649 |
| | <u>\$ 3,255,848</u> | <u>\$ 2,091,615</u> | <u>\$ (264,547)</u> | <u>\$ 1,827,068</u> | <u>\$ 273,737</u> |

NOTE 14 – OTHER RETIREMENT PLANS:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2021, totaled \$10,000 and \$4,238,609 respectively.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description

The District’s OPEB Plan (the “OPEB Plan”), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and are administered by Empire BlueCross BlueShield, United Healthcare, GHI/Value Options, and Caremark. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The OPEB Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute 50% for individual or family coverage, 74% of individual, and 59% of family coverage for other bargaining units, and 0% of the premiums for surviving spouses. The District recognizes the cost of the OPEB Plan annually as expenditures in the fund financial statements as payments are accrued. For measurement period ending June 30, 2021, the District contributed an estimated \$14,265,855 to the Plan, including \$14,265,855 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund the OPEB Plan by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

At July 1, 2019, the date of the last full valuation, the following employees were covered by the benefit terms:

| | |
|---|-------|
| Inactive employees, spouses or beneficiaries currently receiving benefit payments | 1,741 |
| Active employees | 1,251 |
| Total | 2,992 |

B) Total OPEB Liability:

The District’s total OPEB liability of \$426,593,435 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

Actuarial Assumptions and Other Inputs

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

| | |
|--|--|
| Inflation | 2.60% |
| Salary increases | 2.60%, including inflation |
| Discount rate | 2.16% |
| Healthcare cost trend rates | 6.6% decreasing to 4.1% over 56 years |
| Retirees' share of benefit-related costs | 15.00% of projected health insurance premiums for retirees and family, 100% for surviving spouse |

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating AA/Aa or higher.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table generationally projected using Scale MP-Ultimate. This assumption includes a margin for future improvements in longevity.

The actuarial assumptions used in the June 30, 2021 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C) Changes in the Total OPEB Liability:

| | |
|--|------------------------------|
| Balance at June 30, 2020 | <u>\$ 410,356,406</u> |
| Changes for the fiscal year: | |
| Service cost | 17,996,653 |
| Interest | 9,309,827 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes in assumptions or other inputs | 3,196,404 |
| Benefit payments | <u>(14,265,855)</u> |
| Net changes | <u>16,237,029</u> |
| Balance at June 30, 2021 | <u><u>\$ 426,593,435</u></u> |

There were no significant plan changes since the last valuation.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

Changes in assumptions or other inputs include a change in the discount rate from 2.21% at June 30, 2020 to 2.16% at June 30, 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

| | 1% Decrease (1.16%) | Discount Rate (2.16%) | 1% Increase (3.16%) |
|----------------------|---------------------------|-----------------------------|---------------------------|
| Total OPEB liability | \$ 498,708,096 | \$ 426,593,435 | \$ 368,855,153 |

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.6%) or 1-percentage-point higher (7.6%) than the current healthcare cost trend rates:

| | 1% Decrease (5.6% decreasing to 3.1%) | Healthcare Cost Trend Rates (6.6% decreasing to 4.1%) | 1% Increase (7.6% decreasing to 5.1%) |
|----------------------|--|--|--|
| Total OPEB liability | \$ 365,188,567 | \$ 426,593,435 | \$ 506,825,954 |

D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$23,903,708. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 10,861 | \$ 5,982,239 |
| Changes of assumptions or other inputs | 14,616,312 | 12,319,747 |
| | \$ 14,627,173 | \$ 18,301,986 |

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

| Fiscal Year ended June 30: | |
|----------------------------|----------------|
| 2022 | \$ (3,402,772) |
| 2023 | (3,402,772) |
| 2024 | 1,074,965 |
| 2025 | 1,874,837 |
| 2026 | 180,929 |
| Thereafter | - |
| | \$ (3,674,813) |

NOTE 16 – JUDGEMENTS, CLAIMS AND SETTLEMENTS PAYABLE:

Judgements, claims and settlements payable of \$263,627 is recorded on the District Wide Statement of Net Position, as a long-term liability. This includes \$63,627 for court ordered tax certiorari refunds which are payable, at \$21,209 a year, for the next three years. Also included is \$200,000 remaining for a settlement agreement with a former contractor, payable at \$200,000 a year, for the next year.

NOTE 17 – RISK MANAGEMENT:

A) General:

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

B) Pool, Risk Sharing:

The District participates in a risk-sharing pool, the Rockland County Schools Cooperative Workers' Compensation Self- Insurance Plan, to insure workers' compensation claims. This is a

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims.

The District pays an annual premium to the pool for its workers' compensation claims coverage. The Plan has obtained an excess compensation insurance policy to buffer the effect that a single large claim may have on the Plan. Although excess compensation insurance permits recovery of a portion of such losses from the insurance carrier, it does not discharge the Plan's responsibility for payment of the claim.

The Plan established a liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Plan's total liability for unbilled and opened claims at June 30, 2021, is \$16,823,497. Of this total undiscounted liability, \$3,989,266 is associated with the District. During the year ended June 30, 2021, the District's contribution to the Plan was \$1,038,520.

The Plan has issued financial statements for the year ended June 30, 2021. Copies of these statements can be obtained from the District's administrative office. For its health insurance coverage, the District is a participant in the New York State Employees Health Insurance Plan, a public entity risk pool operated for New York State, local government and school district employers and employees. The Plan is considered a self-sustaining risk pool and the District has essentially transferred all risk to the pool.

NOTE 18 - TAX ABATEMENTS:

The Towns of Ramapo and Clarkstown, under the authority of Section 577 of the Private Housing Finance Law, entered into property tax abatement programs with various housing development fund companies for the purpose of economic development, and general prosperity and economic welfare of the Towns. The District's property tax revenue was reduced by \$1,737,300 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$252,602 for these program during the fiscal year.

The County of Rockland Industrial Development Agency, under the authority of General Municipal Law Section 925-1, entered into a property tax abatement program for the purpose of economic development. The District's property tax revenue was reduced by \$47,415 for this program. The District did not receive any PILOT payments for this program during the fiscal year.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

NOTE 19 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2021, the District encumbered the following amounts:

| | |
|-----------------------|---------------------|
| General fund | |
| General support | \$ 38,949 |
| Instruction | 118,730 |
| Transportation | 26,723 |
| | <u>\$ 184,402</u> |
| Capital projects fund | |
| Capital projects | <u>\$ 3,574,506</u> |

B) Grants:

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.

C) Litigation:

The District is involved in various litigation proceedings resulting from the conduct of its affairs. Management cannot estimate monetary amounts associated with the resolution of these cases, nor the likelihood of an unfavorable outcome.

NOTE 20 – RESTATEMENT OF FUND BALANCES AND NET POSITION:

During the year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The adoption and implementation of this Statement resulted in the reporting changes in current assets and other liabilities. The District's net fund balance and net position have been restated as follows:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

| | General Fund | Special Purpose Fund | Miscellaneous Special Revenue Fund | Statement of Net Position |
|--|----------------------|----------------------------|---|------------------------------|
| Fund Balance/Net Position (Deficit) | | | | |
| Beginning of Year, as Reported | \$ 16,319,369 | \$ 251,925 | \$ - | \$ (342,554,234) |
| Assets | | | | |
| Cash | 2,015,059 | (251,925) | 455,588 | 2,218,722 |
| Due from governmental funds | (1,434,374) | | | (1,434,374) |
| Total Assets | <u>\$ 580,685</u> | <u>\$ (251,925)</u> | <u>\$ 455,588</u> | <u>\$ 784,348</u> |
| Liabilities | | | | |
| Accrued liabilities | \$ 580,685 | | | \$ 580,685 |
| Total Liabilities | <u>580,685</u> | | <u>-</u> | <u>580,685</u> |
| Fund Balance/Net Position (Deficit) | | | | |
| Restricted for scholarships | - | (251,925) | 251,925 | - |
| Assigned unappropriated fund balance | - | | 203,663 | 203,663 |
| Total Fund Balance | <u>-</u> | <u>(251,925)</u> | <u>455,588</u> | <u>203,663</u> |
| Net increase (decrease) in Fund Balance/Net Position | <u>-</u> | <u>(251,925)</u> | <u>455,588</u> | <u>203,663</u> |
| Fund Balance/Net Position (Deficit) | | | | |
| Beginning of Year, as Restated | <u>\$ 16,319,369</u> | <u>\$ -</u> | <u>\$ 455,588</u> | <u>\$ (342,350,571)</u> |

NOTE 21 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded that the following subsequent events have occurred that would require disclosure in the notes to financial statements:

A) Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA):

In July 2021, the District applied for CRSSA funding of \$66,722,803 through the Elementary and Secondary School Emergency Relief Program (ESSER). The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as they are expended.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT 9

B) Anticipated Legal Settlement:

The District is required to pay \$5,446,140 in a federal court-ordered payment after the District lost a federal voting rights challenge by the Spring Valley NAACP. The District had accrued for these expenses as of June 30, 2021 as an accrued liability within the general fund. This amount in its entirety was subsequently paid in August of 2021.

C) Emergency Capital Repairs:

As of the financial statement date, the District's Board of Education approved three emergency repairs for the removal of possible hazardous materials unexpectedly discovered at Spring Valley High School, an emergency door project at Ramapo High School, and emergency repairs of the main entry doors at Kakiat elementary.

D) Revenue Anticipation Note:

On August 24, 2021 the District issued a revenue anticipation note (RAN) in the amount of \$15,000,000, which included a premium on issuance of \$5,000 and carries an interest rate of 1.00%.

SUPPLEMENTARY INFORMATION

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Final Budget Variance with Budgetary Actual</u> |
|--|------------------------|-----------------------|-------------------------------------|--|
| REVENUES | | | | |
| Local Sources | | | | |
| Real property taxes | \$ 154,490,227 | \$ 145,274,441 | \$ 145,274,441 | \$ - |
| Other real property tax items | 270,853 | 9,486,639 | 9,220,173 | (266,466) |
| Charges for services | 1,895,000 | 1,895,000 | 330,077 | (1,564,923) |
| Use of money & property | 913,213 | 913,213 | 272,879 | (640,334) |
| Sale of property and compensation for loss | 166,019 | 166,019 | 196,781 | 30,762 |
| Miscellaneous | 1,820,000 | 1,831,278 | 2,051,733 | 220,455 |
| State Sources | | | | |
| Basic formula | 78,600,423 | 56,988,322 | 24,295,736 | (32,692,586) |
| Excess cost aid | - | - | 9,724,007 | 9,724,007 |
| Tuition aid for students with disabilities | 1,920,000 | 1,920,000 | 1,092,151 | (827,849) |
| Lottery aid | - | 9,332,101 | 8,168,616 | (1,163,485) |
| BOCES aid | 828,000 | 828,000 | 3,894,450 | 3,066,450 |
| Textbook aid | - | - | 2,225,733 | 2,225,733 |
| Computer software/hardware aid | - | - | 879,709 | 879,709 |
| Library A/V loan program aid | - | - | 87,737 | 87,737 |
| Other state aid | 3,000,000 | 3,000,000 | 3,577,967 | 577,967 |
| Federal Sources | | | | |
| CARES Act | - | - | 4,304,484 | 4,304,484 |
| Medicaid reimbursement | - | - | 583,319 | 583,319 |
| TOTAL REVENUES | 243,903,735 | 231,635,013 | 216,179,993 | (15,455,020) |
| Other Financing Sources | | | | |
| Premium on obligations | - | - | 48,800 | 48,800 |
| Transfers from other funds | 53,218 | 53,218 | 53,218 | - |
| Issuance of short-term borrowings | | | | |
| Budget note | - | 8,800,000 | - | (8,800,000) |
| Deficiency note | - | 12,280,000 | - | (12,280,000) |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | 243,956,953 | 252,768,231 | \$ 216,282,011 | \$ (36,486,220) |
| Appropriated Fund Balance | 1,787,900 | 3,798,655 | | |
| Appropriated Reserves | 699,576 | 699,576 | | |
| TOTAL REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED FUND BALANCE & RESERVES | \$ 246,444,429 | \$ 257,266,462 | | |

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Year-End Encumbrances</u> | <u>Final Budget Variance with Budgetary Actual and Encumbrances</u> |
|--|------------------------------|------------------------------|-------------------------------------|----------------------------------|---|
| EXPENDITURES | | | | | |
| General Support | | | | | |
| Board of education | \$ 333,617 | \$ 501,660 | \$ 486,059 | \$ 514 | \$ 15,087 |
| Central administration | 488,068 | 473,510 | 485,330 | | (11,820) |
| Finance | 1,125,177 | 1,196,799 | 1,125,366 | 24,095 | 47,338 |
| Staff | 3,452,224 | 3,734,733 | 2,898,209 | | 836,524 |
| Central services | 12,057,846 | 13,170,259 | 13,785,060 | 14,340 | (629,141) |
| Special items | 3,183,791 | 8,335,097 | 8,193,115 | | 141,982 |
| Total general support | <u>20,640,723</u> | <u>27,412,058</u> | <u>26,973,139</u> | <u>38,949</u> | <u>399,970</u> |
| Instructional | | | | | |
| Instruction, admin. & improvement | 7,364,724 | 7,268,517 | 6,178,367 | | 1,090,150 |
| Teaching - regular school | 56,996,075 | 57,098,597 | 59,412,294 | 37,462 | (2,351,159) |
| Programs for children with handicap conditions | 40,440,858 | 36,954,502 | 35,355,182 | 80,262 | 1,519,058 |
| Occupational education | 747,798 | 1,086,604 | 1,086,604 | | - |
| Teaching - special schools | 5,422,888 | 5,422,888 | 5,571,204 | | (148,316) |
| Instructional media | 3,763,955 | 4,800,826 | 4,484,172 | 1,006 | 315,648 |
| Pupil services | 14,058,207 | 14,455,741 | 13,192,273 | | 1,263,468 |
| Total instructional | <u>128,794,505</u> | <u>127,087,675</u> | <u>125,280,096</u> | <u>118,730</u> | <u>1,688,849</u> |
| Pupil transportation | <u>37,545,971</u> | <u>41,059,405</u> | <u>41,353,867</u> | <u>26,723</u> | <u>(321,185)</u> |
| Community services | <u>138,366</u> | <u>138,366</u> | <u>130,217</u> | <u>-</u> | <u>8,149</u> |
| Employee benefits | <u>53,305,904</u> | <u>53,539,243</u> | <u>52,905,459</u> | <u>-</u> | <u>633,784</u> |
| Debt service - principal | 2,766,850 | 2,766,850 | 2,766,850 | | - |
| Debt service - interest | 2,576,598 | 2,576,598 | 2,564,598 | | 12,000 |
| Total debt service | <u>5,343,448</u> | <u>5,343,448</u> | <u>5,331,448</u> | <u>-</u> | <u>12,000</u> |
| TOTAL EXPENDITURES | 245,768,917 | 254,580,195 | 251,974,226 | 184,402 | 2,421,567 |
| Other Financing Uses | | | | | |
| Transfers to other funds | <u>675,512</u> | <u>2,686,267</u> | <u>2,596,622</u> | <u>-</u> | <u>89,645</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 246,444,429</u> | <u>\$ 257,266,462</u> | 254,570,848 | <u>\$ 184,402</u> | <u>\$ 2,511,212</u> |
| Net change in fund balance | | | (38,288,837) | | |
| Fund balance - beginning of year | | | <u>16,319,369</u> | | |
| Fund balance - end of year | | | <u><u>\$ (21,969,468)</u></u> | | |

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,**

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|--------------------|-----------------------|-----------------------|-----------------------|
| Total OPEB Liability | | | | |
| Service cost | \$ 17,996,653 | \$ 14,410,134 | \$ 14,324,306 | \$ 13,907,093 |
| Interest | 9,309,827 | 13,798,640 | 12,308,197 | 11,919,040 |
| Changes of benefit terms | - | - | - | - |
| Differences between expected and actual experience | - | (9,130,787) | - | 28,241 |
| Changes of assumptions or other inputs | 3,196,404 | 18,350,899 | (29,119,405) | - |
| Benefit payments | (14,265,855) | (13,700,566) | (13,567,606) | (13,035,691) |
| Net change in total OPEB liability | 16,237,029 | 23,728,320 | (16,054,508) | 12,818,683 |
| Total OPEB liability - beginning | 410,356,406 | 386,628,086 | 402,682,594 | 389,863,911 |
| Total OPEB liability - ending | <u>426,593,435</u> | <u>\$ 410,356,406</u> | <u>\$ 386,628,086</u> | <u>\$ 402,682,594</u> |
| Covered-employee payroll | \$ 108,770,475 | \$ 108,770,475 | \$ 105,464,656 | \$ 105,464,656 |
| Total OPEB liability as a percentage of covered-employee payroll | 392.20% | 377.27% | 366.59% | 381.82% |

Notes to Schedule:*Trust Assets*

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75 to pay related benefits.

Changes of Assumptions

Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

| | |
|------|-------|
| 2021 | 2.16% |
| 2020 | 2.21% |
| 2019 | 3.50% |
| 2018 | 3.00% |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY) / ASSET
FOR THE FISCAL YEARS ENDED JUNE 30, ***

NYSERS Pension Plan

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| District's proportion of the net pension (liability) | 0.0459945% | 0.0475756% | 0.0519537% | 0.0547149% | 0.0531582% | 0.0552423% | 0.0535383% |
| District's proportionate share of the net pension (liability) | \$ (45,799) | \$ (12,598,287) | \$ (3,681,077) | \$ (1,765,893) | \$ (4,994,861) | \$ (8,866,541) | \$ (1,808,655) |
| District's covered payroll | \$ 17,205,638 | \$ 18,297,219 | \$ 18,252,563 | \$ 18,675,026 | \$ 18,293,000 | \$ 17,602,487 | \$ 17,353,491 |
| District's proportionate share of the net pension (liability) as a percentage of its covered payroll | 0.27% | 68.85% | 20.17% | 9.46% | 27.30% | 50.37% | 10.42% |
| Plan fiduciary net position as a percentage of the total pension (liability) | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.70% | 97.90% |

NYSTRS Pension Plan

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------------|---------------|---------------|---------------|----------------|---------------|---------------|
| District's proportion of the net pension (liability) / asset | 0.601155% | 0.584294% | 0.590130% | 0.569642% | 0.566106% | 0.550038% | 0.523982% |
| District's proportionate share of the net pension (liability) / asset | \$ (16,611,531) | \$ 15,179,990 | \$ 10,671,117 | \$ 4,329,842 | \$ (6,063,235) | \$ 57,131,374 | \$ 58,368,315 |
| District's covered payroll | \$ 102,060,005 | \$ 97,537,128 | \$ 96,125,649 | \$ 90,340,434 | \$ 87,639,522 | \$ 83,140,205 | \$ 77,824,582 |
| District's proportionate share of the net pension (liability) / asset as a percentage of its covered payroll | 16.28% | 15.56% | 11.10% | 4.79% | 6.92% | 68.72% | 75.00% |
| Plan fiduciary net position as a percentage of the total pension (liability) / asset | 97.76% | 102.17% | 101.53% | 100.66% | 99.01% | 110.46% | 111.48% |

*The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE FISCAL YEARS ENDED JUNE 30,**

| NYSERS Pension Plan | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution | \$ 2,993,678 | \$ 2,913,508 | \$ 3,037,223 | \$ 3,148,266 | \$ 2,529,370 | \$ 2,374,739 | \$ 2,140,192 |
| Contributions in relation to the contractually required contribution | 2,993,678 | 2,913,508 | 3,037,223 | 3,148,266 | 2,529,370 | 2,374,739 | 2,140,192 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 17,458,414 | \$ 17,938,331 | \$ 18,126,104 | \$ 18,782,372 | \$ 17,755,446 | \$ 18,049,532 | \$ 17,578,101 |
| Contributions as a percentage of covered payroll | 17.15% | 16.24% | 16.76% | 16.76% | 14.25% | 13.16% | 12.18% |

| NYSTRS Pension Plan | | | | | | | |
|--|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution | \$ 9,764,610 | \$ 9,028,783 | \$ 10,358,443 | \$ 9,420,314 | \$ 10,587,899 | \$ 11,621,001 | \$ 14,574,478 |
| Contributions in relation to the contractually required contribution | \$ 9,764,610 | 9,028,783 | 10,358,443 | 9,420,314 | 10,587,899 | 11,621,001 | 14,574,478 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 103,679,985 | \$ 102,060,005 | \$ 97,537,128 | \$ 96,125,649 | \$ 90,340,434 | \$ 87,639,522 | \$ 83,140,205 |
| Contributions as a percentage of covered payroll | 9.42% | 8.85% | 10.62% | 9.80% | 11.72% | 13.26% | 17.53% |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET - GENERAL FUND
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

| | | |
|--------------------------------|------------------|------------------------------|
| Adopted Contingency Budget | | \$ 245,744,853 |
| Add: Prior year's encumbrances | | <u>699,576</u> |
| Original Budget | | 246,444,429 |
| Budget revisions: | | |
| Budget note | \$ 8,800,000 | |
| Donations | 1,500 | |
| Community fund | 9,255 | |
| Adult education fees | 523 | |
| CRMS emergency repair | <u>2,010,755</u> | <u>10,822,033</u> |
| Final Budget | | <u><u>\$ 257,266,462</u></u> |

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

| | | |
|---|---------------------|-------------------------------|
| 2021-22 voter approved expenditure budget | | <u>\$ 272,449,633</u> |
| Maximum allowed (4% of 2021-2022 budget) | | <u><u>\$ 10,897,985</u></u> |
| General fund fund balance subject to Section 1318 of Real Property Tax Law | | |
| Assigned fund balance | \$ 184,402 | |
| Unassigned fund balance | <u>(22,352,946)</u> | |
| Total unrestricted fund balance | | (22,168,544) |
| Less: | | |
| Encumbrances included in assigned fund balance | <u>184,402</u> | |
| Total adjustments | | <u>184,402</u> |
| General fund fund balance subject to Section 1318 of Real Property Tax Law | | <u><u>\$ (22,352,946)</u></u> |
| Actual percentage | | -8.20% |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| Project Title | Project # | Project Budget | Expenditures | | | Unexpended Balance | Methods of Financing | | | Fund Balance June 30, 2021 | |
|--|-----------|----------------|---------------|--------------|---------------|--------------------|-------------------------|---------------|---------------|----------------------------|----------------|
| | | | Prior Years | Current Year | Total | | Proceeds of Obligations | State Sources | Local Sources | | Total |
| Various District Improvements | Multiple | \$ 14,347,900 | \$ 14,346,556 | \$ - | \$ 14,346,556 | \$ 1,344 | \$ 7,180,000 | \$ 5,823,419 | \$ 1,253,104 | \$ 14,256,523 | \$ (90,033) |
| Kakiat Elementary School Steps, Curbs and Sidewalk Repairs | 1318 | 128,000 | 125,440 | - | 125,440 | 2,560 | - | - | 128,000 | 128,000 | 2,560 |
| Ramapo HS Roof Project | 2219 | 1,138,566 | 1,133,416 | - | 1,133,416 | 5,150 | - | 1,000,000 | 130,000 | 1,130,000 | (3,416) |
| Spring Valley HS Plumbing Upgrades | 0319 | 28,495 | 28,495 | - | 28,495 | - | - | - | - | - | (28,495) ** |
| CRMS Windows | 3418 | 3,333 | 2,333 | - | 2,333 | 1,000 | - | - | - | - | (2,333) |
| CRMS Pipe Break | 3419 | 89,544 | 84,315 | - | 84,315 | 5,229 | - | - | 89,544 | 89,544 | 5,229 |
| CRMS Corridor/Ceiling (SAM) | 3420 | 3,354 | 3,354 | - | 3,354 | - | - | - | - | - | (3,354) ** |
| CRMS Asbestos Abatement | 3424 | 2,010,755 | - | 20,878 | 20,878 | 1,989,877 | - | - | 2,010,755 | 2,010,755 | 1,989,877 |
| Eldorado Masonry (SAM) | 3715 | 102,414 | 73,201 | 20,953 | 94,154 | 8,260 | - | 71,819 | - | 71,819 | (22,335) ** |
| Fleetwood Courtyard/Playground (SAM) | 1416 | 104,478 | 75,265 | 25,916 | 101,181 | 3,297 | - | 73,882 | - | 73,882 | (27,299) ** |
| Margetts Windows/Doors/Playground (SAM) | 2012 | 91,263 | 73,201 | - | 73,201 | 18,062 | - | 71,818 | - | 71,818 | (1,383) ** |
| Elmwood Doors/Playground (SAM) | 3014 | 100,866 | 71,653 | 25,916 | 97,569 | 3,297 | - | 70,270 | - | 70,270 | (27,299) ** |
| SVHS Heating/Ventilation (SAM) | 319A | 132,343 | 100,457 | 28,291 | 128,748 | 3,595 | - | 99,058 | - | 99,058 | (29,690) ** |
| SSBA - School Connectivity | 7902 | 1,949,672 | 1,364,603 | 585,069 | 1,949,672 | - | - | 544,564 | - | 544,564 | (1,405,108) ** |
| SSBA Class Tech | 79B2 | 459,000 | 312,902 | 128,488 | 441,390 | 17,610 | - | 412,672 | - | 412,672 | (28,718) ** |
| Subtotal Other Projects | | 20,689,983 | 17,795,191 | 835,511 | 18,630,702 | 2,059,281 | 7,180,000 | 8,167,502 | 3,611,403 | 18,958,905 | 328,203 |

2016 Bond Projects

| | | | | | | | | | | | |
|--------------------------------------|------|-----------|-----------|---------|-----------|-----------|-----------|--------|-----------|-----------|-----------|
| Spring Valley HS Roof and Field Bond | 0321 | 8,695,065 | 6,433,360 | - | 6,433,360 | 2,261,705 | 7,432,661 | - | 1,262,404 | 8,695,065 | 2,261,705 |
| Spring Valley HS Windows | 0322 | 1,537,464 | 1,347,634 | 7,784 | 1,355,418 | 182,046 | 1,537,464 | - | - | 1,537,464 | 182,046 |
| Spring Valley HS Paving Bond | 0324 | 222,567 | 210,725 | 9,330 | 220,055 | 2,512 | 222,567 | - | - | 222,567 | 2,512 |
| Admin Roof Bond | 0513 | 197,519 | 191,876 | - | 191,876 | 5,643 | 178,546 | - | 18,973 | 197,519 | 5,643 |
| Admin Boiler and Flooring Bond | 0514 | 2,349,654 | 1,793,115 | 267,677 | 2,060,792 | 288,862 | 2,349,654 | - | - | 2,349,654 | 288,862 |
| Hempstead Boilers | 0616 | 1,010,678 | 854,514 | - | 854,514 | 156,164 | 1,010,678 | - | - | 1,010,678 | 156,164 |
| Hempstead Roof | 0617 | 881,804 | 837,262 | - | 837,262 | 44,542 | 881,804 | - | - | 881,804 | 44,542 |
| Hempstead Paving Bond | 0618 | 207,927 | 196,844 | 8,291 | 205,135 | 2,792 | 207,927 | - | - | 207,927 | 2,792 |
| PMS Roof Bond | 0819 | 2,611,114 | 2,556,027 | - | 2,556,027 | 55,087 | 2,349,403 | - | 261,711 | 2,611,114 | 55,087 |
| PMS Boiler Bond | 0820 | 996,406 | 957,699 | 558 | 958,257 | 38,149 | 996,406 | - | - | 996,406 | 38,149 |
| PMS Paving Bond | 0821 | 161,319 | 147,759 | 10,676 | 158,435 | 2,884 | 161,319 | - | - | 161,319 | 2,884 |
| Kakiat Window Replacement | 1320 | 75,000 | 53,497 | - | 53,497 | 21,503 | 75,000 | - | - | 75,000 | 21,503 |
| Kakiat Air Handling | 1321 | 902,406 | 851,857 | - | 851,857 | 50,549 | 902,406 | - | - | 902,406 | 50,549 |
| Kakiat 1st Floor Renovation | 1322 | 497,693 | 474,899 | - | 474,899 | 22,794 | 59,181 | - | 438,512 | 497,693 | 22,794 |
| Kakiat Roof/Boilder/Fan/Win | 1323 | 6,834,586 | 6,156,883 | 21,174 | 6,178,057 | 656,529 | 6,834,586 | - | - | 6,834,586 | 656,529 |
| Kakiat Interior Reno | 1324 | 2,085,740 | 2,049,377 | 22,648 | 2,072,025 | 13,715 | 2,085,740 | - | - | 2,085,740 | 13,715 |
| Fleetwood Roof Bond | 1419 | 357,385 | 355,855 | - | 355,855 | 1,530 | 323,501 | - | 33,884 | 357,385 | 1,530 |
| Fleetwood Window Replacement | 1420 | 9,375 | 7,072 | - | 7,072 | 2,303 | 9,375 | - | - | 9,375 | 2,303 |
| Fleetwood Boilers | 1421 | 1,378,629 | 1,154,380 | - | 1,154,380 | 224,249 | 1,378,629 | - | - | 1,378,629 | 224,249 |
| Fleetwood Windows Bond | 1422 | 1,296,624 | 1,248,654 | 613 | 1,249,267 | 47,357 | 1,296,624 | - | - | 1,296,624 | 47,357 |
| Summit Park Roof | 1516 | 1,484,066 | 1,478,535 | - | 1,478,535 | 5,531 | 1,414,762 | 69,304 | - | 1,484,066 | 5,531 |
| Summit Park Window Bond | 1517 | 1,428,933 | 992,722 | 94,640 | 1,087,362 | 341,571 | 1,428,933 | - | - | 1,428,933 | 341,571 |
| Summit Park Boiler Bond | 1518 | 1,017,090 | 981,820 | 558 | 982,378 | 34,712 | 1,017,090 | - | - | 1,017,090 | 34,712 |
| Summit Park Paving Bond | 1519 | 90,007 | 83,869 | 3,534 | 87,403 | 2,604 | 90,007 | - | - | 90,007 | 2,604 |
| Grandview Boilers | 1614 | 671,058 | 569,265 | - | 569,265 | 101,793 | 671,058 | - | - | 671,058 | 101,793 |

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| Project Title | Project # | Project Budget | Expenditures | | | Unexpended Balance | Proceeds of Obligations | Methods of Financing | | | Fund Balance June 30, 2021 |
|-----------------------------|-----------|----------------|---------------|--------------|---------------|--------------------|-------------------------|----------------------|---------------|---------------|----------------------------|
| | | | Prior Years | Current Year | Total | | | State Sources | Local Sources | Total | |
| Grandview Roof | 1615 | 812,013 | 762,314 | - | 762,314 | 49,699 | 812,013 | - | - | 812,013 | 49,699 |
| Margetts Roof | 2013 | 846,660 | 792,603 | - | 792,603 | 54,057 | 846,660 | - | - | 846,660 | 54,057 |
| RHS Field & Boiler | 2220 | 8,550,213 | 6,170,550 | - | 6,170,550 | 2,379,663 | 7,633,948 | - | 916,265 | 8,550,213 | 2,379,663 |
| RHS Windows Bond | 2221 | 187,500 | 131,250 | - | 131,250 | 56,250 | 187,500 | - | - | 187,500 | 56,250 |
| RHS Paving Bond | 2222 | 284,527 | 260,652 | 12,901 | 273,553 | 10,974 | 284,527 | - | - | 284,527 | 10,974 |
| Lime Kiln Roof | 2716 | 828,397 | 794,639 | - | 794,639 | 33,758 | 828,397 | - | - | 828,397 | 33,758 |
| Lime Kiln Paving Bond | 2717 | 129,627 | 122,224 | 4,751 | 126,975 | 2,652 | 129,627 | - | - | 129,627 | 2,652 |
| Elmwood Boiler Replacement | 3015 | 781,628 | 778,445 | - | 778,445 | 3,183 | 708,746 | - | 72,882 | 781,628 | 3,183 |
| Elmwood Roof Bond | 3016 | 585,313 | 555,429 | 336 | 555,765 | 29,548 | 585,313 | - | - | 585,313 | 29,548 |
| CRMS Roof, Boiler, AHU, Fan | 3421 | 6,788,102 | 6,752,307 | - | 6,752,307 | 35,795 | 6,788,102 | - | - | 6,788,102 | 35,795 |
| CRMS Interior Renovations | 3422 | 1,148,103 | 844,093 | - | 844,093 | 304,010 | 957,103 | 150,000 | 41,000 | 1,148,103 | 304,010 |
| CRMS Paving Bond | 3423 | 126,327 | 119,071 | 4,610 | 123,681 | 2,646 | 126,327 | - | - | 126,327 | 2,646 |
| Eldorado Window Replacement | 3716 | 295,259 | 281,464 | - | 281,464 | 13,795 | 295,259 | - | - | 295,259 | 13,795 |
| Eldorado Roof Windows | 3717 | 565,960 | 536,221 | - | 536,221 | 29,739 | 565,960 | - | - | 565,960 | 29,739 |
| Eldorado Paving Bond | 3718 | 168,307 | 158,194 | 7,369 | 165,563 | 2,744 | 168,307 | - | - | 168,307 | 2,744 |
| SVHS Press Box | 5601/56A1 | 144,469 | 128,112 | - | 128,112 | 16,357 | 144,469 | - | - | 144,469 | 16,357 |
| RHS Press Box | 5701/57A1 | 140,086 | 129,714 | - | 129,714 | 10,372 | 140,086 | - | - | 140,086 | 10,372 |
| SVHS Concession Stands | 5801 | 412,590 | 387,472 | - | 387,472 | 25,118 | 412,590 | - | - | 412,590 | 25,118 |
| RHS Concession Stands | 5901 | 358,609 | 332,607 | - | 332,607 | 26,002 | 358,609 | - | - | 358,609 | 26,002 |
| Unallocated 2016 bond costs | | - | 124,126 | - | 124,126 | (124,126) | - | - | - | - | (124,126) |
| Subtotal 2016 Bond Projects | | 60,153,799 | 52,146,987 | 477,450 | 52,624,437 | 7,529,362 | 56,888,864 | 219,304 | 3,045,631 | 60,153,799 | 7,529,362 |
| Total | | \$ 80,843,782 | \$ 69,942,178 | \$ 1,312,961 | \$ 71,255,139 | \$ 9,588,643 | \$ 64,068,864 | \$ 8,386,806 | \$ 6,657,034 | \$ 79,112,704 | \$ 7,857,565 |

*Deficit fund balance will be eliminated once funding from New York State is received.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021**

| | | |
|---|----------------|-------------------|
| Capital assets, net | | \$ 73,439,269 |
| Deduct: | | |
| Short-term portion of construction bonds payable (inclusive of unamortized premium) | \$ (2,953,316) | |
| Long-term portion of construction bonds payable (inclusive of unamortized premium) | (52,163,419) | |
| Less: unspent bond proceeds | 5,345,582 | (49,771,153) |
| Net investment in capital assets | | \$ 23,668,116 |



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

To the Board of Education
East Ramapo Central 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, each major fund, and the fiduciary fund of the East Ramapo Central School District (the "District"), as of and for the fiscal 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 December 14, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

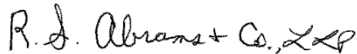
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control, described in the accompanying schedule of findings as item 2021-001 and 2021-002 that we consider to be material weaknesses.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as item 2021-001.

Purpose of this Report

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



R.S. Abrams & Co., LLP
Islandia, NY
December 14, 2021

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENT FINDING #2021-001

BUDGETING AND FUND BALANCE MONITORING – MATERIAL WEAKNESS

Criteria: To verify that the District properly established and enforced controls to establish and monitor the annual voter approved budget.

Condition: During our audit, we noted that the District did not have adequate controls in place to establish and monitor the annual voter approved budget.

Cause: The District did not have sufficient controls and procedures surrounding their budget development process and 2020-21 budget did not reflect accurate estimates for revenues and expenditures and therefore did not have adequate funds to pay for budgeted expenditures.

Effect: The District had to apply for short-term debt financing in the amount of \$36,080,000, with a repayment date of May 22, 2022. In addition, budgeted line items in the general fund for central administration, central services, teaching – regular school, teaching – special schools, and pupil transportation were overspent. This resulted in the general fund reporting an unassigned fund balance deficit of \$22,352,946 at June 30, 2021.

Recommendation: We recommend the District establish and enforce controls to establish and monitor the voter approved budget more closely throughout the year and ensure the District is complying with all State Education rules and regulations. In addition, we recommend the District review their budgeting procedures to ensure that the revenue and expenditure budgets are an accurate and a realistic reflection of the District’s needs and resources to fund the educational programs.

Response: The District response is included in their corrective action plan.

FINANCIAL STATEMENT FINDING #2021-002

ACCOUNTS PAYABLE AND ENCUMBRANCES – MATERIAL WEAKNESS

Criteria: Internal control over financial reporting should be in place to ensure financial information is fairly presented in accordance with accounting principles generally accepted in the United States.

Condition: During our audit, we noted the District did not correctly record or classify transactions for accounts payable and encumbrances incurred at fiscal year-end.

Cause: The District did not have adequate procedures in place to evaluate the proper period for the recording of encumbrances and accounts payable.

Effect: The District potentially could materially misstate accounts payable and encumbrances within the financial statements. Material adjusting journal entries were required to correct the account balances and accurately reflect year-end balances.

Recommendation: We recommend the District improve upon their procedures to evaluate the proper period and classification of accounts payable and encumbrances at year-end to ensure these year-end balances are complete, accurate, and properly recorded.

Response: The District response is included in their corrective action plan.