

NEW LEBANON CENTRAL SCHOOL DISTRICT

**Financial Statements
As of and For the Year Ended
June 30, 2023**

Together with Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

October 10, 2023

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of New Lebanon Central School District as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of net pension liability (asset), and schedule of contributions – pension plans be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Required Supplementary Information (Continued)

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Original Budget to Revised Budget and Section 1318 of Real Property Tax Limit Calculation - General Fund, Schedule of Project Expenditures - Capital Projects Fund and the Schedule of Net Investment in Capital Assets, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

NEW LEBANON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The following is a discussion and analysis of the New Lebanon Central School District's (the School District) financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Government-wide net position of the School District is \$(19,125,364).
- Government-wide net position is \$558,285 less than at June 30, 2022.
- The School District had a fund balance in the General Fund in the amount of \$2,856,709. This is an increase of \$94,833 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (MD&A) (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

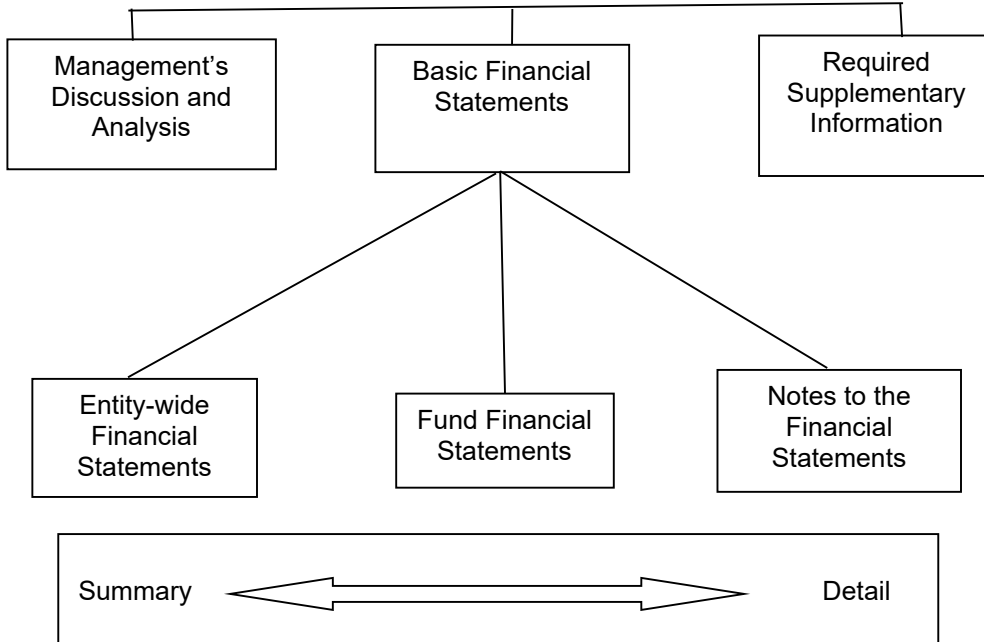
- The first two statements are *Government-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the Government-wide statements.
- The *governmental funds statements* tell how basic services, such as special education, were financed in the *short-term*.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-1 shows how the various sections of this annual report are arranged and related to one another.

Figure A-1 Organization of the School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements

| | Government-Wide | Fund Financial Statements |
|---|--|---|
| | | Governmental Funds |
| Scope | Entire School District | The daily operating activities of the School District, such as instruction and special education. |
| 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 revenue, expenditures, and change in fund balance |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus. | Modified accrual accounting and current financial focus. |
| Type of asset/liability, deferred outflows/inflows of resources information | All assets, liabilities, deferred outflows & inflows of resources both financial and capital, short-term and long-term debt. | Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included. |
| Type of inflow/outflow information | All revenue and expenses during the year, regardless of when cash is received or paid. | Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable. |

The Government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the School District's *net position* and how they have changed. Net position – the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the School District's financial health or position.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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, (dollars), are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

Government-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare 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 function.
- Calculate revenue and expenses using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position has constraints placed on use by external sources or imposed by law.
 - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The School District has the following types of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund, miscellaneous special revenue fund, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table A-3 Condensed Statement of Net Position (In Thousands of Dollars)

The analysis below focuses on the net position (Table A-3) and changes in net position (Table A-4) of the School District's governmental activities. The School District's net position decreased \$558,285 in 2023. As Table A-3 shows, the School District's assets decreased. The decrease in deferred outflows and decrease in deferred inflows was the result of the change in other postemployment benefits. The increase in liabilities can be attributed primarily to the annual other post-employment benefit accrual.

Table A-3 Condensed Statement of Net Position

| | Fiscal Year 2023 | Fiscal Year 2022 | Percent Change |
|----------------------------------|-----------------------------|-----------------------------|---------------------------|
| Current and other assets | \$ 4,019 | \$ 3,732 | 7.70% |
| Noncurrent assets | <u>18,902</u> | <u>24,609</u> | -23.19% |
| Total assets | <u>22,921</u> | <u>28,341</u> | -19.12% |
| Deferred outflows of resources | <u>6,293</u> | <u>6,740</u> | -6.63% |
| Current liabilities | 1,528 | 1,187 | 28.71% |
| Long-term liabilities | <u>38,336</u> | <u>36,314</u> | 5.57% |
| Total liabilities | <u>39,864</u> | <u>37,501</u> | 6.30% |
| Deferred inflows of resources | <u>8,476</u> | <u>16,147</u> | -47.51% |
| Net position: | | | |
| Net investment in capital assets | 13,786 | 13,944 | -1.13% |
| Restricted | 2,373 | 1,971 | 20.40% |
| Unrestricted | <u>(35,285)</u> | <u>(34,482)</u> | -2.33% |
| Total net position | <u>\$ (19,125)</u> | <u>\$ (18,567)</u> | -3.01% |

Changes in Net Position

The School District's 2023 revenue was \$13,890,815 (See Figure A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 60% and 26%, respectively, of the total revenue raised (see Table A-5). The remainder of revenue came from fees for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$14,449,100 for 2023. These expenses are predominately for the education, supervision, and transportation of students (see Table A-6). The School District's administrative and business activities accounted for 18% of total costs.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Changes in Net Position (Continued)

Table A-4 Changes in Net Position from Operating Results (In Thousands of Dollars)

| | Fiscal Year <u>2023</u> | Fiscal Year <u>2022</u> | Percent <u>Change</u> |
|--|------------------------------------|------------------------------------|----------------------------------|
| Revenue: | | | |
| Charges for services | \$ 85 | \$ 45 | 89.14% |
| Operating grants | 1,052 | 974 | 8.05% |
| Capital grants | - | 62 | -100.00% |
| General revenue: | | | |
| Property taxes | 8,385 | 8,206 | 2.18% |
| Other tax items | 438 | 463 | -5.38% |
| Use of money and property | 59 | 6 | 876.25% |
| Sale of property and compensation for loss | 8 | 6 | 38.90% |
| State aid | 3,652 | 3,774 | -3.24% |
| Miscellaneous | <u>212</u> | <u>136</u> | 55.57% |
| Total revenue | <u>13,891</u> | <u>13,672</u> | 1.60% |
| Expenses: | | | |
| General support | 2,546 | 2,428 | 4.85% |
| Instruction | 10,416 | 8,720 | 19.45% |
| Transportation | 1,079 | 835 | 29.25% |
| Debt service - Interest | 127 | 137 | -7.18% |
| Cost of sales - Food | <u>281</u> | <u>233</u> | 20.64% |
| Total expenses | <u>14,449</u> | <u>12,353</u> | 16.97% |
| Change in net position | <u>\$ (558)</u> | <u>\$ 1,319</u> | 142.33% |

Expenses increased approximately \$2.1 million. This was due to the change in the pension valuation in the School District's proportionate share.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Table A-5: Revenue Sources for 2023:

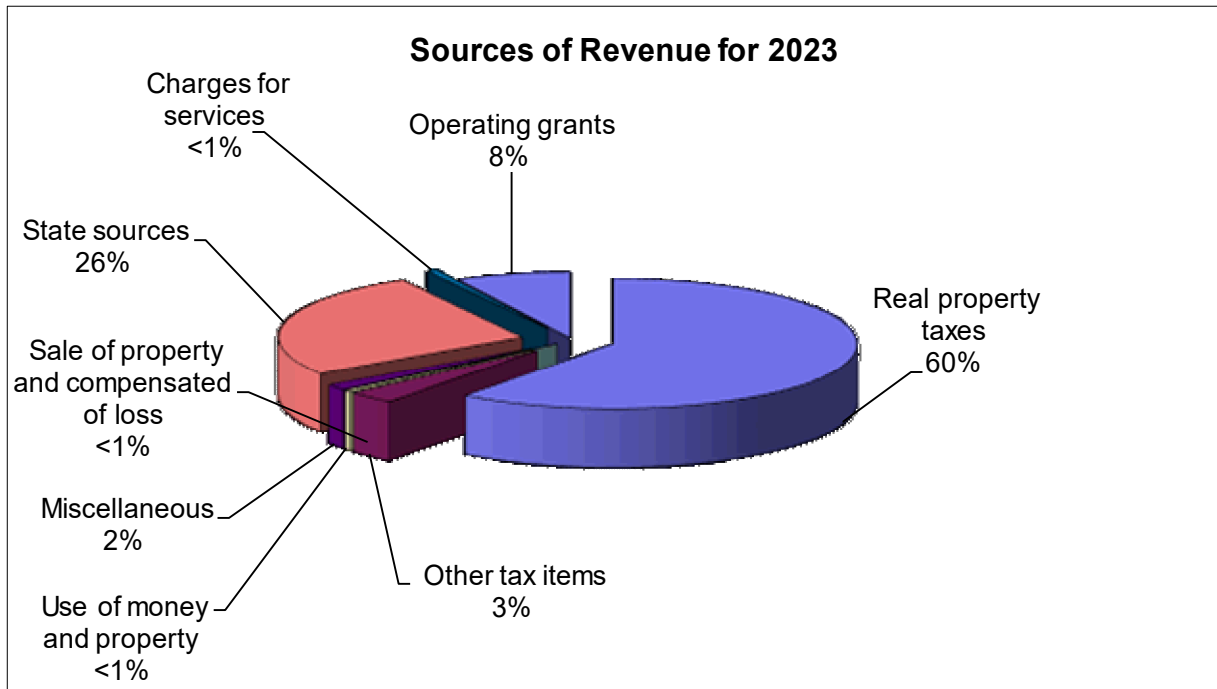
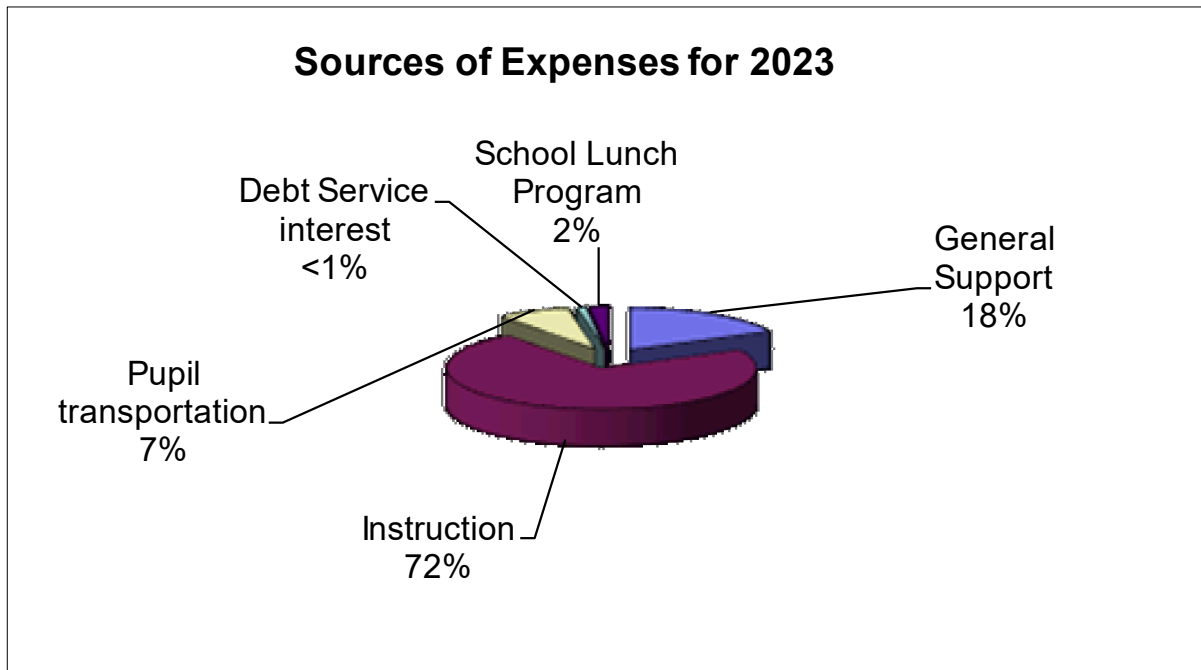


Table A-6: Sources of Expenses for 2023:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities

Table A-7 presents the cost of several of the School District's major programs or activities as well as each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions and is presented in the Statement of Activities.

Table A-7 Net Cost of Governmental Activities (In Thousands of Dollars)

| | Total Cost of Services <u>2023</u> | Net Cost of Services <u>2023</u> | Total Cost of Services <u>2022</u> | Net Cost of Services <u>2022</u> |
|-------------------------|---|---|---|---|
| General support | \$ 2,546 | \$ 2,546 | \$ 2,428 | \$ 2,428 |
| Instruction | 10,416 | 9,470 | 8,720 | 7,856 |
| Pupil transportation | 1,079 | 1,079 | 835 | 835 |
| Debt service - Interest | 127 | 127 | 137 | 137 |
| Cost of sales - Food | 281 | 90 | 233 | 16 |
| | <u>\$ 14,449</u> | <u>\$ 13,312</u> | <u>\$ 12,353</u> | <u>\$ 11,272</u> |

T

he cost of all governmental activities for the year was \$14,449,100.

- The users of the School District's programs financed \$85,112 of the costs.
- Federal and state operating grants financed \$1,052,373 of the costs.
- The remainder of the costs were financed by the School District's taxpayers and general purpose state and federal aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

Governmental Funds Highlights

General fund – ended the year with \$2.9 million in fund balance. Fund balance has grown approximately \$95,000 from the prior year as explained in the budgetary highlights section.

School lunch fund – ended the year with \$14,684 fund deficit. The School District plans to research a variety of possible solutions to improve the self-sufficiency of the school lunch fund.

Capital fund – ended the year with \$404,373 fund deficit. The School District will issue debt to eliminate the deficit.

Debt service fund – ended the year with \$265,630 in fund balance.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

The General Fund is the only fund for which a budget is legally adopted.

Revenue Variances

- Revenues are less than budgeted primarily due to less state aid and out of state tuition than expected.

Expenditure Variances

The School District has a net favorable budgetary surplus of \$165,907. There were savings in expenditures such as various positions in the budget, specifically in transportation and filling a teacher position. These positions were not filled due to employment shortages. Unstable costs due to inflation also contributed to the surplus.

Table A-8 – Results vs. Budget

| | Original Budget | Final Budget | Actual | Encumbrances | Variance (Actual/Budget) |
|---------------------------------|--------------------|-----------------|---------------|-----------------|-----------------------------|
| Revenue: | | | | | |
| Local sources | \$ 9,076 | \$ 9,076 | \$ 9,060 | \$ - | \$ (17) |
| State sources | 3,729 | 3,729 | 3,652 | - | (77) |
| Total | <u>12,805</u> | <u>12,805</u> | <u>12,711</u> | <u>-</u> | <u>(94)</u> |
| Expenditures: | | | | | |
| General support | 1,906 | 2,050 | 1,995 | 9 | 46 |
| Instruction | 5,605 | 5,733 | 5,488 | 101 | 144 |
| Transportation | 707 | 694 | 669 | 4 | 21 |
| Debt service - principal | 715 | 431 | 443 | - | (12) |
| Debt service - interest | 126 | 126 | 128 | - | (2) |
| Employee benefits | 3,710 | 3,553 | 3,504 | - | 49 |
| Total | <u>12,769</u> | <u>12,586</u> | <u>12,226</u> | <u>114</u> | <u>246</u> |
| Other financing sources (uses) | | | | | |
| Transfers out | (155) | (404) | (390) | - | (14) |
| Total | <u>(155)</u> | <u>(404)</u> | <u>(390)</u> | <u>-</u> | <u>(14)</u> |
| Revenue over/under expenditures | <u>\$ (119)</u> | <u>\$ (185)</u> | <u>\$ 95</u> | <u>\$ (114)</u> | <u>\$ 166</u> |

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2023, the School District had \$18,902,006 invested in buildings, computers, and other educational equipment.

Figure A-9 Capital Assets (In Thousands of Dollars), net of accumulated depreciation

| | Fiscal Year <u>2023</u> | Fiscal Year <u>2022</u> |
|----------------------------|------------------------------------|------------------------------------|
| Land | \$ 95 | \$ 95 |
| Buildings and improvements | 17,456 | 8,387 |
| Construction in progress | 112 | 10,257 |
| Vehicles | 418 | 266 |
| Machinery and equipment | 821 | 690 |
| Total | <u>\$ 18,902</u> | <u>\$ 19,695</u> |

Long-Term Liabilities

As of June 30, 2023, the School District had \$37,280,072 in long-term liabilities. Detailed information about the School District's long-term liabilities is included in the notes to the financial statements.

Table A-10 – Outstanding Long-term Liabilities (In Thousands of Dollars)

| | Fiscal Year <u>2023</u> | Fiscal Year <u>2022</u> |
|-------------------------------------|------------------------------------|------------------------------------|
| General obligation bonds | \$ 4,515 | \$ 4,885 |
| Compensated absences | 147 | 145 |
| Installment purchase debt | 912 | 973 |
| Judgments and claims | - | 95 |
| Lease obligations | 42 | 54 |
| Total other postemployment benefits | <u>31,664</u> | <u>30,604</u> |
| Total | <u>\$ 37,280</u> | <u>\$ 36,756</u> |

During 2023, the School District paid down its long-term bonded debt by \$370,000. Further the School District's OPEB liability increased by \$1.1 million due to the net effect of changes in actuarial assumptions.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the School District was aware of the following existing conditions that could significantly affect its financial health in the future. Challenges facing the School District are the state's economy and its effect on state aid funding levels and the enactment of the Property Tax Cap Chapter 97 of the Laws of 2011 which could result in revenue forecasts having to be revised downward and could cause the School District to scale down the educational program offerings or seek additional resources. The cost of employee benefits continues to be a major budgetary factor for all school districts. The continued growth in the cost of health insurance combined with the costs of funding the Teachers' Retirement System and Employees' Retirement System are projected to have significant budgetary impact in the near future to intermediate future. Federal and state COVID grants have enabled the School District to increase mental health and intervention support for the students as the School District transitioned back to in person learning and life during and after the pandemic. Student mental health and the need for intervention is not disappearing. The School District will plan ahead to maintain this programming in their general budget using excess reserves.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT**STATEMENT OF NET POSITION
JUNE 30, 2023****ASSETS**

CURRENT ASSETS:

| | |
|--|------------------|
| Cash and cash equivalents - unrestricted | \$ 1,130,702 |
| Cash and cash equivalents - restricted | 2,365,482 |
| State and federal aid receivable | 411,468 |
| Due from other governments | 103,250 |
| Inventory | <u>8,367</u> |
| Total current assets | <u>4,019,269</u> |

NONCURRENT ASSETS:

| | |
|---------------------|-------------------|
| Capital assets, net | <u>18,902,006</u> |
|---------------------|-------------------|

TOTAL ASSETS

22,921,275**DEFERRED OUTFLOWS OF RESOURCES**

| | |
|---------------------------------------|------------------|
| Deferred outflows of resources - ERS | 690,471 |
| Deferred outflows of resources - TRS | 2,643,943 |
| Deferred outflows of resources - OPEB | <u>2,959,022</u> |
| Total Deferred Outflows of Resources | <u>6,293,436</u> |

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

29,214,711**LIABILITIES**

CURRENT LIABILITIES:

| | |
|--|------------------|
| Accounts payable and accrued liabilities | 215,761 |
| Unearned revenue | 24,315 |
| Due to Teachers' Retirement System | 524,720 |
| Due to Employees' Retirement System | 56,220 |
| Bond anticipation notes | 247,000 |
| Bond interest accrual | 4,833 |
| Due to other governments | 91 |
| Leases payable due within one year | 12,478 |
| Installment debt payable due within one year | 62,343 |
| Bonds payable due within one year | <u>380,000</u> |
| Total current liabilities | <u>1,527,761</u> |

LONG-TERM LIABILITIES:

| | |
|--|-------------------|
| Bonds payable, net of current portion | 4,135,000 |
| Installment debt payable, net of current portion | 849,960 |
| Leases payable, net of current portion | 29,743 |
| Total other postemployment benefits liability | 31,663,600 |
| Net pension liability | 1,511,129 |
| Compensated absences | <u>146,948</u> |
| Total long-term liabilities | <u>38,336,380</u> |

TOTAL LIABILITIES

39,864,141**DEFERRED INFLOWS OF RESOURCES**

| | |
|--------------------------------------|------------------|
| Deferred inflows of resources - ERS | 52,405 |
| Deferred inflows of resources - TRS | 239,130 |
| Deferred inflows of resources - OPEB | <u>8,184,399</u> |
| Total Deferred Inflows of Resources | <u>8,475,934</u> |

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

48,340,075**NET POSITION**

| | |
|----------------------------------|------------------------|
| Net investment in capital assets | 13,786,143 |
| Restricted | 2,373,077 |
| Unrestricted | <u>(35,284,584)</u> |
| TOTAL NET POSITION | <u>\$ (19,125,364)</u> |

The accompanying notes are an integral part of these statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>Expenses</u> | <u>Program Revenue</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|--|----------------------|---------------------------------|-----------------------------|---------------------------|--|
| | | <u>Charges for Services</u> | <u>Operating Grants</u> | <u>Capital Grants</u> | |
| FUNCTIONS/PROGRAMS: | | | | | |
| General support | \$ 2,545,722 | \$ - | \$ - | \$ - | \$ (2,545,722) |
| Instruction | 10,415,872 | 39,181 | 906,950 | - | (9,469,741) |
| Pupil transportation | 1,079,263 | - | - | - | (1,079,263) |
| Debt service interest | 127,162 | - | - | - | (127,162) |
| School lunch program | <u>281,081</u> | <u>45,931</u> | <u>145,423</u> | <u>-</u> | <u>(89,727)</u> |
| TOTAL FUNCTIONS/PROGRAMS | \$ 14,449,100 | \$ 85,112 | \$ 1,052,373 | \$ - | (13,311,615) |
| GENERAL REVENUE: | | | | | |
| Real property taxes | | | | | 8,385,056 |
| Other tax items | | | | | 438,099 |
| Use of money and property | | | | | 58,575 |
| Sale of property and compensation for loss | | | | | 8,334 |
| Miscellaneous | | | | | 211,578 |
| State sources | | | | | <u>3,651,688</u> |
| TOTAL GENERAL REVENUE | | | | | <u>12,753,330</u> |
| CHANGE IN NET POSITION | | | | | (558,285) |
| NET POSITION - beginning of year | | | | | <u>(18,567,079)</u> |
| NET POSITION - end of year | | | | | <u>\$ (19,125,364)</u> |

The accompanying notes are an integral part of these statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

| | <u>General</u> | <u>Special Aid</u> | <u>Capital Projects</u> | <u>Non-Major Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------------|--------------------------|-----------------------------|----------------------------|---|
| ASSETS | | | | | |
| Cash and cash equivalents - unrestricted | \$ 1,054,842 | \$ 31,876 | \$ - | \$ 43,984 | \$ 1,130,702 |
| Cash and cash equivalents - restricted | 1,505,906 | - | 353,661 | 505,915 | 2,365,482 |
| Due from other funds | 888,619 | - | - | 7,656 | 896,275 |
| State and federal aid receivable | 63,865 | 337,388 | - | 10,215 | 411,468 |
| Due from other governments | 103,250 | - | - | - | 103,250 |
| Inventory | - | - | - | 8,367 | 8,367 |
| TOTAL ASSETS | <u>\$ 3,616,482</u> | <u>\$ 369,264</u> | <u>\$ 353,661</u> | <u>\$ 576,137</u> | <u>\$ 4,915,544</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| LIABILITIES: | | | | | |
| Accounts payable and accrued liabilities | \$ 178,841 | \$ 27,603 | \$ 7,125 | \$ 2,192 | \$ 215,761 |
| Unearned revenue | - | 388 | - | 23,927 | 24,315 |
| Due to other funds | 6,777 | 341,273 | 503,909 | 44,316 | 896,275 |
| Due to other governments | - | - | - | 91 | 91 |
| Bond anticipation notes | - | - | 247,000 | - | 247,000 |
| Due to Teachers' Retirement System | 524,720 | - | - | - | 524,720 |
| Due to Employees' Retirement System | 49,435 | - | - | 6,785 | 56,220 |
| TOTAL LIABILITIES | <u>759,773</u> | <u>369,264</u> | <u>758,034</u> | <u>77,311</u> | <u>1,964,382</u> |

(Continued)

The accompanying notes are an integral part of these statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2023**

| | General | Special Aid | Capital Projects | Non-Major Funds | Total Governmental Funds |
|---|--------------|----------------|---------------------|--------------------|--------------------------------|
| FUND BALANCE: | | | | | |
| Nonspendable: | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ 8,367 | \$ 8,367 |
| Total nonspendable fund balance | - | - | - | 8,367 | 8,367 |
| Restricted: | | | | | |
| Unemployment reserve | 76,647 | - | - | - | 76,647 |
| Retirement contributions - ERS | 300,381 | - | - | - | 300,381 |
| Workers compensation reserve | 104,212 | - | - | - | 104,212 |
| Employee benefits and accrued liabilities | 118,870 | - | - | - | 118,870 |
| Capital reserve | 874,835 | - | 353,661 | - | 1,228,496 |
| Tax certiorari | 30,961 | - | - | - | 30,961 |
| Debt service | - | - | - | 265,630 | 265,630 |
| Other | - | - | - | 247,880 | 247,880 |
| Total restricted fund balance | 1,505,906 | - | 353,661 | 513,510 | 2,373,077 |
| Assigned: | | | | | |
| Unappropriated | 113,631 | - | - | - | 113,631 |
| Appropriated for subsequent year expenditures | 611,094 | - | - | - | 611,094 |
| Total assigned fund balance | 724,725 | - | - | - | 724,725 |
| Unassigned | 626,078 | - | (758,034) | (23,051) | (155,007) |
| TOTAL FUND BALANCE (DEFICIT) | 2,856,709 | - | (404,373) | 498,826 | 2,951,162 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 3,616,482 | \$ 369,264 | \$ 353,661 | \$ 576,137 | \$ 4,915,544 |

The accompanying notes are an integral part of these statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION JUNE 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|---|-------------------------------|
| Total governmental fund balance | \$ 2,951,162 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 18,902,006 |
| Pension related government wide activity: | |
| Deferred outflows - ERS/TRS | 3,334,414 |
| Deferred inflows - ERS/TRS | (291,535) |
| Net pension liability - ERS/TRS | (1,511,129) |
| OPEB related government wide activity: | |
| Deferred outflows of resources | 2,959,022 |
| Deferred inflows of resources | (8,184,399) |
| Total OPEB liability | (31,663,600) |
| Long-term liabilities, including bonds payable, leases payable, and installment purchase debt are not due in the current period and, therefore, are not reported in the funds | (5,469,524) |
| Long-term liabilities, including compensated absences and judgments and claims are recognized as a liability under full accrual accounting | (146,948) |
| Interest payable is to be recorded in the government-wide statements under full accrual accounting | <u>(4,833)</u> |
| TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ (19,125,364)</u> |

The accompanying notes are an integral part of these statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

| | General | Special Aid | Capital Projects | Non-Major Funds | Total Governmental Funds |
|--|---------------------|----------------|---------------------|--------------------|--------------------------------|
| REVENUE: | | | | | |
| Real property taxes and other tax items | \$ 8,823,155 | \$ - | \$ - | \$ - | \$ 8,823,155 |
| Charges for services | 39,181 | - | - | - | 39,181 |
| Use of money and property | 57,681 | - | - | 894 | 58,575 |
| Sale of property and compensation for loss | 8,334 | - | - | - | 8,334 |
| Miscellaneous | 131,331 | - | - | 79,553 | 210,884 |
| State sources | 3,651,688 | 44,917 | - | 3,469 | 3,700,074 |
| Federal sources | - | 862,033 | - | 141,954 | 1,003,987 |
| Sales - School lunch | - | - | - | 45,931 | 45,931 |
| Total revenue | 12,711,370 | 906,950 | - | 271,801 | 13,890,121 |
| EXPENDITURES: | | | | | |
| General support | 1,995,087 | - | - | - | 1,995,087 |
| Instruction | 5,487,539 | 858,201 | - | - | 6,345,740 |
| Pupil transportation | 668,959 | 11,419 | - | - | 680,378 |
| Employee benefits | 3,504,247 | 43,459 | - | 41,920 | 3,589,626 |
| Debt service - Principal | 442,751 | - | - | - | 442,751 |
| Debt service - Interest | 127,590 | - | - | - | 127,590 |
| Cost of sales | - | - | - | 172,769 | 172,769 |
| Capital outlay | - | - | 511,244 | - | 511,244 |
| Other | - | - | - | 67,472 | 67,472 |
| Total expenditures | 12,226,173 | 913,079 | 511,244 | 282,161 | 13,932,657 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | 485,197 | (6,129) | (511,244) | (10,360) | (42,536) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Premium on issuance of debt | - | - | - | 694 | 694 |
| Operating transfers in | - | 6,129 | 349,235 | 35,000 | 390,364 |
| Operating transfers (out) | (390,364) | - | - | - | (390,364) |
| Total other financing sources (uses) | (390,364) | 6,129 | 349,235 | 35,694 | 694 |
| EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES) | 94,833 | - | (162,009) | 25,334 | (41,842) |
| FUND BALANCE - beginning of year | 2,761,876 | - | (242,364) | 473,492 | 2,993,004 |
| FUND BALANCE (DEFICIT) - end of year | \$ 2,856,709 | \$ - | \$ (404,373) | \$ 498,826 | \$ 2,951,162 |

The accompanying notes are an integral part of these statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

| | |
|--|---------------------|
| Net changes in fund balance - Total governmental funds | \$ (41,842) |
| Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position. | 552,569 |
| Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities. | (1,332,496) |
| Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities. | (13,386) |
| Repayments of long-term debt, including leases, are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position. | 442,751 |
| Compensated absences do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds | (2,132) |
| Other postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds. | 105,799 |
| Pension expense resulting from the GASB 68 related reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities | (364,976) |
| Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds. | <u>95,428</u> |
| Change in net position - Governmental activities | <u>\$ (558,285)</u> |

The accompanying notes are an integral part of these statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Lebanon Central School District provides K-12 public education to students living within its geographic borders.

The financial statements of New Lebanon Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

Reporting Entity

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

The reporting entity of the School District is based upon criteria set forth by generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). 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.

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

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

Extraclassroom Activity Funds

The extraclassroom activity funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. Separate audited financial statements, (cash basis) of the extraclassroom activity funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in the Miscellaneous Special Revenue fund.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Venture

The School District is a component School District of the Rensselaer, Columbia, and Greene Board of Cooperative Education Services (BOCES). 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 are organized under §1950 of the New York State Education Law. A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES board as a corporation (§1950(6)).

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

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

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

Basis of Presentation

Government-Wide Statements

The statement of net position and the statement of activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital), grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between program expenses and revenue for each function of the School 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 revenue 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Fund Financial Statements

The School District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The fund statements provide information about the School District's funds.

Separate statements for each fund category (governmental) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The accounts of the School District are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types used by the School District are as follows:

Governmental Fund Types

Governmental funds are those in which most governmental functions of the School District are reported. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position rather than upon determination of net income.

The following are the School District's major governmental fund types:

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

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

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

The following are the School District's non-major governmental fund types:

School Lunch Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Debt Service Fund: This fund is used to account for and report on the accumulation of resources to be used for redemption of general long-term indebtedness.

Miscellaneous Special Revenue Fund: This fund accounts for proceeds from various funding sources, which may be restricted by donors or designated by the School District for specific purposes. The transactions of the Extraclassroom Activity Funds and scholarships are included in this fund.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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 School District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in demand deposit accounts and amounts with the New York Liquid Asset Fund (NYLAF). The School District's deposit and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions and accordingly, the School District's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by FDIC insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and School District subdivisions.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Restricted Cash

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purpose.

Accounts Receivable

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

Inventory and Prepaid Items

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

Interfund Transactions

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

In the Government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different funds. Eliminations have been made for all interfund receivables and payables between the funds.

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

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Capital Assets, Net

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

| | <u>Capitalization Threshold</u> | <u>Depreciation Method</u> | <u>Estimated Useful Life</u> |
|----------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Buildings and improvements | \$1,000 | SL | 15-50 |
| Furniture and equipment | \$1,000 | SL | 5-25 |
| Vehicles | \$1,000 | SL | 8-10 |

Capital assets also include lease assets with a term greater than one year. The School District does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

Property Taxes

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

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

Vested Employee Benefits

Compensated absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

The liability for compensated absences has been calculated using the vesting/termination method and an accrual for that liability is included in the government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

Other Benefits

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

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits

In addition to providing the pension benefits described, the School District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the School District and the retired employee.

Unearned Revenue

Unearned revenue is reported when potential revenue meets both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the School District 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 School District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Unearned revenue recorded in governmental funds is generally not recorded in the Government-wide statements.

Accrued Liabilities and Long-Term Obligations

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

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

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

Deferred Outflows of Resources

Deferred outflows of resources, in the statement of net position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the School 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.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Fund Balance/Net Position Classifications

Government-Wide Statements

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

Net investment in capital assets - consists of net capital assets, (cost less accumulated depreciation) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction, 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.

Restricted net position consists of the following:

| | |
|--|---------------------|
| Unemployment reserve | \$ 76,647 |
| Retirement contributions - ERS | 300,381 |
| Workers compensation | 104,212 |
| Employee benefits and accrued liabilities | 118,870 |
| Capital reserve | 1,228,496 |
| Tax certiorari | 30,961 |
| Debt service | 265,630 |
| Extraclassroom activities and scholarships | 247,880 |
| | <u>\$ 2,373,077</u> |

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 School District.

Governmental Fund Statements

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

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually are required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund and prepaid expenditures in the general fund.

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 School District has available the following restricted fund balances:

Capital

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

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Fund Balance/Net Position Classifications (Continued)
Governmental Fund Statements (Continued)

Workers' Compensation

Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund under restricted fund balance.

Unemployment Insurance

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

Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. The reserve is accounted for in the debt service fund under restricted fund balance.

Tax Certiorari

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

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund under restricted fund balance.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Balance/Net Position Classifications (Continued)
Governmental Fund Statements (Continued)

Retirement Contribution

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

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

Governmental Fund Statements (Continued)

Assigned fund balance – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$113,631. As of June 30, 2023, the School District’s encumbrances were classified as follows:

| | |
|----------------------|-------------------|
| General support | \$ 8,892 |
| Pupil transportation | 3,551 |
| Instruction | <u>101,188</u> |
| | |
| Total encumbrances | <u>\$ 113,631</u> |

Encumbrances

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

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

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no more than 4% of the School District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Fund Deficits

The Capital Projects Fund had a deficit fund balance of \$404,373 which will be eliminated as debt is issued or transfers are made from reserves. The School Lunch Fund also had a deficit fund balance of \$14,684. The School District is evaluating operational changes to help the lunch fund become self-sufficient.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Balance/Net Position Classifications (Continued)

Order of Fund Balance Spending Policy

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

2. **EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

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

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

Total fund balances of the School District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets. Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of five broad categories.

Statement of Revenue, Expenditures, and Change in Fund Balance vs. Statement of Activities

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)

Statement of Revenue, Expenditures, and Change in Fund Balance vs. Statement of Activities (Continued)

Pension Differences

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

OPEB Differences

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The School District's administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted.

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the School 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.

Fund Balance

Portions of fund balances are restricted and not available for current expenditures, as reported in the governmental funds' balance sheet.

4. CASH AND CASH EQUIVALENTS

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

The School District participates in NYLAF, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2023, the School District held \$1,044,726 in NYLAF consisting of various investments in securities issued by the United States and its agencies. NYLAF is rated 'AAAm' from Standard & Poor's Global Ratings. Amounts held with NYLAF are highly liquid, and the amount held represents the amortized cost of the investment pool shares, which are considered to approximate fair value. Due to the highly liquid nature of these investments, they are classified as cash equivalents in the financial statements. Additional information concerning NYLAF, including the annual report, can be found on its website at www.nylaf.org.

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

| | <u>Bank Balance</u> | <u>Carrying Amount</u> |
|--|-------------------------|----------------------------|
| Cash | \$ 2,854,541 | \$ 2,451,458 |
| Cash equivalents | 1,044,726 | 1,044,726 |
| | <u>\$ 3,899,267</u> | <u>\$ 3,496,184</u> |
| Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name | \$ 2,552,679 | |
| Covered by FDIC insurance | <u>301,862</u> | |
| Total | <u>\$ 2,854,541</u> | |

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

| | |
|---|---------------------|
| General fund: | |
| Unemployment reserve | \$ 76,647 |
| Retirement contributions - ERS | 300,381 |
| Workers compensation | 104,212 |
| Employee benefits and accrued liabilities | 118,870 |
| Capital Projects | 874,835 |
| Tax certiorari | 30,961 |
| | <u>\$ 1,505,906</u> |
| Capital Projects fund: | <u>\$ 353,661</u> |
| Debt Service fund: | <u>\$ 264,721</u> |
| Miscellaneous Special Revenue fund: | |
| Cash on deposit for scholarships and extraclassroom activity funds | <u>\$ 241,194</u> |

5. PARTICIPATION IN BOCES

During the year, the School District was billed \$775,772 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$144,742.

6. CAPITAL ASSETS, NET

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements/ Reclassifications</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|---|---------------------------|
| Governmental activities: | | | | |
| Capital assets that are not depreciated: | | | | |
| Land | \$ 94,575 | \$ - | \$ - | \$ 94,575 |
| Construction in progress | <u>10,257,323</u> | <u>112,296</u> | <u>10,257,323</u> | <u>112,296</u> |
| Total non-depreciable cost | <u>10,351,898</u> | <u>112,296</u> | <u>10,257,323</u> | <u>206,871</u> |
| Capital assets that are depreciated: | | | | |
| Vehicles | 1,308,212 | 250,557 | 157,553 | 1,401,216 |
| Buildings and improvements | 18,626,680 | 10,195,298 | 2,501 | 28,819,477 |
| Machinery and equipment | <u>1,354,075</u> | <u>258,530</u> | <u>56,118</u> | <u>1,556,487</u> |
| Total depreciable historical cost | <u>21,288,967</u> | <u>10,704,385</u> | <u>216,172</u> | <u>31,777,180</u> |
| Less accumulated depreciation: | | | | |
| Vehicles | 1,042,083 | 98,299 | 157,553 | 982,829 |
| Buildings and improvements | 10,239,700 | 1,126,216 | 2,501 | 11,363,415 |
| Machinery and equipment | <u>721,232</u> | <u>107,981</u> | <u>49,329</u> | <u>779,884</u> |
| Total accumulated depreciation | <u>12,003,015</u> | <u>1,332,496</u> | <u>209,383</u> | <u>13,126,128</u> |
| Total capital assets, net | <u>19,637,850</u> | <u>9,484,185</u> | <u>10,264,112</u> | <u>18,857,923</u> |
| Leased assets, being amortized: | | | | |
| Equipment | <u>68,916</u> | - | - | <u>68,916</u> |
| Less accumulated amortization for: | | | | |
| Equipment | <u>11,447</u> | <u>13,386</u> | - | <u>24,833</u> |
| Total leased assets, being amortized, net | <u>57,469</u> | <u>(13,386)</u> | - | <u>44,083</u> |
| Total governmental activities, capital assets | <u>\$ 19,695,319</u> | <u>\$ 9,470,799</u> | <u>\$ 10,264,112</u> | <u>\$ 18,902,006</u> |

Depreciation and amortization for the year ended June 30, 2023, was allocated to specific functions as follows:

| | <u>Depreciation</u> | <u>Amortization</u> |
|----------------------|---------------------|---------------------|
| General support | \$ 182,984 | \$ - |
| Instruction | 793,246 | 13,386 |
| School Lunch | 49,855 | - |
| Pupil transportation | <u>306,411</u> | <u>-</u> |
| Total | <u>\$ 1,332,496</u> | <u>\$ 13,386</u> |

7. SHORT-TERM DEBT

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

7. SHORT-TERM DEBT (Continued)

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

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

At June 30, 2023, the School District had the following BAN outstanding:

| <u>Maturity</u> | <u>Interest Rate</u> | <u>Beginning Balance</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Ending Balance</u> |
|-----------------|----------------------|--------------------------|---------------|-----------------|-----------------------|
| 8/18/2023 | 3.50% | \$ - | \$ 247,000 | \$ - | \$ 247,000 |

8. LONG-TERM DEBT

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

| | |
|--|-------------------|
| Interest paid | \$ 127,590 |
| Less: interest accrued in the prior year | (5,261) |
| Plus: interest accrued in the current year | <u>4,833</u> |
| Total expense | <u>\$ 127,162</u> |

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

| | July 01, 2022 | | June 30, 2023 | | Amounts | Long-term |
|-------------------------------------|----------------------|---------------------|-------------------|----------------------|----------------------------|----------------------|
| | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> | <u>Due Within One Year</u> | <u>Portion</u> |
| Government activities: | | | | | | |
| Bonds and notes payable | | | | | | |
| General obligation debt: | | | | | | |
| Serial bonds | \$ 4,885,000 | \$ - | \$ 370,000 | \$ 4,515,000 | \$ 380,000 | \$ 4,135,000 |
| Installment purchase obligations | <u>973,009</u> | <u>-</u> | <u>60,706</u> | <u>912,303</u> | <u>62,343</u> | <u>849,960</u> |
| Total bonds and notes payable | 5,858,009 | - | 430,706 | 5,427,303 | 442,343 | 4,984,960 |
| Other long-term debt: | | | | | | |
| Judgments and claims | 95,000 | - | 95,000 | - | - | - |
| Compensated absences | 144,816 | 2,132 (A) | - | 146,948 | - | 146,948 |
| Lease obligations | 54,266 | - | 12,045 | 42,221 | 12,478 | 29,743 |
| Total other postemployment benefits | <u>30,604,361</u> | <u>1,059,239</u> | <u>-</u> | <u>31,663,600</u> | <u>-</u> | <u>31,663,600</u> |
| Total long-term liabilities | <u>\$ 36,756,452</u> | <u>\$ 1,061,371</u> | <u>\$ 537,751</u> | <u>\$ 37,280,072</u> | <u>\$ 454,821</u> | <u>\$ 36,825,251</u> |

(A) Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately.

8. LONG-TERM DEBT (Continued)

Issue dates, maturities, and interest rates on outstanding debt are as follows:

| <u>Bond Issue</u> | <u>Issued</u> | <u>Maturity</u> | <u>Interest Rate</u> | June 30, 2023 <u>Balance</u> |
|-------------------|---------------|-----------------|----------------------|---------------------------------|
| Construction Bond | 2010 | 2024 | 4.25% | \$ 50,000 |
| Construction Bond | 2020 | 2036 | 2.00% | <u>4,465,000</u> |
| | | | | <u>\$ 4,515,000</u> |

The following is a summary of the maturity of bonds payable:

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|---------------------|-------------------|---------------------|
| 2024 | \$ 380,000 | \$ 91,550 | \$ 471,550 |
| 2025 | 340,000 | 82,700 | 422,700 |
| 2026 | 340,000 | 75,900 | 415,900 |
| 2027 | 340,000 | 69,100 | 409,100 |
| 2028 | 350,000 | 62,300 | 412,300 |
| 2029-2033 | 1,850,000 | 203,900 | 2,053,900 |
| 2034-2036 | <u>915,000</u> | <u>33,600</u> | <u>948,600</u> |
| Totals | <u>\$ 4,515,000</u> | <u>\$ 619,050</u> | <u>\$ 5,134,050</u> |

The Energy Performance financing contract for leased equipment issued on September 30, 2019 for \$1,089,682 matures on December 15, 2035. It bears interest at 2.6788%. The following is a summary of maturity of installment debt payable:

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------|-------------------|---------------------|
| 2024 | \$ 62,343 | \$ 24,024 | \$ 86,367 |
| 2025 | 64,025 | 22,343 | 86,368 |
| 2026 | 65,751 | 20,616 | 86,367 |
| 2027 | 67,524 | 18,843 | 86,367 |
| 2028 | 69,345 | 17,022 | 86,367 |
| 2029-2033 | 375,807 | 56,030 | 431,837 |
| 2034-2036 | <u>207,508</u> | <u>8,412</u> | <u>215,920</u> |
| Totals | <u>\$ 912,303</u> | <u>\$ 167,290</u> | <u>\$ 1,079,593</u> |

9. LEASES

The School District leases various equipment primarily from Canon. The leases do not contain renewal options. The leases have various inception dates and remaining terms of 65 months. Lease agreements are summarized as follows:

| <u>Description</u> | <u>Interest Rate/ Discount Rate</u> | <u>Total Lease Liability</u> |
|--------------------|---|----------------------------------|
| Canon equipment | 3.54% | \$ <u>42,221</u> |

Activity of lease liabilities for the year ended June 30, 2023 is summarized as follows:

| <u>Beginning Balance</u> | <u>Additions</u> | <u>Subtractions</u> | <u>Ending Balance</u> | <u>Amount Due Within One Year</u> |
|--------------------------|------------------|---------------------|-----------------------|---------------------------------------|
| \$ 54,266 | \$ - | \$ 12,045 | \$ 42,221 | \$ 12,478 |

Annual requirements to amortize long-term obligations and related interest are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|------------------|-----------------|------------------|
| 2024 | \$ 12,478 | \$ 1,293 | \$ 13,771 |
| 2025 | 12,927 | 845 | 13,772 |
| 2026 | 13,393 | 379 | 13,772 |
| 2027 | 3,423 | 20 | 3,443 |
| | <u>\$ 42,221</u> | <u>\$ 2,537</u> | <u>\$ 44,758</u> |

10. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables, other than between governmental activities, are eliminated on the statement of net position. The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. The following is a summary of interfund activity:

| | <u>Interfund</u> | | <u>Interfund</u> | |
|------------------------------------|-------------------|-------------------|-------------------|---------------------|
| | <u>Receivable</u> | <u>Payable</u> | <u>Revenue</u> | <u>Expenditures</u> |
| General fund | \$ 888,619 | \$ 6,777 | \$ - | \$ 390,364 |
| Special Aid fund | - | 341,273 | 6,129 | - |
| School Lunch fund | - | 44,316 | 35,000 | - |
| Debt Service fund | 909 | - | - | - |
| Miscellaneous Special Revenue fund | 6,747 | - | - | - |
| Capital Projects fund | - | 503,909 | 349,235 | - |
| Totals | <u>\$ 896,275</u> | <u>\$ 896,275</u> | <u>\$ 390,364</u> | <u>\$ 390,364</u> |

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

11. PENSION PLANS

New York State Employees' Retirement System

The School District participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing 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), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an 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 School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27th, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

| | <u>ERS</u> |
|------|------------|
| 2023 | \$ 197,738 |
| 2022 | 207,294 |
| 2021 | 196,158 |

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

At June 30, 2023, the School District reported a net pension liability of \$1,011,406 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2022. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the School District's proportion was 0.0047165%, which was an increase from its proportion at June 30, 2022 of 0.004356%.

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2023, the School District recognized pension expense of \$362,436. At June 30, 2023, the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 107,723 | \$ 28,404 |
| Changes of Assumptions | 491,204 | 5,429 |
| Net difference between projected and actual earnings on pension plan investments | - | 5,942 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 35,324 | 12,630 |
| Contributions subsequent to the measurement date | 56,220 | - |
| Total | <u>\$ 690,471</u> | <u>\$ 52,405</u> |

The School District recognized \$56,220 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2023 which will be recognized on a reduction of the net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | | |
|------------------------------|------|-------------------|
| Plan's Year Ending March 31, | 2024 | \$ 138,048 |
| | 2025 | (47,145) |
| | 2026 | 212,419 |
| | 2027 | 278,524 |
| | 2028 | - |
| | | <u>\$ 581,846</u> |

Actuarial Assumptions

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. The actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|--|
| Actuarial cost method | Entry age normal |
| Inflation | 2.9 percent |
| Salary scale | 4.4 percent indexed by service |
| Projected COLAs | 1.5% compounded annually |
| Decrement | Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020 |
| Mortality improvement | Society of Actuaries Scale MP-2021 |
| Investment Rate of Return | 5.9% compounded annually, net of investment expenses |

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term expected real rate of term</u> |
|-----------------------------|--------------------------|---|
| Domestic Equity | 32% | 4.30% |
| International Equity | 15% | 6.85% |
| Private Equity | 10% | 7.50% |
| Real Estate | 9% | 4.60% |
| Opportunistic/ARS portfolio | 3% | 5.38% |
| Credit | 4% | 5.43% |
| Real Assets | 3% | 5.84% |
| Fixed Income | 23% | 1.50% |
| Cash | 1% | 0.00% |
| | 100% | |

Discount Rate

The discount rate used to calculate the total pension liability was 5.90%. 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.90%) or 1% higher (6.90%) than the current rate:

| | <u>1% Decrease (4.90%)</u> | <u>Current Discount (5.90%)</u> | <u>1% Increase (6.90%)</u> |
|---|--------------------------------|-------------------------------------|--------------------------------|
| Employer's Proportionate Share of Net Pension Liability (Asset) | \$ 2,444,135 | \$ 1,011,406 | \$ (185,805) |

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

Pension Plan Fiduciary Net Position

The components of the pension plan's net pension liability as of March 31, 2023, was as follows:

| | Pension Plan's Fiduciary Net Position |
|---|---|
| Total pension liability | \$ 232,627,259 |
| Net position | 211,183,223 |
| Net pension liability (asset) | <u>\$ 21,444,036</u> |
| ERS net position as a percentage of total pension liability | 90.78% |

New York State Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. The system offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The New York State Teachers' Retirement Board administers NYSTRS. The system provides 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The School District is required to contribute at an actuarially determined rate. The School 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 were:

| | <u>TRS</u> |
|------|------------|
| 2023 | \$ 474,029 |
| 2022 | 452,119 |
| 2021 | 432,539 |

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

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

At June 30, 2023, the School District reported an a liability of \$499,723 for its proportionate share of the NYSTRS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2021. The School District's proportion of the net pension liability was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023 the School District's proportionate share was 0.026042%, which was a decrease from its proportion measured at June 30, 2022 of 0.026301%.

For the year ended June 30, 2023, the School District recognized pension expense of \$636,199. At June 30, 2023 the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| | <u> </u> | <u> </u> |
| Differences between expected and actual experience | \$ 523,646 | \$ 10,014 |
| Changes of Assumptions | 969,378 | 201,302 |
| Net difference between projected and actual earnings on pension plan investments | 645,689 | - |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 31,201 | 27,814 |
| Contributions subsequent to the measurement date | <u>474,029</u> | <u>-</u> |
| Total | <u>\$ 2,643,943</u> | <u>\$ 239,130</u> |

The School District recognized \$474,029 as a deferred outflow of resources related to pensions resulting from the School District's contributions subsequent to the measurement date of June 30, 2022, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

| | | | |
|-----------------------------|------------|----|------------------|
| Plan's Year Ending June 30, | 2023 | \$ | 373,818 |
| | 2024 | | 193,086 |
| | 2025 | | (78,142) |
| | 2026 | | 1,269,836 |
| | 2027 | | 163,117 |
| | Thereafter | | 9,067 |
| | | \$ | <u>1,930,782</u> |

Actuarial Assumptions

The total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. These actuarial valuations used the following actuarial assumptions:

| | |
|----------------------------|---|
| Actuarial cost method | Entry age normal |
| Inflation | 2.40% |
| Projected Salary Increases | Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience. |

| <u>Service</u> | <u>Rate</u> |
|----------------|-------------|
| 5 | 5.18% |
| 15 | 3.64% |
| 25 | 2.50% |
| 35 | 1.95% |

| | |
|---------------------------|---|
| Projected COLAs | 1.30% compounded annually |
| Investment Rate of Return | 6.95% compounded annually, net of pension plan investment expense, including inflation. |

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the measurement date of June 30, 2022 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term expected real rate of term</u> |
|-----------------------|------------------------------|---|
| Domestic Equity | 33% | 6.5% |
| International Equity | 16% | 7.2% |
| Global Equity | 4% | 6.9% |
| Real Estate Equity | 11% | 6.2% |
| Private Equity | 8% | 9.9% |
| Domestic Fixed Income | 16% | 1.1% |
| Global Bonds | 2% | 0.6% |
| High-Yield Bonds | 1% | 3.3% |
| Private Debt | 2% | 5.3% |
| Real Estate Debt | 6% | 2.4% |
| Cash Equivalents | 1% | -0.3% |
| | <u>100%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from School Districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' 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 (Asset) to the Discount Rate Assumption

The following presents the net pension liability (asset) of the School District calculated using the discount rate of 6.95 percent, as well as what the School Districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

| | <u>1% Decrease (5.95%)</u> | <u>Current Discount (6.95%)</u> | <u>1% Increase (7.95%)</u> |
|--|--------------------------------|-------------------------------------|--------------------------------|
| Employer's Proportionate Share of Net Pension Liability (Asset) | \$ 4,607,678 | \$ 499,723 | \$ (2,955,041) |

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Pension Plan Fiduciary Net Position

The components of the current year net pension liability (asset) of the employers as of June 30, 2022, were as follows:

| | Pension Plan's Fiduciary Net Position |
|---|---|
| Total pension liability | \$ 133,883,474 |
| Net position | 131,964,582 |
| Net pension liability (asset) | \$ 1,918,892 |
| TRS net position as a percentage of total pension liability | 98.57% |

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The School District administers a defined benefit OPEB plan and provides OPEB for all permanent full-time general and public safety employees of the School District. The plan is a single-employer defined benefit plan (the Plan). The Plan provides for Article 11 of the State Compiled Statutes which grants the authority to establish and amend the benefit terms and financial requirements to the School District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of GASB Statement No. 74.

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

| | |
|---------------------|------------|
| Actives | 84 |
| Retirees | 82 |
| Beneficiaries | 9 |
| Spouses of Retirees | 32 |
| Total participants | <u>207</u> |

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The School District's total OPEB liability of \$31,663,600 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Payroll growth | 2.40 percent including inflation |
| Discount Rate | 3.65 percent as of July 1, 2022 |
| Healthcare Cost Trend Rates | 5.3 percent, decreasing to an ultimate rate of 4.1 percent over 55 years. |
| Participation rate | Assumed that 100% of future retirees eligible for coverage will elect the benefit. |
| Cost method | Entry Age Normal |

The discount rate was based on the Bond Buyer General Obligation 20-year municipal bond index.

Mortality rates were RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2018.

Changes in the Total OPEB Liability

| | |
|---|----------------------|
| Balance at July 1, 2022 | \$ 30,604,361 |
| Changes for the Year | |
| Service cost | 1,059,246 |
| Interest | 1,102,884 |
| Effect of plan changes | - |
| Effect of demographic gains or losses | 559,907 |
| Effect of assumptions changes or inputs | (636,546) |
| Benefit payments | <u>(1,026,252)</u> |
| Net changes | <u>1,059,239</u> |
| Balance at June 30, 2023 | <u>\$ 31,663,600</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

| | 1% Decrease (2.65%) | Current Discount (3.65%) | 1% Increase (4.65%) |
|----------------------|---------------------------|--------------------------------|---------------------------|
| Total OPEB Liability | \$ 37,123,779 | \$ 31,663,600 | \$ 27,310,081 |

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.30%) or 1 percentage point higher (6.30%) than the current healthcare cost trend rate:

| | Healthcare | | |
|----------------------|---|--|---|
| | 1% Decrease (4.30% decreasing to 3.1%) | Current Discount (5.30% decreasing to 4.1%) | 1% Increase (6.30% decreasing to 5.1%) |
| Total OPEB Liability | \$ 26,594,545 | \$ 31,663,600 | \$ 38,284,101 |

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$920,453. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 552,060 | \$ (294,483) |
| Changes of assumptions | <u>2,406,962</u> | <u>(7,889,916)</u> |
| Total | <u>\$ 2,959,022</u> | <u>\$ (8,184,399)</u> |

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

| <u>Fiscal Year Ending June</u> | <u>Amount</u> |
|--------------------------------|-----------------------|
| 2024 | \$ (1,241,677) |
| 2025 | (1,241,677) |
| 2026 | (767,506) |
| 2027 | (1,229,669) |
| 2028 | (738,949) |
| Thereafter | <u>(5,899)</u> |
| | <u>\$ (5,225,377)</u> |

13. RISK MANAGEMENT

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

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

14. CONTINGENCIES AND COMMITMENTS

General Information

The School District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantors agencies or expenditures disallowed under the terms of the grant.

The School District has various commitments with contractors for the completion of capital projects over the next several years.

Litigation

The School District settled two lawsuits related to the NYS Child Victim's Act in fiscal year 2022. The settlements totaled \$460,000 of which \$355,000 was recognized in fiscal year 2022 and \$95,000 in fiscal year 2023.

The School District has other lawsuits pending against it. In the opinion of management and legal counsel, it is not possible to estimate any potential future liability. However, the School District believes that any potential liability above insurance coverage would be immaterial.

15. SUBSEQUENT EVENTS

The School District on August 9, 2023 issued \$1,630,000 in serial bonds. The serial bonds mature June 15, 2028 and bear interest at 5%.

The School District on August 18, 2023 issued \$465,372 in bond anticipation notes. The bond anticipation notes mature August 16, 2024 and bear interest at 4.49%.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

NEW LEBANON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Encumbrances</u> | <u>Final Budget Variance with Budgetary Actual</u> |
|--|----------------------------|-------------------------|-------------------------------------|---------------------|--|
| REVENUE | | | | | |
| LOCAL SOURCES: | | | | | |
| Real property taxes and other tax items | \$ 8,812,185 | 8,812,185 | \$ 8,823,155 | \$ - | \$ 10,970 |
| Charges for services | 50,500 | 50,500 | 39,181 | - | (11,319) |
| Use of money and property | 25,000 | 25,000 | 57,681 | - | 32,681 |
| Sale of property and compensation for loss | 3,500 | 3,500 | 8,334 | - | 4,834 |
| Miscellaneous | <u>185,000</u> | <u>185,000</u> | <u>131,331</u> | <u>-</u> | <u>(53,669)</u> |
| Total local sources | 9,076,185 | 9,076,185 | 9,059,682 | - | (16,503) |
| State sources | <u>3,729,107</u> | <u>3,729,107</u> | <u>3,651,688</u> | <u>-</u> | <u>(77,419)</u> |
| Total revenue | <u>\$ 12,805,292</u> | <u>\$ 12,805,292</u> | <u>\$ 12,711,370</u> | <u>\$ -</u> | <u>\$ (93,922)</u> |

(Continued)

NEW LEBANON CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)

(Continued)

FOR THE YEAR ENDED JUNE 30, 2023

| | Original <u>Budget</u> | Final <u>Budget</u> | Actual <u>(Budgetary Basis)</u> | <u>Encumbrances</u> | Variance with Budgetary Actual and Encumbrances |
|---|---------------------------|------------------------|------------------------------------|---------------------|---|
| EXPENDITURES | | | | | |
| GENERAL SUPPORT: | | | | | |
| Board of education | \$ 13,500 | \$ 13,389 | \$ 12,771 | \$ - | \$ 618 |
| Central administration | 237,807 | 239,294 | 238,518 | 50 | 726 |
| Finance | 234,594 | 267,432 | 266,982 | - | 450 |
| Staff | 186,000 | 175,541 | 175,472 | - | 69 |
| Central services | 1,050,104 | 1,158,901 | 1,113,281 | 8,842 | 36,778 |
| Special items | <u>184,000</u> | <u>195,000</u> | <u>188,063</u> | <u>-</u> | <u>6,937</u> |
| Total general support | <u>1,906,005</u> | <u>2,049,557</u> | <u>1,995,087</u> | <u>8,892</u> | <u>45,578</u> |
| INSTRUCTION: | | | | | |
| Instruction, administration, and improvement | 491,811 | 589,202 | 580,126 | 802 | 8,274 |
| Teaching - Regular school | 3,119,593 | 3,060,431 | 3,042,255 | 3,954 | 14,222 |
| Programs for children with handicapping conditions | 1,105,347 | 968,922 | 941,358 | 459 | 27,105 |
| Occupational education | 109,000 | 136,612 | 136,329 | - | 283 |
| Teaching - Special school | 13,000 | 13,000 | 5,372 | - | 7,628 |
| Instructional media | 361,727 | 563,592 | 466,625 | 67,085 | 29,882 |
| Pupil services | <u>404,611</u> | <u>401,088</u> | <u>315,474</u> | <u>28,888</u> | <u>56,726</u> |
| Total instruction | 5,605,089 | 5,732,847 | 5,487,539 | 101,188 | 144,120 |
| Pupil transportation | 707,182 | 693,776 | 668,959 | 3,551 | 21,266 |
| Debt service - Principal | 715,301 | 430,707 | 442,751 | - | (12,044) |
| Debt service - Interest | 125,861 | 125,861 | 127,590 | - | (1,729) |
| Employee benefits | <u>3,710,027</u> | <u>3,553,044</u> | <u>3,504,247</u> | <u>-</u> | <u>48,797</u> |
| Total expenditures | 12,769,465 | 12,585,792 | 12,226,173 | 113,631 | 245,988 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers (out) | <u>(155,000)</u> | <u>(404,205)</u> | <u>(390,364)</u> | <u>-</u> | <u>13,841</u> |
| Total other financing sources (uses) | <u>(155,000)</u> | <u>(404,205)</u> | <u>(390,364)</u> | <u>-</u> | <u>13,841</u> |
| Total expenditures and other financing sources (uses) | <u>12,924,465</u> | <u>12,989,997</u> | <u>12,616,537</u> | <u>113,631</u> | <u>259,829</u> |
| NET CHANGE IN FUND BALANCE | (119,173) | (184,705) | 94,833 | (113,631) | 165,907 |
| FUND BALANCE - beginning of year | <u>2,761,876</u> | <u>2,761,876</u> | <u>2,761,876</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - end of year | <u>\$ 2,642,703</u> | <u>\$ 2,577,171</u> | <u>\$ 2,856,709</u> | <u>\$ (113,631)</u> | <u>\$ 165,907</u> |

See the independent auditor's report

NEW LEBANON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023**

| NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN | Last 10 Plan Fiscal Years | | | | | | | | | |
|---|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------|------|------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Proportion of the net pension liability (asset) | 0.004717% | 0.004356% | 0.0043263% | 0.0044719% | 0.0048725% | 0.0046649% | 0.0047761% | | | |
| Proportionate share of the net pension liability (asset) | \$1,011,406 | (\$356,069) | \$4,308 | \$1,184,190 | \$345,233 | \$150,558 | \$448,776 | | | |
| Covered-employee payroll | \$1,589,332 | \$1,328,822 | \$1,381,517 | \$1,394,984 | \$1,364,658 | \$1,323,553 | \$1,334,652 | | | |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 63.64% | -26.80% | 0.31% | 84.89% | 25.30% | 11.38% | 33.62% | | | |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 90.78% | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | | | |

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

| NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN | Last 10 Plan Fiscal Years | | | | | | | | | |
|---|---------------------------|---------------|-------------|-------------|-------------|-------------|-------------|------|------|------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Proportion of the net pension liability (asset) | 0.026042% | 0.026301% | 0.025775% | 0.025631% | 0.026087% | 0.025618% | 0.025855% | | | |
| Proportionate share of the net pension liability (asset) | \$499,723 | (\$4,557,650) | \$712,229 | (\$665,899) | (\$471,720) | (\$194,721) | \$276,921 | | | |
| Covered-employee payroll | \$4,606,700 | \$4,613,459 | \$4,538,705 | \$4,452,692 | \$4,392,860 | \$4,347,846 | \$4,059,583 | | | |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 10.85% | -98.79% | 15.69% | -14.95% | -10.74% | -4.48% | 6.82% | | | |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 98.57% | 113.25% | 97.80% | 102.20% | 101.53% | 100.66% | 99.01% | | | |

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW LEBANON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023**

| NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN | Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands) | | | | | | | 2016 | 2015 | 2014 |
|--|---|--------------|--------------|--------------|--------------|--------------|--------------|------|------|------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | | | |
| Contractually required contribution | \$ 197,738 | \$ 207,294 | \$ 196,158 | \$ 195,069 | \$ 192,895 | \$ 193,054 | \$ 183,711 | | | |
| Contributions in relation to the contractually required contribution | 197,738 | 207,294 | 196,158 | 195,069 | 192,895 | 193,054 | 183,711 | | | |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | |
| Covered-employee payroll | \$ 1,589,332 | \$ 1,328,822 | \$ 1,381,517 | \$ 1,394,984 | \$ 1,364,658 | \$ 1,323,553 | \$ 1,334,652 | | | |
| Contributions as a percentage of covered-employee payroll | 12.44% | 15.60% | 14.20% | 13.98% | 14.14% | 14.59% | 13.76% | | | |

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

| NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN | Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands) | | | | | | | 2016 | 2015 | 2014 |
|--|---|--------------|--------------|--------------|--------------|--------------|--------------|------|------|------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | | | |
| Contractually required contribution | \$ 474,029 | \$ 452,119 | \$ 432,539 | \$ 394,509 | \$ 466,522 | \$ 426,089 | \$ 525,503 | | | |
| Contributions in relation to the contractually required contribution | 474,029 | 452,119 | 432,539 | 394,509 | 466,522 | 426,089 | 525,503 | | | |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | |
| Covered-employee payroll | \$ 4,606,700 | \$ 4,613,459 | \$ 4,538,705 | \$ 4,452,692 | \$ 4,392,860 | \$ 4,347,846 | \$ 4,059,583 | | | |
| Contributions as a percentage of covered-employee payroll | 10.29% | 9.80% | 9.53% | 8.86% | 10.62% | 9.80% | 12.94% | | | |

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW LEBANON CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

| | Last 10 Fiscal Years (Dollar amounts displayed in thousands) | | | | | | | | | |
|---|--|------------------|------------------|------------------|------------------|------------------|------|------|------|------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total OPEB Liability | | | | | | | | | | |
| Service cost | \$ 1,059 | \$ 1,643 | \$ 1,601 | \$ 1,124 | 1,433 | 1,599 | | | | |
| Interest | 1,103 | 826 | 812 | 1,010 | 1,025 | 976 | | | | |
| Changes of benefit terms | - | - | - | - | (38) | - | | | | |
| Difference between expected and actual experience | 560 | - | 127 | - | (996) | 13 | | | | |
| Changes of assumptions changes or inputs | (637) | (7,990) | (185) | 6,110 | (5,666) | - | | | | |
| Benefit payments | (1,026) | (930) | (888) | (783) | (757) | (762) | | | | |
| Total change in total OPEB liability | 1,059 | (6,451) | 1,468 | 7,461 | (4,999) | 1,826 | | | | |
| Total OPEB liability - beginning | <u>30,604</u> | <u>37,055</u> | <u>35,587</u> | <u>28,126</u> | <u>33,124</u> | <u>31,298</u> | | | | |
| Total OPEB liability - ending | <u>\$ 31,664</u> | <u>\$ 30,604</u> | <u>\$ 37,055</u> | <u>\$ 35,587</u> | <u>\$ 28,126</u> | <u>\$ 33,124</u> | | | | |
| Covered-employee payroll | \$ 4,782 | \$ 4,721 | \$ 4,721 | \$ 4,604 | 4,604 | 5,575 | | | | |
| Total OPEB liability as a percentage of covered-employee payroll | 662.10% | 648.29% | 784.94% | 773.04% | 610.96% | 594.21% | | | | |

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

| | | | | | | |
|---------------|-------|-------|-------|-------|-----|-----|
| Discount rate | 3.65% | 3.54% | 2.16% | 2.21% | N/A | N/A |
|---------------|-------|-------|-------|-------|-----|-----|

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

SUPPLEMENTARY INFORMATION

NEW LEBANON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

| | School Lunch | Miscellaneous Special Revenue | Debt Service | Total Non-Major Governmental Funds |
|---|------------------|----------------------------------|-------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents - unrestricted | \$ 43,984 | \$ - | \$ - | \$ 43,984 |
| Cash and cash equivalents - restricted | - | 241,194 | 264,721 | 505,915 |
| Due from other funds | - | 6,747 | 909 | 7,656 |
| State and federal aid receivable | 10,215 | - | - | 10,215 |
| Inventory | 8,367 | - | - | 8,367 |
| TOTAL ASSETS | \$ 62,566 | \$ 247,941 | \$ 265,630 | \$ 576,137 |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | \$ 2,192 | \$ - | \$ - | \$ 2,192 |
| Due to other funds | 44,316 | - | - | 44,316 |
| Due to other governments | 30 | 61 | - | 91 |
| Due to Employees' Retirement System | 6,785 | - | - | 6,785 |
| Unearned revenue | 23,927 | - | - | 23,927 |
| TOTAL LIABILITIES | 77,250 | 61 | - | 77,311 |
| Fund balance | | | | |
| Nonspendable | | | | |
| Inventory | 8,367 | - | - | 8,367 |
| Restricted | | | | |
| Debt | - | - | 265,630 | 265,630 |
| Other | - | 247,880 | - | 247,880 |
| Total restricted fund balance | 8,367 | 247,880 | 265,630 | 521,877 |
| Unassigned | (23,051) | - | - | (23,051) |
| TOTAL FUND BALANCE (DEFICIT) | (14,684) | 247,880 | 265,630 | 498,826 |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ 62,566 | \$ 247,941 | \$ 265,630 | \$ 576,137 |

NEW LEBANON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2023**

| | School Lunch | Miscellaneous Special Revenue | Debt Service | Total Non-Major Governmental Funds |
|--|--------------------|----------------------------------|-------------------|--|
| REVENUE: | | | | |
| Use of money and property | \$ 4 | \$ 410 | \$ 480 | \$ 894 |
| Miscellaneous | 1,869 | 77,684 | - | 79,553 |
| State sources | 3,469 | - | - | 3,469 |
| Federal sources | 141,954 | - | - | 141,954 |
| Sales - school lunch | 45,931 | - | - | 45,931 |
| | <u>193,227</u> | <u>78,094</u> | <u>480</u> | <u>271,801</u> |
| EXPENDITURES: | | | | |
| Employee benefits | 41,920 | - | - | 41,920 |
| Cost of sales | 172,769 | - | - | 172,769 |
| Other | - | 67,472 | - | 67,472 |
| | <u>214,689</u> | <u>67,472</u> | <u>-</u> | <u>282,161</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | <u>(21,462)</u> | <u>10,622</u> | <u>480</u> | <u>(10,360)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Premium on issuance of debt | - | - | 694 | 694 |
| Operating transfers in | 35,000 | - | - | 35,000 |
| | <u>35,000</u> | <u>-</u> | <u>694</u> | <u>35,694</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER (USES) | <u>13,538</u> | <u>10,622</u> | <u>1,174</u> | <u>25,334</u> |
| FUND BALANCE (DEFICIT) - beginning of year | <u>(28,222)</u> | <u>237,258</u> | <u>264,456</u> | <u>473,492</u> |
| FUND BALANCE (DEFICIT) - end of year | <u>\$ (14,684)</u> | <u>\$ 247,880</u> | <u>\$ 265,630</u> | <u>\$ 498,826</u> |

OTHER INFORMATION (UNAUDITED)

NEW LEBANON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET - GENERAL FUND
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

| | |
|--------------------------------|----------------------|
| Adopted budget | \$ 12,924,465 |
| Add: Prior year's encumbrances | <u>72,984</u> |
| Original budget | 12,997,449 |
| Budget revision: | <u>(7,452)</u> |
| Final budget | <u>\$ 12,989,997</u> |

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

| | | |
|---|---------------|-------------------|
| 2023-24 voter-approved expenditure budget | \$ 13,808,114 | |
| Maximum allowed (4% of 2023-24 budget) | | <u>\$ 552,325</u> |

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

| | |
|----------------------------|---------------------|
| Unrestricted fund balance: | |
| Assigned fund balance | \$ 724,725 |
| Unassigned fund balance | <u>626,078</u> |
| | <u>\$ 1,350,803</u> |

Less:

| | |
|--|-------------------|
| Appropriated fund balance | \$ 611,094 |
| Encumbrances included in assigned fund balance | <u>113,631</u> |
| Total adjustments | <u>\$ 724,725</u> |

| | |
|--|-------------------|
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law | <u>\$ 626,078</u> |
|--|-------------------|

| | |
|-------------------|-------|
| Actual percentage | 4.53% |
|-------------------|-------|

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

| PROJECT TITLE | Original Appropriation | Revised Appropriation | Expenditures | | | Unexpended Balance | Proceeds of Obligations | Methods of Financing | | | Fund Balance June 30, 2023 |
|-----------------------------------|---------------------------|--------------------------|----------------------|-------------------|----------------------|-----------------------|----------------------------|----------------------|---------------------|----------------------|-------------------------------|
| | | | Prior Years | Current Year | Total | | | State Aid | Local Sources | Total | |
| Walter B. Howard - Elementary | \$ 1,336,000 | \$ 1,339,689 | \$ 1,353,627 | \$ - | \$ 1,353,627 | \$ (13,938) | \$ 530,160 | \$ 190,353 | \$ 619,176 | 1,339,689 | (13,938) |
| Walter B. Howard - Elementary | 40,000 | 42,800 | 40,894 | - | 40,894 | 1,906 | - | - | 42,800 | 42,800 | 1,906 |
| Hot Water Heater | 130,000 | 130,000 | 131,337 | - | 131,337 | (1,337) | - | - | 130,000 | 130,000 | (1,337) |
| Bus Garage | 1,200,000 | 1,000,000 | 988,632 | - | 988,632 | 11,368 | - | - | 1,000,000 | 1,000,000 | 11,368 |
| Jr./Sr. High School | 100,000 | 200,000 | 163,422 | - | 163,422 | 36,578 | - | - | 200,000 | 200,000 | 36,578 |
| Roofing Project | 130,000 | 130,000 | 121,480 | - | 121,480 | 8,520 | - | - | 130,000 | 130,000 | 8,520 |
| Bathroom-Pool Jr./Sr. High | 100,000 | 100,000 | 98,744 | - | 98,744 | 1,256 | - | - | 100,000 | 100,000 | 1,256 |
| Roof - Jr./Sr. High | 300,000 | 630,000 | 607,232 | - | 607,232 | 22,768 | - | - | 630,000 | 630,000 | 22,768 |
| Security Upgrades | 110,000 | 110,000 | 105,519 | - | 105,519 | 4,481 | - | - | 110,000 | 110,000 | 4,481 |
| Entrance | 126,000 | 130,000 | 129,045 | - | 129,045 | 955 | - | - | 130,000 | 130,000 | 955 |
| Water Pressure | 107,800 | 115,000 | 114,164 | - | 114,164 | 836 | - | - | 115,000 | 115,000 | 836 |
| Renovation Project - 2017 | 11,855,000 | 11,855,000 | 10,220,352 | 112,296 | 10,332,648 | 1,522,352 | 5,590,000 | - | 4,511,439 | 10,101,439 | (231,209) |
| Emergency Water Filtration System | 100,000 | 100,000 | 12,250 | 152,391 | 164,641 | (64,641) | - | - | 164,641 | 164,641 | - |
| Bus Purchases | 251,000 | 251,000 | - | 246,557 | 246,557 | 4,443 | - | - | - | - | (246,557) |
| Total | \$ 15,885,800 | \$ 16,133,489 | \$ 14,086,698 | \$ 511,244 | \$ 14,597,942 | \$ 1,535,547 | \$ 6,120,160 | \$ 190,353 | \$ 7,883,056 | \$ 14,193,569 | \$ (404,373) |

NEW LEBANON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023**

| | | |
|--|------------------|----------------------|
| Capital assets, net | | \$ 18,902,006 |
| Deduct: | | |
| Short-term portion of leases payable | 12,478 | |
| Long-term portion of leases payable | 29,743 | |
| Short-term portion of installment debt payable | 62,343 | |
| Long-term portion of installment debt payable | 849,960 | |
| Short-term portion of bonds payable | 380,000 | |
| Long-term portion of bonds payable | <u>4,135,000</u> | 5,469,524 |
| Add: | | |
| Unspent bond proceeds | | <u>353,661</u> |
| Net investment in capital assets | | <u>\$ 13,786,143</u> |

REQUIRED REPORT UNDER *GOVERNMENT AUDITING STANDARDS*

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

October 10, 2023

To the Board of Education of
New Lebanon 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 aggregate remaining fund information of New Lebanon Central School District (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 10 2023.

Report on Internal Control Over Financial Reporting

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

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

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

(Continued)

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 (Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as finding 2023-001.

School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

NEW LEBANON CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2023

Section I—Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Section II—Financial Statement Findings

Finding 2023-001 – Stewardship and Compliance Reported previously as finding 2022-001

Criteria – The School District’s unrestricted fund balance was outside the NYS Real Property Tax Law 1318 limit, which restricts it to an amount not greater than 4% of the School District’s budget for the upcoming year.

Condition – General Fund unrestricted fund balance exceeded the 4% limitation.

Questioned Costs – None.

Cause and Effect – The current year surplus resulted in the fund balance exceeding limits.

Recommendation – We recommend that management take the excess fund balance into consideration when preparing future budgets.

Management Response – Management will ensure excess fund balance is taken into effect when preparing future budgets.