

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2023

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Schuylerville 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 the Schuylerville Central School District (the District), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the 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 the 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Emphasis of Matter

As described in note 13 to the financial statements, a restatement of the prior period related to compensated absences was made during the year ended June 30, 2023. Our opinions are not modified with respect to this matter.

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 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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 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 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 management's discussion and analysis and the additional information on pages 51 through 54 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information as listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 16, 2023

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2023

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

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- The proposed 2022-2023 budget in the amount of \$38,609,533 was authorized by the District's residents.
- The District's total net position, as reflected in the District-Wide financial statements increased to \$(49,768,783).
- The District continues to maintain its buildings and complete various District-Wide projects with amounts budgeted and authorized by the District's residents.
- New York State Law limits the amount of unassigned and assigned fund balance, exclusive of encumbrances and amounts designated for the subsequent year's budget, that can be retained by the General Fund, to 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,724,502 or 12.31%, and therefore not within the statutory limit.
- The District made a correction to the June 30, 2022 compensated absences liability balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are District-Wide financial statements that provide both short-term and long-term information about the District's overall financial status.

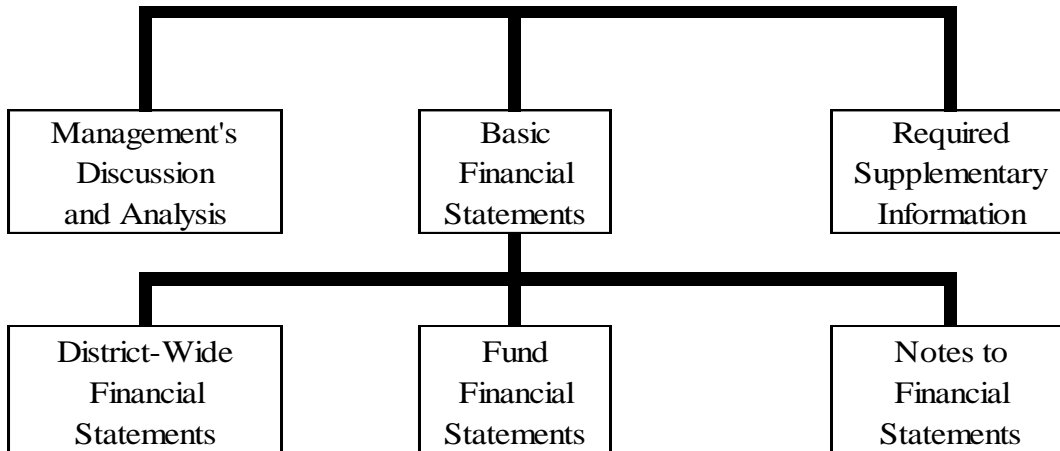
SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Management’s Discussion and Analysis, Continued

- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the operations in more detail than the District-Wide financial Statements. The Governmental Fund Statements tell how basic services such as instruction and support functions were financed in the short-term as well as what remains for future spending.

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

Organization of the District’s Annual Financial Report



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

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

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

Description	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others
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 Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Current assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both short-term and long-term
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	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial Statements

The District-Wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 District-Wide financial statements report the District's net position and how it has changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

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

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

District-Wide financial statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

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

Fund Financial Statements:

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net deficit increased by \$4,001,962 in the fiscal year ended June 30, 2023 as detailed in the table that follows.

	<u>2023</u>	<u>2022*</u>	<u>Change</u>
Assets:			
Current and other assets	\$ 16,023,049	15,433,847	589,202
Capital assets	48,343,445	49,828,998	(1,485,553)
Net pension assets	-	12,510,159	(12,510,159)
Total assets	<u>64,366,494</u>	<u>77,773,004</u>	<u>(13,406,510)</u>
Deferred outflows of resources	<u>22,420,361</u>	<u>32,984,994</u>	<u>(10,564,633)</u>
Liabilities:			
Current	5,629,079	5,145,146	483,933
Noncurrent	<u>122,612,087</u>	<u>133,461,551</u>	<u>(10,849,464)</u>
Total liabilities	<u>128,241,166</u>	<u>138,606,697</u>	<u>(10,365,531)</u>
Deferred inflows of resources	<u>8,314,472</u>	<u>16,045,395</u>	<u>(7,730,923)</u>
Net position:			
Net investment in capital assets	15,553,497	15,059,840	493,657
Restricted	7,069,166	5,773,828	1,295,338
Unrestricted (deficit)	<u>(72,391,446)</u>	<u>(66,600,549)</u>	<u>(5,790,897)</u>
Total net position (deficit)	<u>\$ (49,768,783)</u>	<u>(45,766,881)</u>	<u>(4,001,902)</u>

*Restated for correction of error.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Current assets increased \$589,202 primarily due to an increase in receivables due to grant funding.

Capital assets (net of depreciation) decreased \$1,485,553 primarily due to current year depreciation exceeding current year additions and capital outlay. The net pension asset - proportionate share for the employees' retirement system and the teachers' retirement system resulted in net pension liabilities in the current year in the amount of \$3,835,324 as a result of the actuarial valuation provided by New York State.

The changes in deferred outflows of resources relate to changes in the District's pensions and other postemployment benefits plans. Factors affecting the District's pension plans include amortization of pension related items, contributions subsequent to the measurement date, and changes in actuarial assumptions. Factors affecting the District's other postemployment benefit plan include service costs, interest costs, and changes in actuarial assumptions.

Long-term liabilities decreased by \$10,849,464 which was primarily due to the actuarial valuation of the other postemployment benefits.

The changes in deferred inflows of resources relate to changes in the District's pensions. Factors affecting the District's pension plans include amortization of pension related items, contributions subsequent to the measurement date, and changes in actuarial assumptions.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings and improvements, and furniture and equipment, net of depreciation and related debt (including debt related items such as premiums and deferred charges). This number increased from the prior year by \$493,657 due to a decrease in long-term liabilities.

The restricted net position at June 30, 2023, relates to the District's reserves and restricted amounts for special purposes. Restricted net position increased by \$1,295,338.

The unrestricted net deficit at June 30, 2023 of \$(72,391,446) relates to the balance of the District's net position. The unrestricted net deficit increased by \$(5,790,897).

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022*</u>	<u>Change</u>
Revenue:			
Program revenue:			
Charges for services	\$ 637,201	488,306	148,895
Operating grants and contributions	2,411,719	2,472,881	(61,162)
General revenue:			
Property and other taxes	18,488,757	18,259,546	229,211
State aid	18,217,434	18,518,424	(300,990)
Other	<u>776,254</u>	<u>1,173,412</u>	<u>(397,158)</u>
Total revenue	<u>40,531,365</u>	<u>40,912,569</u>	<u>(381,204)</u>
Expenses:			
General support	5,719,254	5,939,657	(220,403)
Instruction	31,471,953	27,668,073	3,803,880
Pupil transportation	2,552,583	2,719,353	(166,770)
Cost of food sales	1,049,422	990,622	58,800
Interest	672,856	734,551	(61,695)
Depreciation - unallocated	<u>3,067,199</u>	<u>2,985,313</u>	<u>81,886</u>
Total expenses	<u>44,533,267</u>	<u>41,037,569</u>	<u>3,495,698</u>
Change in net position	<u><u>\$(4,001,902)</u></u>	<u><u>(125,000)</u></u>	<u><u>(3,876,902)</u></u>

*Restated for correction of error.

The District's fiscal year 2023 revenue totaled \$40,531,365. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 45.6% and 44.9%, respectively of total revenue. The remainder came from fees charged for services, grants and contributions, use of money and property, and other miscellaneous sources.

The cost of all programs and services totaled \$44,533,267 for fiscal year 2023. These expenses are predominantly related to instruction, which account for 70.7% of District expenses.

The users of the District's programs financed \$3,048,920 of the cost. The federal and state governments along with external donors subsidized certain programs with grants and contributions of \$2,411,719. The remainder of the District's net costs were financed primarily by District taxpayers and state sources.

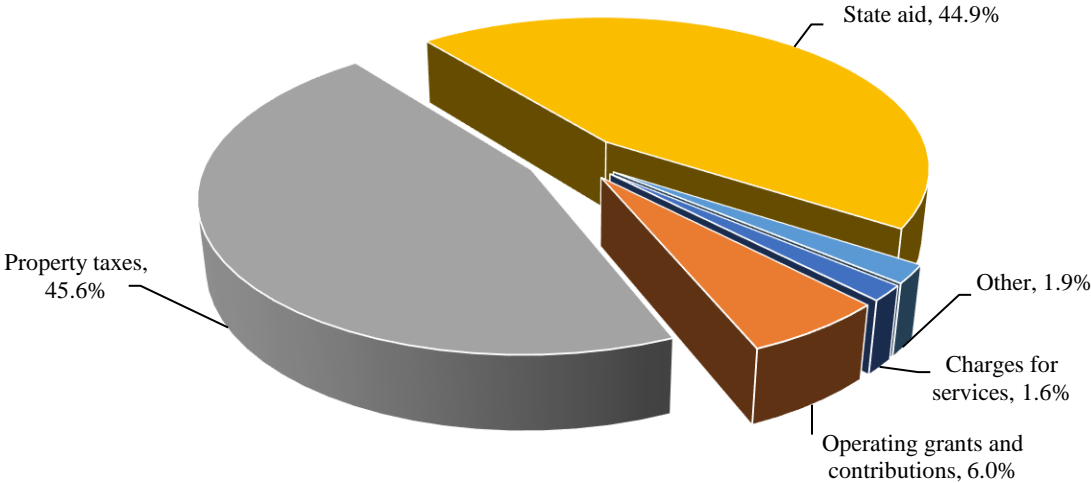
SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
 Management’s Discussion and Analysis, Continued

Governmental Activities:

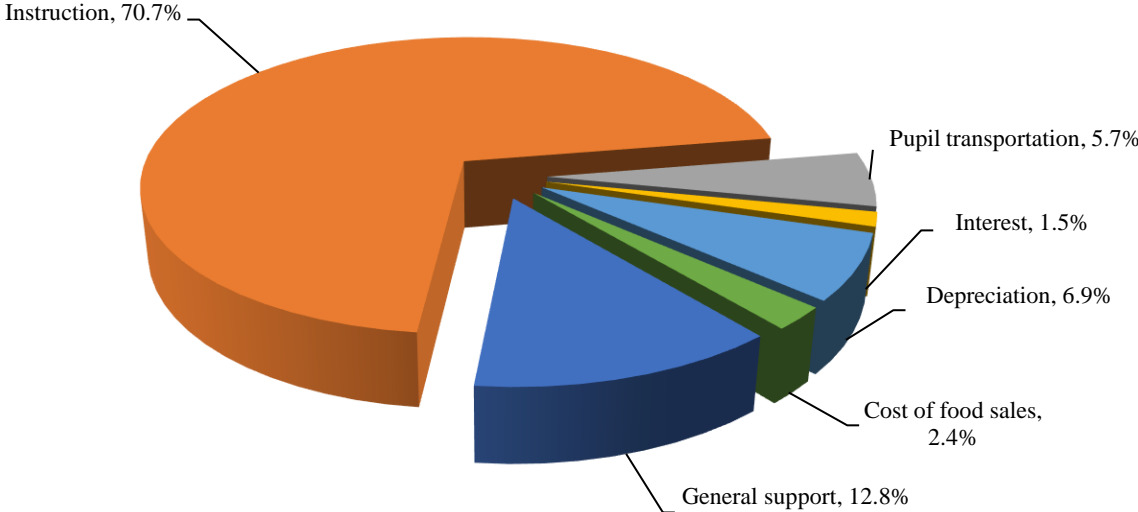
The continuation of the overall financial position will be positive and is due to the following:

- Continued leadership of the District’s Board and administration;
- Strategic use of services from BOCES;
- Improved curriculum and community support.

Revenue for Fiscal Year 2023



Expenses for Fiscal Year 2023



SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$13,793,859, which is an increase of \$367,396 from the prior year.

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>
General fund:			
Restricted:			
Tax certiorari	\$ 5,246	5,246	-
Employee benefit accrued liability	1,622,012	622,012	1,000,000
Liability	750,396	750,396	-
Workers' compensation	245,129	245,129	-
Retirement contribution - ERS	1,675,884	683,607	992,277
Retirement contribution - TRS	1,206,070	1,932,721	(726,651)
Capital	28,945	28,945	-
Unemployment	122,873	122,873	-
Assigned:			
Encumbrances	1,461,286	63,211	1,398,075
Designated for subsequent year's expenditures	225,000	1,308,326	(1,083,326)
Unassigned	<u>4,724,502</u>	<u>5,894,593</u>	<u>(1,170,091)</u>
Total general fund	<u>12,067,343</u>	<u>11,657,059</u>	<u>410,284</u>
Capital projects fund - restricted	<u>1,192,522</u>	<u>1,192,216</u>	<u>306</u>

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

	<u>2023</u>	<u>2022</u>	<u>Change</u>
School lunch fund:			
Nonspendable	\$ 15,799	12,628	3,171
Assigned - surplus	<u>298,106</u>	<u>373,877</u>	<u>(75,771)</u>
Total school lunch fund	<u>313,905</u>	<u>386,505</u>	<u>(72,600)</u>
Miscellaneous special revenue fund:			
Restricted:			
Scholarships and donations	56,013	70,968	(14,955)
Extraclassroom	<u>164,076</u>	<u>119,715</u>	<u>44,361</u>
Total miscellaneous special revenue fund	<u>220,089</u>	<u>190,683</u>	<u>29,406</u>
Total fund balance - all funds	<u>\$ 13,793,859</u>	<u>13,426,463</u>	<u>367,396</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

2022-2023 Budget

The District's general fund adopted budget for the fiscal year ended June 30, 2023 was \$38,609,553. This amount was increased by encumbrances carried forward from the prior year in the amount of \$63,216 and budget revisions of \$5 bringing the final budget to \$38,672,764.

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

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

Opening, unassigned fund balance	\$ 5,894,593
Revenue over budget	43,942
Expenditures and encumbrances under budget	276,593
Funding to reserves	(1,265,626)
Assigned, appropriated for June 30, 2023	<u>(225,000)</u>
Closing, unassigned fund balance	\$ <u>4,724,502</u>

The opening unassigned fund balance of \$5,894,593 is the June 30, 2022 unassigned fund balance.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The revenue over budget of \$43,942 were primarily in state aid. Refer to the Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund for more details.

The expenditures and encumbrances under budget of \$276,593 reflect savings across the budget. Refer to the Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund for more details.

The District allocated \$1,265,626 to reserves based on Board of Education approved resolutions.

The District has chosen to use \$225,000 of its available June 30, 2023 fund balance to partially fund its 2023-2024 approved operating budget.

The District will close the 2022-2023 fiscal year with \$4,724,502 in unassigned fund balance. New York State Real Property Tax Law §1318 restricts this number to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is not within this legal limit.

CAPITAL ASSET AND DEBT ADMINISTRATION

The District paid for equipment, and various building additions and renovations during the 2023 fiscal year. A summary of the District's capital assets are as follows:

	<u>2023</u>	<u>2022*</u>	<u>Change</u>
Land	\$ 147,808	147,808	-
Land improvements	1,900,249	1,900,249	-
Construction	41,189,767	41,189,767	-
Machinery and equipment	26,599,572	26,700,603	(101,031)
Licensed vehicles	3,219,285	1,992,624	1,226,661
Accumulated depreciation	<u>(24,713,236)</u>	<u>(22,102,053)</u>	<u>(2,611,183)</u>
Total	<u>\$ 48,343,445</u>	<u>49,828,998</u>	<u>(1,485,553)</u>

* Reclassifications have been made to certain 2022 balances in order to conform them to the 2023 presentation.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
 Management's Discussion and Analysis, Continued

Long-Term Debt

At June 30, 2023, the District had total debt payable of \$31,017,006. The decrease is due to principal payments made in the current year which exceeded the amount of the new installment purchase agreement. A summary of outstanding debt at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Bonds payable	\$ 28,915,000	31,745,000	(2,830,000)
Installment purchase agreements	<u>2,102,006</u>	<u>1,041,660</u>	<u>1,060,346</u>
Total	<u>\$ 31,017,006</u>	<u>32,786,660</u>	<u>(1,769,654)</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

The general fund budget for the 2023-2024 school year in the amount of \$38,364,997 was approved by voters. This represents a decrease of \$224,556 over the previous year's budget.

Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the District's ability to fund its current cost of services.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Schuylerville Central School District
 District Offices
 Attn: Business Manager
 14 Spring Street
 Schuylerville, NY 12871
 (518) 695-3255

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Statement of Net Position
Governmental Activities
June 30, 2023

<u>Assets</u>	
Current assets:	
Cash and equivalents - unrestricted	\$ 6,709,366
Cash and equivalents - restricted	6,524,311
Receivables:	
Accounts receivable	31,967
State and Federal aid	2,741,606
Inventory	<u>15,799</u>
Total current assets	<u>16,023,049</u>
Noncurrent assets:	
Land	147,808
Capital assets - depreciable, net	<u>48,195,637</u>
Total noncurrent assets	<u>48,343,445</u>
Total assets	<u>64,366,494</u>
<u>Deferred outflows of resources</u>	
Pension - ERS	1,665,381
Pension - TRS	7,283,340
OPEB	<u>13,471,640</u>
Total deferred outflows of resources	<u>22,420,361</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	644,106
Accrued liabilities	1,857
Due to other governments	788
Due to teachers' retirement system	1,366,647
Due to employees' retirement system	100,710
Bonds payable	2,895,000
Premium on bonds payable	209,556
Installment purchase agreements	<u>410,415</u>
Total current liabilities	<u>5,629,079</u>
Noncurrent liabilities:	
Bonds payable	26,020,000
Premium on bonds payable	1,563,386
Installment purchase agreements	1,691,591
Compensated absences	2,404,196
Net pension liability - proportionate share - ERS	2,474,803
Net pension liability - proportionate share - TRS	1,360,521
Total OPEB liability	<u>87,097,590</u>
Total noncurrent liabilities	<u>122,612,087</u>
Total liabilities	<u>128,241,166</u>
<u>Deferred inflows of resources</u>	
Unearned revenue	115,082
Pension - ERS	145,906
Pension - TRS	801,055
OPEB	<u>7,252,429</u>
Total deferred inflows of resources	<u>8,314,472</u>
<u>Net position</u>	
Net investment in capital assets	15,553,497
Restricted	7,069,166
Unrestricted (deficit)	<u>(72,391,446)</u>
Total net position	<u>\$ (49,768,783)</u>

See accompanying notes to financial statements.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Statement of Activities
Governmental Activities
Year ended June 30, 2023

		<u>Program Revenue</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Expense and Changes in Net Position</u>
Functions and programs:				
General support	\$ 5,719,254	-	-	(5,719,254)
Instruction	31,471,953	194,422	1,913,155	(29,364,376)
Pupil transportation	2,552,583	-	-	(2,552,583)
Cost of food sales	1,049,422	442,779	498,564	(108,079)
Interest	672,856	-	-	(672,856)
Depreciation - unallocated	<u>3,067,199</u>	<u>-</u>	<u>-</u>	<u>(3,067,199)</u>
Total functions and programs	<u>\$ 44,533,267</u>	<u>637,201</u>	<u>2,411,719</u>	<u>(41,484,347)</u>
General revenue:				
Real property taxes				16,767,145
Other real property tax items				1,721,612
Use of money and property				71,107
State sources				18,217,434
Federal sources				60,921
Miscellaneous				<u>644,226</u>
Total general revenue				<u>37,482,445</u>
Change in net position				<u>(4,001,902)</u>
Net position (deficit) at beginning of year, as previously stated				(43,894,094)
Prior period adjustment (note 13)				<u>(1,872,787)</u>
Net position (deficit) at beginning of year, as restated				<u>(45,766,881)</u>
Net position (deficit) at end of year				<u>\$ (49,768,783)</u>

See accompanying notes to financial statements.

SCHUYLerville CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash and equivalents - unrestricted	\$ 6,349,665	-	-	359,701	-	6,709,366
Cash and equivalents - restricted	5,656,555	647,067	-	-	220,689	6,524,311
Receivables:						
Accounts receivable	31,967	-	-	-	-	31,967
State and Federal aid	1,016,408	-	1,717,437	7,761	-	2,741,606
Due from other funds	1,082,747	545,455	-	-	-	1,628,202
Inventory	-	-	-	15,799	-	15,799
Total assets	<u>\$ 14,137,342</u>	<u>1,192,522</u>	<u>1,717,437</u>	<u>383,261</u>	<u>220,689</u>	<u>17,651,251</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities:						
Accounts payable	554,436	-	86,756	2,914	-	644,106
Accrued liabilities	1,857	-	-	-	-	1,857
Due to other governments	-	-	-	188	600	788
Due to other funds	-	-	1,628,202	-	-	1,628,202
Due to teachers' retirement system	1,366,647	-	-	-	-	1,366,647
Due to employees' retirement system	100,710	-	-	-	-	100,710
Total liabilities	<u>2,023,650</u>	<u>-</u>	<u>1,714,958</u>	<u>3,102</u>	<u>600</u>	<u>3,742,310</u>
Deferred inflows or resources - unearned revenue	<u>46,349</u>	<u>-</u>	<u>2,479</u>	<u>66,254</u>	<u>-</u>	<u>115,082</u>
Fund balances:						
Nonspendable	-	-	-	15,799	-	15,799
Restricted	5,656,555	1,192,522	-	-	220,089	7,069,166
Assigned	1,686,286	-	-	298,106	-	1,984,392
Unassigned	4,724,502	-	-	-	-	4,724,502
Total fund balances	<u>12,067,343</u>	<u>1,192,522</u>	<u>-</u>	<u>313,905</u>	<u>220,089</u>	<u>13,793,859</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,137,342</u>	<u>1,192,522</u>	<u>1,717,437</u>	<u>383,261</u>	<u>220,689</u>	<u>17,651,251</u>

See accompanying notes to financial statements.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2023

Total governmental fund balances		\$ 13,793,859
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The assets consist of:		
Land	\$ 147,808	
Capital assets - depreciable, net	<u>48,195,637</u>	
Total capital assets		48,343,445
Some deferred outflows and inflows are not reported in governmental funds. These consist of the following:		
Deferred outflows of resources - pension - ERS		1,665,381
Deferred outflows of resources - pension - TRS		7,283,340
Deferred outflows of resources - OPEB		13,471,640
Deferred inflows of resources - pension - ERS		(145,906)
Deferred inflows of resources - pension - TRS		(801,055)
Deferred inflows of resources - OPEB		(7,252,429)
Long-term liabilities that are not due and payable in the current period are not reported in the funds:		
Bonds payable	(28,915,000)	
Premium on bonds payable	(1,772,942)	
Installment purchase agreements	(2,102,006)	
Compensated absences	(2,404,196)	
Net pension liability - proportionate share - employees' retirement system	(2,474,803)	
Net pension liability - proportionate share - teachers' retirement system	(1,360,521)	
Total OPEB liability	<u>(87,097,590)</u>	<u>(126,127,058)</u>
Total net position - end of year		<u>\$ (49,768,783)</u>

See accompanying notes to financial statements.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended June 30, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
Revenue:						
Real property taxes	\$ 16,767,145	-	-	-	-	16,767,145
Other real property tax items	1,721,612	-	-	-	-	1,721,612
Charges for services	194,422	-	-	-	-	194,422
Use of money and property	70,562	306	-	239	-	71,107
Sale of property and compensation for loss	16,000	-	-	-	-	16,000
State sources	18,217,434	-	65,425	36,930	-	18,319,789
Federal sources	60,921	-	1,847,730	461,634	-	2,370,285
Food sales	-	-	-	442,779	-	442,779
Miscellaneous	297,073	-	-	10,394	336,759	644,226
Total revenue	<u>37,345,169</u>	<u>306</u>	<u>1,913,155</u>	<u>951,976</u>	<u>336,759</u>	<u>40,547,365</u>
Expenditures:						
General support	4,241,475	-	-	-	-	4,241,475
Instruction	17,257,314	-	1,903,335	-	307,353	19,468,002
Pupil transportation	1,733,244	1,470,761	21,785	-	-	3,225,790
Cost of food sales	-	-	-	864,724	-	864,724
Employee benefits	9,568,060	-	-	159,852	-	9,727,912
Debt service:						
Principal	3,240,415	-	-	-	-	3,240,415
Interest	882,412	-	-	-	-	882,412
Total expenditures	<u>36,922,920</u>	<u>1,470,761</u>	<u>1,925,120</u>	<u>1,024,576</u>	<u>307,353</u>	<u>41,650,730</u>
Excess (deficiency) of revenue over expenditures	<u>422,249</u>	<u>(1,470,455)</u>	<u>(11,965)</u>	<u>(72,600)</u>	<u>29,406</u>	<u>(1,103,365)</u>
Other financing sources (uses):						
Proceeds from issuance of debt	-	1,470,761	-	-	-	1,470,761
Transfers in	-	-	11,965	-	-	11,965
Transfers out	(11,965)	-	-	-	-	(11,965)
Total other financing sources (uses)	<u>(11,965)</u>	<u>1,470,761</u>	<u>11,965</u>	<u>-</u>	<u>-</u>	<u>1,470,761</u>
Changes in fund balances	410,284	306	-	(72,600)	29,406	367,396
Fund balances at beginning of year	11,657,059	1,192,216	-	386,505	190,683	13,426,463
Fund balances at end of year	<u>\$ 12,067,343</u>	<u>1,192,522</u>	<u>-</u>	<u>313,905</u>	<u>220,089</u>	<u>13,793,859</u>

See accompanying notes to financial statements.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenue, Expenditures and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year ended June 30, 2023

Net change in fund balances \$ 367,396

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

Governmental funds report capital outlay as expenditures.

However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Additions of capital assets	\$ 1,706,382	
Depreciation	(3,067,199)	
Disposal of capital assets	<u>(124,736)</u>	(1,485,553)

Repayment of bonds and installment purchase agreements principal are expenditures in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal paid on bonds payable	2,830,000	
Amortization of premium on bonds payable	209,556	
Principal paid on installment purchase agreements	410,415	
Issuance of installment purchase agreement	<u>(1,470,761)</u>	1,979,210

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated absences	(45,712)	
Net pension liability - employees' retirement system	(3,317,050)	
Net pension liability - teachers' retirement system	(13,028,433)	
Deferred outflows of resources - pensions	484,100	
Deferred inflows of resources - pensions	15,006,375	
Total OPEB liability	14,338,927	
Deferred outflows of resources - OPEB	(11,048,733)	
Deferred inflows of resources - OPEB	<u>(7,252,429)</u>	<u>(4,862,955)</u>

Change in net position of governmental activities \$ (4,001,902)

See accompanying notes to financial statements.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year ended June 30, 2023

	Custodial <u>Fund</u>
Additions - real property taxes	\$ 364,738
Deductions - payments to library	<u>364,738</u>
Change in net fiduciary position	-
Fiduciary net position at beginning of year	<u>-</u>
Fiduciary net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

The financial statements of the Schuylerville Central School District (the District) have been prepared in accordance 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. Significant accounting principles and policies utilized by the District are described below:

(a) Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14 - "The Financial Reporting Entity." The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

(i) Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements of the extraclassroom activity funds can be found in the District's business offices. The District accounts for assets held as an agent for various student organizations in the miscellaneous special revenue fund.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture

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

BOCES 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.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component 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 districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$3,044,344 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,234,877.

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

(c) Basis of Presentation

(i) District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. 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.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(i) District-Wide Statements, Continued

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to payroll expended in 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 are not classified as program revenue, including all taxes, are presented as general revenue.

(ii) Fund Statements

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

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

Capital Projects Funds - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Special Revenue Funds - These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund - Used to account for proceeds received from the State and Federal grants that are restricted for specific educational programs.

School Lunch - Used to account for child nutrition activities whose funds are restricted as to use.

Miscellaneous Special Revenue - Used to account for and report those revenue that are restricted and committed to expenditures for specified purposes.

Fiduciary Funds - Used to account for activities in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide financial statements, because their resources do not belong to the District, and are not available to be used. There is one class of fiduciary funds:

Custodial Fund - is used to collect and remit taxes to the Schuylerville Public Library.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus and Basis of Accounting

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

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

The 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 District considers all revenue reported in the governmental funds to be available if the revenue is collected within 90 days after the end of the fiscal year.

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

(e) Real Property Taxes

Real property taxes are levied annually by the Board of Education no later than August 31, and become a lien on August 31. Taxes are collected during the period September 1, to November 2.

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

(f) Restricted Resources

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

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenue to provide financing or other services. In the District-Wide statements, 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 District's practice to settle these amounts at a net balance based upon the right of legal offset.

(h) Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates an assumption 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 expenses during the reporting period. Actual results could differ from these estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

(i) Cash and Equivalents

The District's cash and equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State law governs the District's investments policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposits not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Accounts Receivable

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

(k) Inventory and Prepaid Items

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

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

(l) Capital Assets

Capital assets are reported at actual cost. For assets acquired prior to July 1, 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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 District-Wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land improvements	\$ 5,000	Straight-Line	20 years
Building and improvements	5,000	Straight-Line	50 years
Machinery and equipment	5,000	Straight-Line	5-10 years
Vehicles	5,000	Straight-Line	5-10 years

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Deferred Outflows and Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. These amounts are related to pensions and other postemployment benefits (OPEB) liability reported in the District-Wide Statement of Net Position.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District has three items that qualify for reporting in this category. The first is unearned revenue. The second is related to pensions, which are reported in the District-Wide Statement of Net Position. The third is related to the OPEB liability reported in the District-Wide Statement of Net Position.

(n) Unearned Revenue

The District reports unearned revenue on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the district before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and the revenue is recognized.

(o) Compensated Absences

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

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

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

Consistent with GASB Statement No. 101 - "Compensated Absences," the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-Wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds statements only the amount 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.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(p) Other Benefits

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all the district's employees may become eligible for these benefits if they reach normal retirement age while working for the district. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure.

(q) Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), 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. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

(r) Accrued Liabilities and Long-Term Obligations

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

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

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Net Position/Fund Balance

Order of Use of Fund Balance

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

District-Wide Statements

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

Net Investment in capital assets - consists of capital assets reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

Funds Statements

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

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, granters, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District may established the following restricted fund balances:

Capital Reserve

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. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund and the Capital Projects Fund.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Net Position/Fund Balance, Continued

Fund Statements, Continued

Repair Reserve

Repair Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Workers' Compensation Reserve

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.

Unemployment Insurance Reserve

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 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.

Liability Reserve

Liability Reserve (EL §1708-8c) is used for the purpose of financing liability claims, and specifically unclaimed suits including expenses. The reserve may not exceed 3% of the annual budget or \$15,000, whichever is greater. This reserve is accounted for in the General Fund.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Net Position/Fund Balance, Continued

Fund Statements, Continued

Insurance Reserve

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

Property Loss Reserve and Liability Reserve

Property Loss Reserve and Liability Reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the General Fund.

Tax Certiorari Reserve

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.

Reserve for Insurance Recoveries

Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the General Fund.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Net Position/Fund Balance, Continued

Fund Statements, Continued

Employee Benefit Accrued Liability Reserve

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.

Retirement Contribution Reserve

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 by the Board. This reserve is accounted for in the General Fund.

Reserve for TRS Retirement Contributions

Reserve for TRS Retirement Contributions is used to reserve funds to be used for TRS retirement costs in accordance with GML §6-r of the State of New York. This reserve is accounted for in the General Fund.

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

Assigned - Includes amounts that are constrained by the 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. The amount appropriated for the subsequent year's budget of the General Fund is also classified as assigned fund balance.

Unassigned - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance.

(t) New Accounting Standards

GASB has issued Statement No. 99 - Omnibus 2022, effective for various periods through fiscal years beginning after June 15, 2023. The statement will be implemented in the year required. The effects of the implementation of this pronouncement are not known at this time.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(u) Subsequent Events

The District has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(2) Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements

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

(a) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. 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 Sheet.

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities

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

(i) Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenue only when they are 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.

(ii) Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets 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.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements, Continued

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

(iii) 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. Pension differences occur as a result of changes in the District's proportion of the collective net pension systems and differences between the District's contributions and its proportionate share of the total contributions to the pension systems. OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

(3) Stewardship, Compliance and Accountability

(a) Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are required:

The voters of the district approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by 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 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, of the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability, Continued

(a) Budgets, Continued

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

(b) Encumbrances

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

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The district plans to address this by continuing to appropriate a responsible amount of fund balance annually to reduce the tax burden on its constituents.

(4) Cash and Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a specific policy for custodial credit risk; State statutes govern the District's investment policies, as discussed previously in these notes.

The District's aggregate bank balances are either insured or collateralized with securities held by the pledging financial institution as of June 30, 2023.

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental activities	\$ <u>13,233,677</u>	<u>13,401,913</u>
Insured - FDIC		\$ 528,987
Insured - Collateral held in District's name		<u>12,872,926</u>
Total insured		\$ <u>13,401,913</u>

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(5) Receivables

Due from State and Federal represents amounts due from New York State and the Federal government. Amounts due to the District at June 30, 2023 are listed below:

General Fund:

State aid - excess cost	\$ 496,633
State aid - BOCES	<u>519,775</u>
	1,016,408
Special Aid Fund - State and Federal grants - various	1,717,437
School Lunch Fund - State and Federal grants - related to food service program	<u>7,761</u>
Total	\$ <u><u>2,741,606</u></u>

(6) Capital Assets

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

	Beginning Balance*	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets not being depreciated - land	\$ 147,808	-	-	<u>147,808</u>
Capital assets being depreciated:				
Land improvements	1,900,249	-	-	1,900,249
Buildings and improvements	41,189,767	-	-	41,189,767
Machinery and equipment	26,700,603	325,582	(426,613)	26,599,572
Vehicles	<u>1,992,624</u>	<u>1,380,800</u>	<u>(154,139)</u>	<u>3,219,285</u>
Total capital assets being depreciated	<u>71,783,243</u>	<u>1,706,382</u>	<u>(580,752)</u>	<u>72,908,873</u>
Less accumulated depreciation for:				
Land improvements	1,899,243	966	-	1,900,209
Buildings and improvements	16,708,827	776,769	-	17,485,596
Machinery and equipment	2,788,420	2,040,785	(328,064)	4,501,141
Vehicles	<u>705,563</u>	<u>248,679</u>	<u>(127,952)</u>	<u>826,290</u>
Total accumulated depreciation	<u>22,102,053</u>	<u>3,067,199</u>	<u>(456,016)</u>	<u>24,713,236</u>
Total capital assets, being depreciated, net	<u>49,681,190</u>	<u>(1,360,817)</u>	<u>(124,736)</u>	<u>48,195,637</u>
Total governmental activities, net	<u>\$ 49,828,998</u>	<u>(1,360,817)</u>	<u>(124,736)</u>	<u>48,343,445</u>

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(6) Capital Assets, Continued

*Reclassifications have been made to certain 2022 balances in order to conform them to the 2023 presentation.

Depreciation expense not charged to a specific governmental functions amounted to \$3,067,199.

(7) Long-Term Debt

Long-term liability balances and activity for the year ended June 30, 2023 are summarized below:

	<u>Beginning Balance**</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 31,745,000	-	(2,830,000)	28,915,000	2,895,000
Unamortized premium on bonds	<u>1,982,498</u>	<u>-</u>	<u>(209,556)</u>	<u>1,772,942</u>	<u>209,556</u>
	<u>33,727,498</u>	<u>-</u>	<u>(3,039,556)</u>	<u>30,687,942</u>	<u>3,104,556</u>
Other liabilities:					
Installment purchase agreements	1,041,660	1,470,761	(410,415)	2,102,006	410,415
Compensated absences**	2,358,484	45,712	-	2,404,196	-
Net pension liability - ERS*	(852,862)	3,327,665	-	2,474,803	-
Net pension liability - TRS*	(11,667,912)	13,028,433	-	1,360,521	-
Total OPEB liability	<u>101,436,517</u>	<u>-</u>	<u>(14,338,927)</u>	<u>87,097,590</u>	<u>-</u>
Total other liabilities	<u>92,315,887</u>	<u>17,872,571</u>	<u>(14,749,342)</u>	<u>95,439,116</u>	<u>410,415</u>
Total long-term liabilities	<u>\$ 126,043,385</u>	<u>17,872,571</u>	<u>(17,788,898)</u>	<u>126,127,058</u>	<u>3,514,971</u>

* Net pension asset - ERS and TRS began the year an asset and ended the year as a liability. Accordingly, the ending balance is shown as a positive.

**Restated for correction of error.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(7) Long-Term Debt, Continued

(a) Bonds Payable

The following is a summary of the maturity of long-term indebtedness:

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
Serial Bonds	2015	2029	2.14%	\$ 400,000
Serial Bonds	2020	2030	4.00%	7,945,000
Serial Bonds	2021	2041	2.00%	<u>20,570,000</u>
				<u>\$ 28,915,000</u>

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,895,000	818,612	3,713,612
2025	2,855,000	716,038	3,571,038
2026	2,235,000	615,412	2,850,412
2027	2,295,000	543,112	2,838,112
2028	2,375,000	468,512	2,843,512
2029 - 2033	9,360,000	1,290,688	10,650,688
2034 - 2038	4,880,000	464,300	5,344,300
2039 - 2041	<u>2,020,000</u>	<u>75,900</u>	<u>2,095,900</u>
Total	<u>\$ 28,915,000</u>	<u>4,992,574</u>	<u>33,907,574</u>

(b) Interest Expense

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

Interest paid	\$ 882,412
Less amortization of bond premiums	(209,556)
Total expense	<u>\$ 672,856</u>

(c) Installment Purchase Agreements

The District entered into installment purchase agreements to purchase vehicles. The first agreement was entered into in 2022 and expires in 2026. The District entered into another agreement for vehicles in 2023 and expires in 2027. There is no interest related to these agreements.

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Outstanding June 30, 2023</u>
Vehicles	2022	2026	\$ 851,395
Vehicles	2023	2027	<u>1,250,611</u>
			<u>\$ 2,102,006</u>

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(7) Long-Term Debt, Continued

(c) Installment Purchase Agreements, Continued

<u>Year ending</u>	
2024	\$ 410,415
2025	410,415
2026	691,015
2027	<u>590,161</u>
Total	<u>\$ 2,102,006</u>

In the event that the District were to default on bond principal or interest payments, a court has the power, in proper and appropriate proceedings brought by the bond owner, to render judgment against the District. A court has the power to order payment of such bonds or notes from funds available or to order the District to take all lawful action to obtain the funds, including the raising of the funds in the next annual tax levy. The bond owner may also file with the New York State Comptroller a verified statement alleging default in the payment of principal or interest. The New York State Comptroller will have a duty to investigate the circumstances of the alleged default and prepare determinations from their office. The New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance to the District and apply the amount thereof so withheld to the payment of the defaulted principal and interest.

(8) Pension Plans

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

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

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(a) Plan Descriptions and Benefits Provided, Continued

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. Benefits are established under the provision of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. ERS 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.

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

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

At June 30, 2023, the District reported the following liability for its proportionate share of the net pension liability for each of TRS and ERS. The net pension liabilities were measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to TRS and ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the District.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(8) Pension Plans, Continued

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

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2022	June 30, 2021
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ (2,474,803)	(1,360,521)
District's proportion of the Plan's net pension liability	0.0115408%	0.0709010%
Change in proportionate share	0.0012376	0.0035690

For the year ended June 30, 2023, the District recognized pension expense of \$869,423 for ERS and \$1,726,868 for TRS in the statement of activities. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 263,586	1,425,654	(69,502)	(27,262)
Changes of assumptions	1,201,924	2,639,181	(13,284)	(548,056)
Net difference between projected and actual investment earnings on pension plan investments	-	1,757,922	(14,539)	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	99,161	119,590	(48,581)	(225,737)
District's contributions subsequent to the measurement date	<u>100,710</u>	<u>1,340,993</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,665,381</u>	<u>7,283,340</u>	<u>(145,906)</u>	<u>(801,055)</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities 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:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ 331,328	1,012,173
2025	(120,016)	520,194
2026	518,661	(239,588)
2027	688,792	3,440,855
2028	-	406,984
Thereafter	<u>-</u>	<u>674</u>
	<u>\$ 1,418,765</u>	<u>5,141,292</u>

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(c) Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2022	June 30, 2021
Measurement date	March 31, 2023	June 30, 2022
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Salary scale	4.40%	1.95% - 5.18%
Cost of living adjustments	1.5% annually	1.3% annually
Inflation rate	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 - April 1, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - April 1, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

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

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

Measurement date	<u>ERS</u>		<u>TRS</u>	
	March 31, 2023		June 30, 2022	
	Long-term expected real rate of <u>of return*</u>	Target allocation	Long-term expected real rate <u>of return*</u>	Target allocation
Asset class:				
Domestic equity	4.30%	32%	6.50%	33%
International equity	6.85%	15%	7.20%	16%
Real estate equity	4.60%	9%	6.20%	11%
Global equity	-	-	6.90%	4%
Domestic fixed income	-	-	1.10%	16%
Global bonds	-	-	0.60%	2%
High-yield bonds	-	-	3.30%	1%
Real estate debt	-	-	2.40%	6%
Private equity	7.50%	10%	9.90%	8%
Private debt	-	-	5.30%	2%
Real assets	5.84%	3%	-	-
Fixed income	1.50%	23%	-	-
Opportunistic/ARS portfolio	5.38%	3%	-	-
Credit	5.43%	4%	-	-
Cash	-	1%	(0.30%)	1%
		<u>100%</u>		<u>100%</u>

* Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liabilities to the Discount Rate

The following presents the District's proportionate share of the net pension liabilities calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension liabilities would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

ERS

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	\$ (5,980,536)	(2,474,803)	454,646

TRS

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ (12,544,642)	(1,360,521)	8,045,251

(f) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ (232,627)	(133,883)
Plan net position	<u>211,183</u>	<u>131,964</u>
Employers' net pension liability	\$ <u>(21,444)</u>	<u>(1,919)</u>
Ratio of plan net position to the employers' total pension liability	90.78%	98.6%

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(g) Contributions to the Pension Plans

ERS employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$100,710. This amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to ERS for the year ended June 30, 2023 were \$400,950.

TRS employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions to TRS as of June 30, 2023 amounted to \$1,366,647 including employees' share. Retirement contributions paid to TRS for the year ended June 30, 2023 were \$1,355,946.

(9) Other Postemployment Benefits (OPEB)

(a) Plan Description and Benefits

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

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

(b) Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	197
Active employees	<u>227</u>
	<u>424</u>

(c) Total OPEB Liability

The District's total OPEB liability of \$87,097,590 was measured as of July 1, 2022 and was determined by an actuarial valuation as of July 1, 2022.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(9) Other Postemployment Benefits (OPEB), Continued

(d) 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:

Salary increases	3.00%
Discount rate	3.54%
Healthcare cost trend rates	7.0% for 2023, decreasing 0.4% per year to an ultimate rate of 5.0% for 2028 and later years

The discount rate was based on Bond Buyer GO-20 municipal bond index.

Mortality rates were based on RP-2014 mortality table with mortality improvements projected to the current year using Scale MP-2022.

(e) Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 101,436,517
Changes for the year:	
Service cost	1,722,219
Interest	2,176,845
Differences between expected and actual expense	1,842,431
Changes in assumptions	(17,044,921)
Benefit payments	<u>(3,035,501)</u>
Net change	<u>(14,338,927)</u>
Balance at June 30, 2023	\$ <u>87,097,590</u>

(f) Sensitivity of the Total OPEB liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage point higher (4.54%) than the current discount rate:

	1% Decrease <u>(2.54%)</u>	Current Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Total OPEB liability	\$ <u>(99,854,352)</u>	<u>(87,097,590)</u>	<u>(76,282,595)</u>

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(9) Other Postemployment Benefits (OPEB), Continued

(g) Sensitivity of the Total OPEB Liability to Change in the Healthcare Cost Trend Rates

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

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Total OPEB liability	\$ <u>(74,438,319)</u>	<u>(87,097,590)</u>	<u>(104,144,727)</u>

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

For the year ended June 30, 2023 the District recognized OPEB expense of \$7,162,493. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 10,271,382	-
Changes in assumptions	-	(7,252,429)
Contributions subsequent to the measurement date	<u>3,200,258</u>	<u>-</u>
	\$ <u>13,471,640</u>	<u>(7,252,429)</u>

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

<u>Year ending</u>	
2024	\$ 3,263,428
2025	1,657,552
2026	1,161,604
2027	1,161,604
2028	(2,053,450)
Thereafter	<u>(2,171,785)</u>
	<u>\$ 3,018,953</u>

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(10) Interfund Activity

Interfund transactions for the year ended June 30, 2023 were as follows:

<u>Governmental Funds</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 1,082,747	-	-	11,965
Capital projects fund	545,455	-	-	-
Special aid fund	<u>-</u>	<u>1,628,202</u>	<u>11,965</u>	<u>-</u>
Total	\$ <u>1,628,202</u>	<u>1,628,202</u>	<u>11,965</u>	<u>11,965</u>

Interfund receivables and payables are eliminated on the statement of net position.

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

Transfers are used to (1) move revenue from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move residual cash from closed projects to debt service to be used for debt payments at a later date.

(11) Risk Management

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

(12) Contingencies and Commitments

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

(13) Restatement

The District made a correction to the June 30, 2022 compensated absences liability balance. The net deficit of the governmental activities as of June 30, 2022 has been increased by \$1,872,787 to a total net deficit as \$45,766,881.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	Final Budget Variance with Budgetary <u>Actual</u>
Revenue:					
Real property taxes	\$ 16,406,431	16,406,431	16,767,145	-	360,714
Other real property tax items	2,091,761	2,091,761	1,721,612	-	(370,149)
Charges for services	258,000	258,000	194,422	-	(63,578)
Use of money and property	3,000	3,000	70,562	-	67,562
Sale of property and compensation for loss	-	-	16,000	-	16,000
State aid	18,387,035	18,387,035	18,217,434	-	(169,601)
Federal aid	50,000	50,000	60,921	-	10,921
Miscellaneous	<u>105,000</u>	<u>105,000</u>	<u>297,073</u>	-	<u>192,073</u>
Total revenue	<u>37,301,227</u>	<u>37,301,227</u>	<u>37,345,169</u>	-	<u>43,942</u>
Expenditures:					
General support	3,812,379	5,732,396	4,241,475	1,455,022	35,899
Instruction	18,038,072	17,596,667	17,257,314	6,264	333,089
Pupil transportation	2,080,567	2,022,607	1,733,244	-	289,363
Employee benefits	10,939,385	9,581,944	9,568,060	-	13,884
Debt service:					
Principal	2,830,000	2,830,000	3,240,415	-	(410,415)
Interest	<u>889,150</u>	<u>889,150</u>	<u>882,412</u>	-	<u>6,738</u>
Total expenditures	<u>38,589,553</u>	<u>38,652,764</u>	<u>36,922,920</u>	<u>1,461,286</u>	<u>268,558</u>
Excess (deficiency) of revenue over expenditures	(1,288,326)	(1,351,537)	422,249	(1,461,286)	312,500
Other financing uses - transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(11,965)</u>	-	<u>8,035</u>
Change in fund balance	<u>\$ (1,308,326)</u>	<u>(1,371,537)</u>	410,284	<u>(1,461,286)</u>	<u>320,535</u>
Fund balance at beginning of year			<u>11,657,059</u>		
Fund balance at end of year			<u>\$ 12,067,343</u>		

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability
Year ended June 30, 2023

<u>ERS System - Asset/Liability</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
The District's proportion of the net pension asset/liability	0.0115408%	0.0103032%	0.0106606%	0.0110031%	0.0120279%	0.0070516%
The District's proportionate share of the net pension asset (liability)	\$ (2,474,803)	842,247	(10,615)	(2,913,695)	(852,212)	(429,691)
The District's covered payroll	\$ 3,683,057	3,319,592	3,442,938	3,408,904	3,650,074	3,688,493
The District's proportionate share of the net pension asset/liability as a percentage of covered payroll	67.19%	25.37%	0.31%	85.47%	23.35%	11.65%
Plan fiduciary net position as a percentage of the total pension asset/liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%
 <u>TRS System - Asset/Liability</u>						
The District's proportion of the net pension asset/liability	0.0709010%	0.0673320%	0.0661010%	0.0686260%	0.0684620%	0.0695790%
The District's proportionate share of the net pension asset (liability)	\$ (1,360,521)	11,667,912	(1,824,023)	1,782,905	1,237,966	(528,870)
The District's covered payroll	\$ 13,031,998	12,560,376	11,768,574	10,643,058	11,454,773	11,689,239
The District's proportionate share of the net pension asset/liability as a percentage of covered payroll	10.44%	92.89%	15.50%	16.75%	10.81%	4.52%
Plan fiduciary net position as a percentage of the total pension asset/liability	98.60%	113.20%	97.80%	102.20%	100.53%	100.66%

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

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Pension Contributions
Year ended June 30, 2023

<u>ERS System</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 400,950	420,425	463,705	473,439	519,111	563,380
Contribution in relation to the contractually required contribution	<u>400,950</u>	<u>420,425</u>	<u>463,705</u>	<u>473,439</u>	<u>519,111</u>	<u>563,380</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	<u>\$ 3,683,057</u>	<u>3,319,592</u>	<u>3,442,938</u>	<u>3,408,904</u>	<u>3,650,074</u>	<u>3,688,493</u>
Contribution as a percentage of covered payroll	10.89%	12.66%	13.47%	13.89%	14.22%	15.27%
 <u>TRS System</u>						
Contractually required contribution	\$ 1,355,946	1,197,137	992,667	1,216,497	1,092,859	1,292,247
Contribution in relation to the contractually required contribution	<u>1,355,946</u>	<u>1,197,137</u>	<u>992,667</u>	<u>1,216,497</u>	<u>1,092,859</u>	<u>1,292,247</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	<u>\$ 13,031,998</u>	<u>12,560,376</u>	<u>11,768,574</u>	<u>10,643,058</u>	<u>11,454,773</u>	<u>11,689,239</u>
Contribution as a percentage of covered payroll	10.40%	9.53%	8.43%	11.43%	9.54%	11.06%

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

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios
Year ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 1,722,219	1,640,209	2,082,506	1,983,340	3,265,760	3,265,760
Interest	2,176,845	2,189,494	2,632,332	2,818,333	2,392,795	2,191,913
Difference between expected and actual experience	1,842,431	-	11,737,380	-	11,910,493	-
Changes in assumptions	(17,044,921)	828,343	10,767,996	2,975,688	(2,275,238)	(8,230,727)
Benefit payments	<u>(3,035,501)</u>	<u>(2,947,089)</u>	<u>(2,897,233)</u>	<u>(8,416,533)</u>	<u>(8,171,392)</u>	<u>(7,167,887)</u>
Net change in total OPEB liability	(14,338,927)	1,710,957	24,322,981	(639,172)	7,122,418	(9,940,941)
Total OPEB liability - beginning	<u>101,436,517</u>	<u>99,725,560</u>	<u>75,402,579</u>	<u>76,041,751</u>	<u>68,919,333</u>	<u>78,860,274</u>
Total OPEB liability - ending	<u>\$ 87,097,590</u>	<u>101,436,517</u>	<u>99,725,560</u>	<u>75,402,579</u>	<u>76,041,751</u>	<u>68,919,333</u>
Covered payroll	\$ 17,628,054	17,130,550	15,119,060	14,849,543	15,757,743	15,770,678
Total OPEB liability as a percentage of covered payroll	494.09%	592.14%	659.60%	507.78%	482.57%	437.01%

Notes to schedule:

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

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
3.54%	2.14%	2.21%	3.87%	3.87%	3.60%

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

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
 Other Supplementary Information
 Schedule of Changes from Adopted Budget to Final Budget and
 the Real Property Tax Limit - General Fund
 Year ended June 30, 2023

Change from adopted budget to final budget:

Original budget	\$ 38,609,553
Add prior year's encumbrances	63,216
Adopted budget	38,672,769
Budget revisions	(5)
Final budget	\$ 38,672,764

Section 1318 of Real Property Tax Law Limit Calculation

2023-2024 voter approved expenditure budget	\$ 38,364,997
Maximum allowed 4% of 2023-2024 budget	1,534,600

General fund fund balance subject to Section 1318 of
 Real Property Tax Law*:

Unrestricted fund balance:	
Appropriated fund balance	\$ 225,000
Encumbrances	1,461,286
Unassigned fund balance	4,724,502
Total unrestricted fund balance	6,410,788
Less:	
Appropriated fund balance	225,000
Encumbrances	1,461,286
Total adjustments	1,686,286
General fund fund balance subject to Section 1318 of Real Property Tax Law	\$ 4,724,502
Actual percentage	12.31%

* 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.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
 Other Supplementary Information
 Schedule of Project Expenditures - Capital Projects Fund
 Year ended June 30, 2023

Project title	Expenditures					Unexpended (Over expended) Balance	Methods of Financing				Fund Balance 6/30/2023
	Original Budget	Revised Budget	Prior Years	Current Year	Total		Proceeds of Obligations	State and Federal Aid	Local Sources	Total	
Smart Schools Bond Act	\$ 1,398,244	1,398,244	1,270,181	-	1,270,181	128,063	-	1,270,181	-	1,270,181	-
Capital Project #1	24,000,000	24,000,000	24,547,915	-	24,547,915	(547,915)	25,271,530	-	468,907	25,740,437	1,192,522
Installment Purchase Debt	<u>1,470,761</u>	<u>1,470,761</u>	<u>-</u>	<u>1,470,761</u>	<u>1,470,761</u>	<u>-</u>	<u>1,470,761</u>	<u>-</u>	<u>-</u>	<u>1,470,761</u>	<u>-</u>
	<u>\$ 26,869,005</u>	<u>26,869,005</u>	<u>25,818,096</u>	<u>1,470,761</u>	<u>27,288,857</u>	<u>(419,852)</u>	<u>26,742,291</u>	<u>1,270,181</u>	<u>468,907</u>	<u>28,481,379</u>	<u>1,192,522</u>

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Other Supplementary Information
Net Investment in Capital Assets
June 30, 2023

Capital assets, net		\$ 48,343,445
Deduct:		
Bonds payable	\$ 28,915,000	
Bond premiums	1,772,942	
Installments purchase agreements	<u>2,102,006</u>	<u>32,789,948</u>
Net investment in capital assets		<u>\$ 15,553,497</u>

INDEPENDENT AUDITORS' 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

The Board of Education
Schuylerville Central School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Schuylerville Central School District (the District), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 16, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 16, 2023

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

The Board of Education
Schuylerville Central School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Schuylerville Central School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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 GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance,

such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 16, 2023

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Agriculture - passed through New York				
State Education Department:				
School Breakfast Program	10.553	N/A	\$ 43,612	-
National School Lunch Program	10.555	N/A	341,330	-
National School Lunch Program (Non Cash Food Distribution)	10.555	N/A	<u>76,692</u>	<u>-</u>
Total Child Nutrition Cluster			<u>461,634</u>	<u>-</u>
U.S. Department of Education - passed through New York				
State Education Department:				
Special Education Cluster:				
Special Education Grants to States (IDEA Part B)	84.027	0032-23-0819	392,420	-
COVID-19 - Special Education Grants to States (IDEA Part B)	84.027	5532-22-0819	15,191	-
Special Education Preschool Grants (IDEA Preschool)	84.173	0033-23-0819	14,157	-
COVID-19 - Special Education Preschool Grants (IDEA Preschool)	84.173	5533-22-0819	<u>2,871</u>	<u>-</u>
Total Special Education Cluster			<u>424,639</u>	<u>-</u>
Title I Grants to Local Educational Agencies	84.010	0021-23-2710	<u>163,439</u>	<u>-</u>
Supporting Effective Instruction State Grant	84.367	0147-23-2710	<u>16,030</u>	<u>-</u>
Education Stabilization Fund:				
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	5895-21-2710 5896-21-2710	38,747	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-2710	537,973	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5880-21-2710 5882-21-2710 5883-21-2710 5884-21-2710	<u>675,253</u>	<u>-</u>
Total Education Stabilization Fund			<u>1,251,973</u>	<u>-</u>
Total U.S. Department of Education			<u>1,856,081</u>	<u>-</u>
Total Federal Expenditures of Federal Awards			<u>\$ 2,317,715</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in the schedule of expenditures of federal awards are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

(2) Subrecipients

No amounts were provided to subrecipients.

(3) Nonmonetary Federal Program

The District is the recipient of a federal award program (Assistance Listing No. 10.555) that does not result in cash receipts or disbursements termed a "nonmonetary program." During the year ended June 30, 2023, the District used \$76,692 worth of food commodities as reported in the schedule of expenditures of federal awards.

(4) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The District does not use the 10% de minimis election.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2023

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statement audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
1. Material weakness(es) identified?	___ Yes <u> x </u> No
2. Significant deficiency(ies) identified?	___ Yes <u> x </u> None reported
3. Noncompliance material to financial statements noted?	<u> x </u> Yes ___ No

Federal Awards:

Internal control over major programs:	
4. Material weakness(es) identified?	___ Yes <u> x </u> No
5. Significant deficiency(ies) identified?	___ Yes <u> x </u> None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)?	___ Yes <u> x </u> No
7. The District's major program audited was:	
<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
Education Stabilization Fund	84.425C/84.425D/84.425U
8. Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000
9. Auditee qualified as low-risk auditee?	___ Yes <u> x </u> No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

See page 66.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs, Continued

Reference: 2023-001

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

Condition - The District's unrestricted fund balance at June 30, 2023 after excluding amounts assigned for the subsequent year end and encumbrances, was in excess of the New York State Real Property Tax Law §1318 limit. For the year ended June 30, 2023, this portion of the District's unrestricted fund balance was \$4,724,502, which is 12.31% of the 2023-2024 voter approved General Fund budget.

Cause - Expenditures were less than budgeted for several years.

Effect - The District is not in compliance with NYS Real Property Tax Law §1318.

Repeat Finding - This is a repeat finding of item 2022-001 as reported for the year ended June 30, 2022.

Recommendation - We recommend that the District develop a plan to rationally appropriate unassigned fund balance so as to be in compliance with NYS Real Property Tax Law §1318.

Management Response - The District will evaluate its budget and reserve fund balances.

SCHUYLERVILLE CENTRAL SCHOOL DISTRICT
Status of Prior Audit Findings
Year ended June 30, 2023

(2022-001) NYS Real Property Tax Law §1318

Condition - The District's General Fund unassigned fund balance was in excess of 4% of the 2022-2023 budgeted appropriations as of June 30, 2022.

Status - As of June 30, 2023 the District remains in excess of 4%. This finding is repeated in the current year as finding 2023-001.

Criteria - New York State (NYS) Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget of the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts assigned for the subsequent year and encumbrances are also excluded from the 4% limitation. Unrestricted fund balance was \$4,724,502, which is 12.31% of the 2023-24 voter approved General Fund budget.

Corrective Action Plan

The District acknowledges this recommendation and is aware of the recommendation. The Assistant Superintendent for Business, Christine Burke, is the responsible party for the District's financial statements. She will work with the Superintendent, Gregg Barthelmas, as well as the Building and Grounds Supervisor, Paul Irish, on creating a plan to be in compliance with NYS Real Property Tax Law §1318. This plan will be to address the building condition survey and any other one-time only projects addressing the needs of each building. In addition, the Assistant Superintendent for Business will monitor the budget, as well as the fund balance classification on a regular basis. The District will follow all necessary steps before spending down the fund balance. In order to be in compliance with the New York State Real Property Tax Law §1318, the anticipated completion would be prior to June 30, 2024; however, with supply/demand and timing this may extend past that timeline.