

**AVERILL PARK CENTRAL SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2023**

**AVERILL PARK CENTRAL SCHOOL DISTRICT
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BUSINESS
ADVISORS
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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Averill Park Central School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditor's 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the management's discussion and analysis on pages 4-13, budgetary comparison information on pages 58-59, schedule of changes in total OPEB liability on page 60, schedules of proportionate share of net pension liability (asset) on page 61 and schedules of district contributions on page 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 Averill Park Central School District's basic financial statements. The supplementary information on pages 63-65 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 71 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. These supplementary schedules and the schedule of expenditures of federal awards are 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 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 the District's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Latham, NY
October 13, 2023

**AVERILL PARK CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2023**

The following discussion and analysis of the Averill Park Central School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2023. This discussion and analysis are intended to serve as an introduction to the District's basic financial statements; we encourage readers to consider the information presented here, in conjunction with information provided in the financial statements.

Financial Highlights

Ongoing Financial Conditions:

- The District developed the 2023-24 budget understanding the potential for a funding cliff created by stimulus funding ending in 2023 and 2024. Additional costs due to inflation, supply chain issues and increasing fuel costs were also factored into the budget.
- The District was allocated Federal funding through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and the American Rescue Plan (ARP) to assist with addressing COVID-19 environment operating costs and direct educational program costs. CRRSA funding totaled \$2,640,513 and ARP funding totaled \$2,165,078. The District has utilized these Federal programs over the multiple-year period provided for in each program's guidelines. These funds will generally be used to develop an appropriate learning environment compliant with State and Federal COVID-19 operating guidelines, to implement programs facilitating learning loss recovery and to provide social and emotional supports to students adversely impacted by the pandemic.
- In May of 2023, the voters of the Averill Park Central School District approved a 10-year, \$10 million-dollar Capital Reserve. The Capital Reserve will be used to offset the tax impact of future capital projects.

Results of Operations:

- The District's 2022-23 actual revenues were \$549,469 more than budgeted. Revenue accounts generating a deficit were BOCES aid, which was \$110,784 under budget.
- Revenue accounts generating this positive variance included an additional \$239,121 that exceeded budget for various tuition & fees charged to other districts for services provided to their students in our District. New York State reimbursements for Medicaid eligible services provided to students, the education of students temporarily displaced from their district of residence, and services provided to students in State residential facilities located in the District generated a positive revenue variance of \$105,891. Interest income had a positive revenue variance of \$130,485.
- These positive revenue variances were offset by the deferment of a planned \$500,000 transfer from the Retirement Systems Reserve and a \$100,000 transfer from the Workers' Compensation Reserve to the General Fund.
- The 2022-23 expenditure budget was approved for \$63,873,347, carryover encumbrances totaled \$223,558 and the Board of Education approved additional budgetary expenditures of \$211,317 bringing the total adjusted budget to \$64,308,222.

- District expenditures and encumbrances for the 2022-23 fiscal year concluded with a positive variance from budget of \$2,019,819 or about 3.14% of the revised \$64,308,222 budget.
- While the District experienced an overall positive expense budget variance, the variance was lessened by certain costs. These costs included increased fuel, substitute and legal costs.
- The District has continued its efforts to maintain an appropriate unassigned fund balance level in order to strengthen its financial position for the future, as well as to provide for emergency funding in the event of unanticipated expenditures. The District's General Fund unassigned fund balance as of June 30, 2023 was \$2,596,620, an increase of \$41,687 from the June 30, 2022 unassigned fund balance. The June 30, 2023 fund balance is 4.00% of the 2023-24 General Fund budget.
- The District established a Capital Reserve Fund with an initial funding amount of \$919,347 and increased the Teachers' Retirement System Reserve by \$200,000.
- The District issued a 5-year \$809,373 statutory installment bond at 3.18% to finance the purchase of eight school buses and one pickup/utility truck.
- The District renewed an expiring 1-year \$6,550,000 bond anticipation note for \$13,000,000 at 4.5% to finance the \$28.57 million-dollar capital project that was approved in October 2021.
- The District's liability for compensated absences using the "Vesting Method" of accounting, decreased by \$198,760 to \$1,689,455 as of June 30, 2023. The Board was previously funding a reserve equal to 100% of the compensated absences liability. As of July 1, 2020, the Board has determined that no more than 50% of this reserve will be funded, as there is a more than remote likelihood that 100% of this liability will ever become due at a single point in time.
- In 2011, the State Legislature and Governor enacted legislation applicable beginning with the 2012-13 school year, establishing a cap on the amount that a school district property tax levy can increase each year. Under this law, the growth in school tax levy will be capped a 2% or the rate of inflation, whichever is less, with some exceptions that allow the tax levy increase to exceed a 2%, but still to be considered within the tax levy cap for voting purposes. A school district tax levy that is within the cap threshold requires only a simple majority vote for approval. However, to raise taxes above the tax levy cap, requires a super majority (60% plus one yes votes) to approve the tax levy increase.
- In May 2023, the Board of Education's 2023-24 proposed budget of \$64,915,480 was approved by a 69.8% positive margin. The 2023-24 budget represented an increase of \$1,042,133, or 1.63% from 2022-23 budget.
- For 2023-24 the tax levy inflation factor for school districts is 2.00% and the District's overall tax levy cap is 2.99%. In August 2023, the Board approved the 2023-24 tax levy of \$34,765,729 which was at the allowable levy limit increase of \$1,009,348.

Overview of the Financial Statements

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

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

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

District-wide Statements

The *District-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets and liabilities of the District, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. retirement system liabilities and earned but unused vacation leave).

The District-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements

A *fund* is a group of related account that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: government funds and fiduciary funds.

- *Governmental funds*: Most of the District's 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 funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not

encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$99.7 million at the close of the most recent fiscal year.

Net Assets

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>Variance</u>
<u>ASSETS:</u>			
Current and Other Assets	\$ 27,478,282	\$ 47,857,173	\$ (20,378,891)
Capital Assets	51,041,705	49,789,455	1,252,250
Total Assets	\$ 78,519,987	\$ 97,646,628	\$ (19,126,641)
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 34,743,006	\$ 42,354,813	\$ (7,611,807)
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 145,131,937	\$ 150,660,810	\$ (5,528,873)
Other Liabilities	18,662,116	10,745,665	7,916,451
Total Liabilities	\$ 163,794,053	\$ 161,406,475	\$ 2,387,578
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 49,204,477	\$ 81,586,959	\$ (32,382,482)
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 36,240,982	\$ 36,037,432	\$ 203,550
Restricted	7,325,847	6,151,033	1,174,814
Unrestricted	(143,302,366)	(145,180,458)	1,878,092
Total Net Position	\$ (99,735,537)	\$ (102,991,993)	\$ 3,256,456

Net Position increased by \$3,256,456. Total assets and deferred outflows of resources decreased by \$26,738,448, total liabilities and deferred inflows of resources decreased \$29,994,904.

The decrease in total assets is substantially due to a decrease of \$25,420,123 in Net Pension Asset.

The primary factor impacting the decrease in Liabilities and deferred inflows was a decrease in deferred inflows of \$32,382,482.

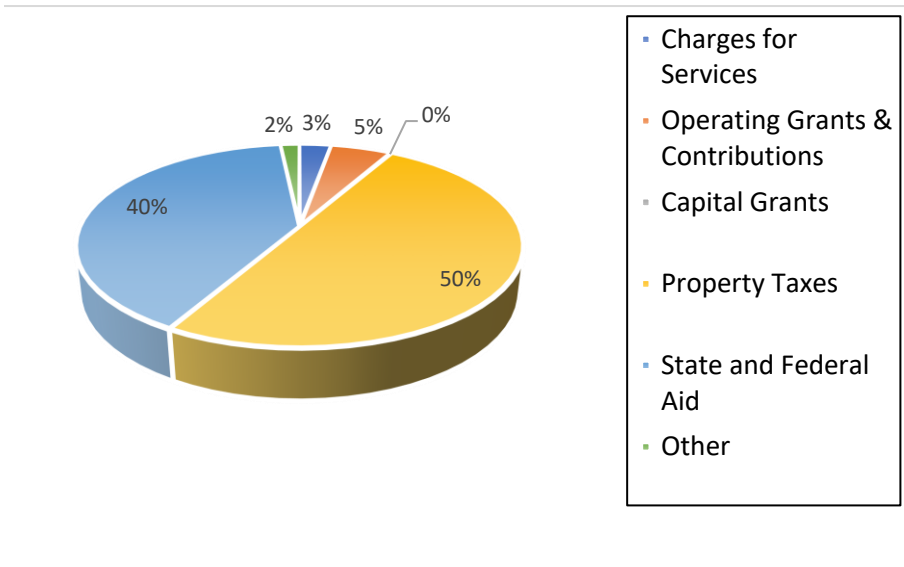
The District has reserved funds from unrestricted funds for the following purposes:

- *Appropriated fund balance* of \$780,000. The District has designated this portion for the subsequent year to reduce the tax levy.
- *Reserve for encumbrances* of \$275,572. Net assets within the General fund are reserved to pay for commitments at June 30 that will be reappropriated during the subsequent fiscal year.
- *Retirement System Reserve* of \$3,094,863. The District has reserved funds to pay for future Employees Retirement System cost.
- *Retirement System Reserve TRS Sub-Fund* of \$726,031. The District has reserved funds to pay for future Teachers' Retirement system cost.
- *Workers' Compensation Reserve* of \$718,330. The District has reserved funds to pay for future self-funded workers' compensation cost.
- *Reserve for Debt* of \$21,161. The District will use these funds to pay down debt.
- *Reserve for Employee Benefit Accrued Liability* of \$1,140,971. The District will use these funds to pay accrued employee benefits due upon an employee's separation from service.
- *Reserve for Property Loss* of \$146,829. The District will use these funds to pay expenses that are not covered under the Water Infrastructure Improvement Grant from the state for the PFOA remediation at the Algonquin Middle School.
- *Reserve for Tax Certiorari* of \$41,189. The District will use these funds to pay claims related to an ongoing tax certiorari proceeding.
- *Reserve for Insurance* of \$351,574. The District has reserved these funds to pay for future property loss or liability claims that are not covered by insurance.
- *Capital Reserve* of \$919,347. The District reserved these funds to pay for a voter approved capital project.

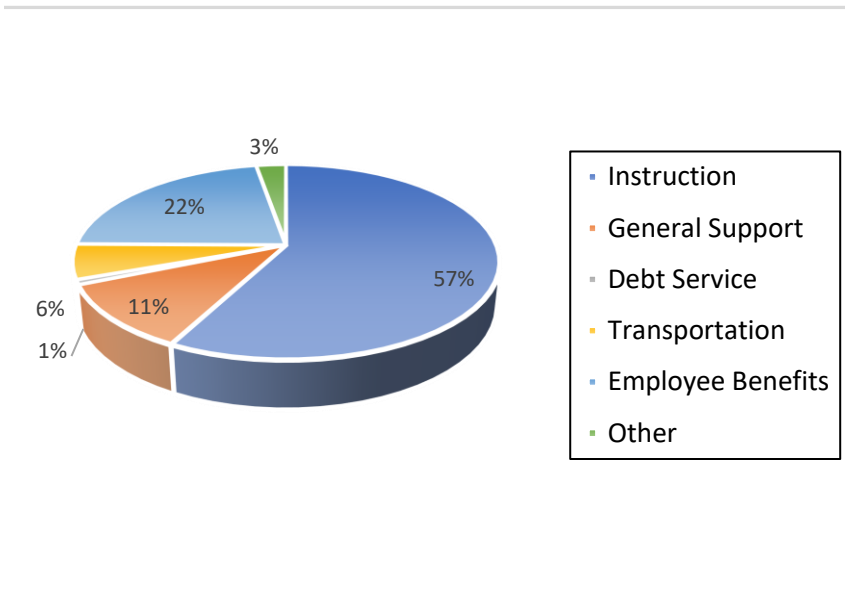
Statement of Activities

	<u>Governmental Activities</u>		<u>Total Variance</u>
	<u>2023</u>	<u>2022</u>	
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 1,849,845	\$ 1,432,574	\$ 417,271
Operating Grants & Contributions	3,537,169	4,644,882	(1,107,713)
Capital Grants & Contributions	106,023	206,999	(100,976)
Total Program	\$ 5,493,037	\$ 6,284,455	\$ (791,418)
<u>General -</u>			
Property Taxes	\$ 33,743,066	\$ 32,833,431	\$ 909,635
Non Property Taxes	53,579	-	53,579
State and Federal Aid	27,104,548	25,855,819	1,248,729
Investment Earnings	466,550	351,566	114,984
Compensation for Loss	117,656	1,087,059	(969,403)
Miscellaneous	532,689	479,435	53,254
Total General	\$ 62,018,088	\$ 60,607,310	\$ 1,410,778
TOTAL REVENUES	\$ 67,511,125	\$ 66,891,765	\$ 619,360
<u>EXPENSES:</u>			
General Support	\$ 7,027,512	\$ 6,064,777	\$ 962,735
Instruction	37,037,921	37,533,944	(496,023)
Pupil Transportation	3,728,112	4,209,669	(481,557)
Employee Benefits	14,236,094	11,114,441	3,121,653
Capital Outlay	216,312	-	216,312
School Lunch	1,489,998	1,105,943	384,055
Interest	518,720	422,497	96,223
TOTAL EXPENSES	\$ 64,254,669	\$ 60,451,271	\$ 3,803,398
CHANGE IN NET POSITION	\$ 3,256,456	\$ 6,440,494	
NET POSITION, BEGINNING OF YEAR	(102,991,993)	(109,432,487)	
NET POSITION, END OF YEAR	\$ (99,735,537)	\$ (102,991,993)	

Sources of Revenues for Fiscal Year 2023



Sources of Expenses for Fiscal Year 2023



Financial Analysis of The District's Funds

As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General fund is the chief operating fund of the District. At the end of the fiscal year, cash and investments totaled \$11,538,187 comprising 41.5% of total district assets. \$7,139,134 of the cash balance is held to fund reserves established by the District, another \$116,046 of this cash balance is restricted for Extraclassroom activities with the remaining balance available to pay current liabilities.

General Fund Budgetary Highlights

For the year, final revenues were \$549,469 more than revised budgetary estimates, a 0.70% positive variance and expenditures and encumbrances were under revised budgetary estimates by \$2,019,819, a 3.14% positive variance.

The District's unassigned fund balance of \$2,596,617 as of June 30, 2023 was 4.00% of the \$64,915,480 2023-24 budget.

Capital and Lease Asset and Debt Administration

Capital and Lease Assets

As of June 30, 2023, the District had invested \$51,593,842, net of accumulated depreciation and amortization, in a broad range of capital and lease assets, including school buildings. Total depreciation expense for the year was \$4,559,222 and amortization expense was \$254,190.

The following summarizes capital assets, net of accumulated depreciation, at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<u>Capital Assets:</u>		
Land	\$ 90,062	\$ 90,062
Work in Progress	4,936,387	1,812,451
Buildings and Improvements	40,915,405	42,920,309
Machinery and Equipment	5,099,851	4,966,633
Total Capital Assets	<u>\$ 51,041,705</u>	<u>\$ 49,789,455</u>
<u>Lease Assets:</u>		
Equipment	\$ 552,137	\$ 590,015
Grand Total	<u>\$ 51,593,842</u>	<u>\$ 50,379,470</u>

Long-Term Debt

At June 30, 2023, the District had \$145,112,657 in general obligation bonds and other long-term debt outstanding, decrease of 3.6% from the prior year. (More detailed information about the District's long-term liabilities is presented in Note 2B, II to the financial statements.)

The following summarizes long-term debt at June 30, 2023 and 2022:

<u>Type</u>	<u>2023</u>	<u>2022</u>
Serial Bonds	\$ 10,815,336	\$ 13,614,528
Lease Liability	417,567	428,905
Retainage Payable	99,786	-
OPEB	124,166,520	134,144,247
Net Pension Liability	7,607,694	-
Workers Compensation	316,299	515,104
Compensated Absences	1,689,455	1,888,216
Total Long-Term Obligations	<u>\$ 145,112,657</u>	<u>\$ 150,591,000</u>

Economic Factors and Next Year’s Budgets and Rates

- In May 2023 the 2023-24 proposed \$64,915,480 budget was approved by the voters. The 2023-24 budget represented an increase of \$1,042,133 from the 2022-23 budget.
- The voter approved 2023-24 tax levy of \$34,765,729, is a \$1,009,348 increase over 2022-23, a 2.99% increase over the prior year tax levy.
- The State’s adoption of a tax levy cap may impact the District’s ability to raise the revenues necessary to maintain educational programs and support services.
- In 2023-24, the State fully funded the Foundation Aid formula which may limit the state resources obligated to school districts in future budgets.
- Enrollment is projected to decline which could negatively impact State and Federal aid.
- The District is experiencing an increase in the number of students qualifying for free & reduced-price lunch.
- The District has maintained a consistent level of reliance on fund balance as a source of revenue.

Contacting the District’s Financial Management

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

Carrie Nyc-Chevrier
Assistant Superintendent for Business
Averill Park Central School District
146 Gettle Road, Station 1
Averill Park, New York 12018

AVERILL PARK CENTRAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

ASSETS

Cash and cash equivalents	\$ 3,459,613
Restricted cash and cash equivalents	15,828,051
Investments	1,600,000
Accounts receivable	6,024,131
Inventories	14,350
Capital assets, net	51,041,705
Lease assets, net	552,137
TOTAL ASSETS	<u>\$ 78,519,987</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources	<u>\$ 34,743,006</u>
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LIABILITIES

Accounts payable	\$ 2,039,733
Accrued liabilities	104,784
Refundable advances	229,866
Due to other governments	242,809
Due to teachers' retirement system	2,601,417
Due to employees' retirement system	327,461
Bond anticipation notes payable	13,000,000
Other Liabilities	116,046
Long-Term Obligations:	
Due in one year	3,046,716
Due in more than one year	142,085,221
TOTAL LIABILITIES	<u>\$ 163,794,053</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources	<u>\$ 49,204,477</u>
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NET POSITION

Net investment in capital assets	\$ 36,240,982
Restricted	7,325,847
Unrestricted	(143,302,366)
TOTAL NET POSITION	<u><u>\$ (99,735,537)</u></u>

AVERILL PARK CENTRAL SCHOOL DISTRICT
Statement of Activities
For The Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General support	\$ 7,027,512	\$ 52,755	\$ -	\$ -	\$ (6,974,757)
Instruction	37,037,921	1,154,717	2,884,196	-	(32,999,008)
Employee benefits	14,236,094	-	-	-	(14,236,094)
Pupil transportation	3,728,112	-	-	-	(3,728,112)
Community services	-	-	-	-	-
School lunch	1,489,998	642,373	652,973	-	(194,652)
Capital outlay	216,312	-	-	106,023	(110,289)
Interest	518,720	-	-	-	(518,720)
Total Functions/Programs	\$ 64,254,669	\$ 1,849,845	\$ 3,537,169	\$ 106,023	\$ (58,761,632)

General Revenues:

Property taxes	\$ 33,743,066
Non property taxes	53,579
State and federal aid	27,104,548
Investment earnings	466,550
Compensation for loss	117,656
Miscellaneous	532,689
Total General Revenues	\$ 62,018,088

Changes in Net Position \$ 3,256,456

Net Position, Beginning of Year (102,991,993)

Net Position, End of Year **\$ (99,735,537)**

AVERILL PARK CENTRAL SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2023

	General	Special	School	Special	Debt	Capital	Total
	Fund	Aid	Lunch	Revenue	Service	Projects	Governmental
ASSETS	Fund	Fund	Fund	Fund	Fund	Fund	Funds
Cash and cash equivalents	\$ 2,683,007	\$ 398	\$ 776,208	\$ -	\$ -	\$ -	\$ 3,459,613
Restricted cash and cash equivalents	7,255,180	-	-	92,277	18,117	8,462,477	15,828,051
Investments	1,600,000	-	-	-	-	-	1,600,000
Receivables	4,105,137	915,371	3,833	-	-	999,790	6,024,131
Inventories	-	-	14,350	-	-	-	14,350
Due from other funds	772,822	-	72,655	-	3,044	-	848,521
TOTAL ASSETS	\$ 16,416,146	\$ 915,769	\$ 867,046	\$ 92,277	\$ 21,161	\$ 9,462,267	\$ 27,774,666
LIABILITIES AND FUND EQUITY (DEFICIENCY)							
Liabilities -							
Accounts payable	\$ 983,835	\$ 35,374	\$ 181,804	\$ -	\$ -	\$ 838,719	\$ 2,039,732
Notes payable - bond anticipation notes	-	-	-	-	-	13,000,000	13,000,000
Due to other funds	73,290	768,640	2,419	-	-	4,172	848,521
Due to other governments	239,346	3,229	234	-	-	-	242,809
Due to TRS	2,601,417	-	-	-	-	-	2,601,417
Due to ERS	327,461	-	-	-	-	-	327,461
Other liabilities	116,046	-	-	-	-	-	116,046
Refundable advances	-	108,526	111,872	-	-	-	220,398
TOTAL LIABILITIES	\$ 4,341,395	\$ 915,769	\$ 296,329	\$ -	\$ -	\$ 13,842,891	\$ 19,396,384
Deferred Inflows -							
Deferred inflows of resources	\$ 1,283,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,283,428
Fund Equity (Deficiency) -							
Nonspendable	\$ -	\$ -	\$ 14,350	\$ -	\$ -	\$ -	\$ 14,350
Restricted	7,139,134	-	73,275	92,277	21,161	-	7,325,847
Assigned	1,055,572	-	483,092	-	-	-	1,538,664
Unassigned	2,596,617	-	-	-	-	(4,380,624)	(1,784,007)
TOTAL FUND EQUITY (DEFICIENCY)	\$ 10,791,323	\$ -	\$ 570,717	\$ 92,277	\$ 21,161	\$ (4,380,624)	\$ 7,094,854
TOTAL LIABILITIES							
DEFERRED INFLOWS AND							
FUND EQUITY (DEFICIENCY)	\$ 16,416,146	\$ 915,769	\$ 867,046	\$ 92,277	\$ 21,161	\$ 9,462,267	

Amounts reported for governmental activities in the

Statement of Net Position are different because:

Capital assets/lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.

51,593,841

Interest is accrued on outstanding bonds in the statement of net position but not in the funds.

(104,784)

The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:

Serial bonds payable	(10,192,441)
Leases payable	(417,567)
Retainage	(99,786)
OPEB	(124,166,520)
Compensated absences	(1,689,455)
Premium	(642,175)
Workers' compensation claims	(316,299)
Deferred outflow - loss on refunding	19,280
Deferred outflow - pension	17,307,000
Deferred outflow - OPEB	17,416,726
Net pension liability	(7,607,694)
Deferred inflow - pension	(1,509,163)
Deferred inflow - OPEB	(46,421,354)
Net Position of Governmental Activities	\$ (99,735,537)

AVERILL PARK CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Equity
Governmental Funds
For The Year Ended June 30, 2023

	General Fund	Special Aid Fund	School Lunch Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES							
Real property taxes and tax items	\$ 33,796,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,796,645
Charges for services	1,207,472	-	-	-	-	-	1,207,472
Use of money and property	445,447	-	-	-	21,103	-	466,550
Sale of property and compensation for loss	118,973	-	-	-	-	-	118,973
Miscellaneous	342,116	-	3,390	20,234	-	-	365,740
State sources	26,888,607	363,228	20,243	-	-	106,023	27,378,101
Federal sources	325,490	2,520,968	632,730	-	-	-	3,479,188
Sales	-	-	642,373	-	-	-	642,373
TOTAL REVENUES	\$ 63,124,750	\$ 2,884,196	\$ 1,298,736	\$ 20,234	\$ 21,103	\$ 106,023	\$ 67,455,042
EXPENDITURES							
General support	\$ 6,339,102	\$ 19,512	\$ 738,902	\$ -	\$ -	\$ -	\$ 7,097,516
Instruction	31,059,220	2,862,309	177,660	23,929	-	-	34,123,118
Pupil transportation	3,294,936	77,499	-	-	-	779,655	4,152,090
Employee benefits	16,127,951	-	91,732	-	-	-	16,219,683
Debt service - principal	4,334,549	-	-	-	-	-	4,334,549
Debt service - interest	672,803	-	-	-	-	-	672,803
Cost of sales	-	-	573,436	-	-	-	573,436
Capital outlay	-	-	-	-	-	4,693,506	4,693,506
TOTAL EXPENDITURES	\$ 61,828,561	\$ 2,959,320	\$ 1,581,730	\$ 23,929	\$ -	\$ 5,473,161	\$ 71,866,701
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	\$ 1,296,189	\$ (75,124)	\$ (282,994)	\$ (3,695)	\$ 21,103	\$ (5,367,138)	\$ (4,411,659)
OTHER FINANCING SOURCES (USES)							
Transfers - in	\$ 1,129	\$ 75,124	\$ 15,866	\$ -	\$ -	\$ 93,266	\$ 185,385
Transfers - out	(184,256)	-	-	-	-	(1,129)	(185,385)
Proceeds from obligations	-	-	-	-	-	809,373	809,373
BAN's redeemed from appropriations	-	-	-	-	-	700,000	700,000
Premium on obligations issued	81,310	-	-	-	-	-	81,310
Proceeds from leases	-	-	-	-	-	216,312	216,312
TOTAL OTHER FINANCING SOURCES (USES)	\$ (101,817)	\$ 75,124	\$ 15,866	\$ -	\$ -	\$ 1,817,822	\$ 1,806,995
NET CHANGE IN FUND EQUITY	\$ 1,194,372	\$ -	\$ (267,128)	\$ (3,695)	\$ 21,103	\$ (3,549,316)	\$ (2,604,664)
FUND EQUITY, BEGINNING OF YEAR							
	9,596,951	-	837,845	95,972	58	(831,308)	9,699,518
FUND EQUITY, END OF YEAR	\$ 10,791,323	\$ -	\$ 570,717	\$ 92,277	\$ 21,161	\$ (4,380,624)	\$ 7,094,854

AVERILL PARK CENTRAL SCHOOL DISTRICT
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Equity of the Governmental Funds to the Statement of Activities
For The Year Ended June 30, 2023

NET CHANGE IN FUND EQUITY -
TOTAL GOVERNMENTAL FUNDS

\$ (2,604,664)

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

Governmental funds report capital outlays 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. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$ 5,812,789	
Gain (Loss) on Disposal	(1,317)	
Depreciation and Amortization	<u>(4,813,412)</u>	998,060

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt and Lease Repayments	\$ 3,634,549	
Proceeds from Bond Issuance	<u>(809,373)</u>	2,825,176

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (47,584)

The Retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds (99,786)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. 3,397,324

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System		(803,139)
Employees' Retirement System		(1,008,164)

Portion of deferred (inflow) / outflow recognized in long term debt 201,667

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences	198,761	
Workers' Compensation Claims	<u>198,805</u>	<u>397,566</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 3,256,456

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The accompanying financial statements present the activities of the District and its component unit. The District is not a component unit of another reporting entity.

The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of an entity included in the District's reporting entity:

The 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. However, due to administrative involvement defined in footnote 1 to paragraph 8b of GASB 84, the District accounts for these student organization funds within the General Fund. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office, located at 146 Gettle Rd, Averill Park, NY.

B. Joint Venture

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

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

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

During the year ended June 30, 2023, the Averill Park Central School District was billed \$4,206,615 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,465,940. Financial statements for the BOCES are available from the BOCES administrative offices.

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, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column, if any, reflects capital-specific grants.

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

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

II. Fund financial statements

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

The District reports the following major governmental funds:

a. Governmental 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.

Special Aid Fund

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

School Lunch Fund

Used to account for transactions of the District's lunch and breakfast programs whose funds are restricted as to use.

Special Revenue Fund

Used to account for revenues legally restricted to expenditures for specific purposes such as scholarships. Any residual equity in the miscellaneous special revenue fund is reported as restricted fund balance and disclosed as such in the restricted fund balance footnote.

Capital Projects Fund

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

Debt Service Fund

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

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

II. Fund financial statements

b. Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included the District wide financial statements because their resources do not belong to the District and are not available to be used.

There are two classes of fiduciary funds:

- a. Private purpose trust funds: These funds are used to account for trust arrangements under which principal and income benefits individuals, private organizations or other governments. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- b. Custodial funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations.

There are no activities that meet the criteria to be reported as fiduciary funds.

D. Basis of Accounting/Measurement Focus

General Information

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

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

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

General Information

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

E. Refundable Advances

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

F. Property Taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, 2022 and became a lien on August 15, 2022. Taxes were collected during the period September 1 through October 31, 2022.

II. Enforcement

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

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

The budget policies are as follows:

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

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

From Additional Revenues:	
Expenses associated with insurance claims	\$ 109,837
Expenses associated with educational programs	54,536
From Reserved Fund Balance:	
Expenses associated with employee benefits	46,944
Total Supplemental Appropriations	<u>\$ 211,317</u>

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

II. Encumbrances

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

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Budgetary Procedures and Budgetary Accounting

III. Budget Basis of Accounting

The District is not required to formally adopt annual budgets for its special revenue funds. Accordingly, although the school lunch fund does have a management approved budget and each special aid fund project follows an approved project budget, no statement of budget and actual revenues and expenditures is presented for the special revenue funds.

H. Cash and Investments

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

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts. Investments are stated at fair value. Certificates of deposit are classified as investments in these financial statements if their maturity date is 90 days past year-end.

I. Accounts Receivable

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

J. Inventories

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

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

K. Interfund Transfers

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 expenditures and revenues to provide financing or other services.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Interfund Transfers

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

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

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

L. Equity Classifications

District-wide statements:

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

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

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

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

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

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund equity includes the following:

	Total
Inventory in School Lunch	\$ 14,350
Total Nonspendable Fund Balance	\$ 14,350

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund equity. The District has established the following restricted fund equity:

Debt Service

Used to account for the advanced refunding of debt and unspent proceeds of debt restricted for debt service.

Employee Benefit Accrued Liability

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

Retirement Contribution

According to General Municipal Law §6-r, these reserve funds must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. During a fiscal year, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with the existing General Municipal Law §6-r.

Property Loss Reserve

According to Education Law §1709[8-c]) these reserve funds are used to establish and maintain a program of reserves to cover property loss claims incurred. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. Annual contribution(s) limited to 3 percent of the annual budget or \$15,000, whichever is greater. Funds cannot be used for another purpose without voter approval except the Board of Education may use monies not required to settle pending claims, to purchase insurance policies to cover losses previously self-insured. Balances may not be reduced below amounts required to settle all pending claims.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

Tax Certiorari Reserve

According to Education Law §3651[1-a]) Chapter 588 of the Laws of 1988 amended Section 3651 of the Education Law to permit the establishment of a reserve fund for tax certiorari and to expend from the fund without voter approval of the qualified voters of the school district. The new chapter further stipulates that the total of the monies held in the reserve fund shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings in accordance with Article 7 of the Real Property Tax Law. Any monies deposited to such a reserve fund 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 into the reserve unless claim(s) are still open and not finally determined or otherwise terminated or disposed for this purpose.

Workers' Compensation

According to General Municipal Law §6-j, these reserve funds must be used to pay compensation and benefits, medical, hospital, or other expenses authorized by Article 2 of the Workers' Compensation Law and to pay the expenses of administering a self-insurance workers' compensation 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 the Board may elect to transfer all or part of the excess amount to certain other reserve funds, or may apply all or part of the excess to the budget appropriation of the next succeeding fiscal year.

Insurance

This reserve was established according to General Municipal Law §6-n, and must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Capital Reserve

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

Special Revenue Fund

Restricted for scholarships for students that meet donor specified criteria.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

Restricted fund equity includes the following:

	<u>Total</u>
<u>General Fund -</u>	
Workers' Compensation	\$ 718,330
Retirement Contribution - ERS	3,094,863
Retirement Contribution - TRS	726,031
Insurance	351,574
Tax Certiorari	41,189
Property Loss Reserve	146,829
Capital Reserves	919,347
Employee Benefit Accrued Liability	1,140,971
<u>School Lunch Fund -</u>	
Encumbrances	73,275
<u>Misc Special Revenue Fund -</u>	
Scholarships	92,277
<u>Debt Service Fund -</u>	
Debt Service	21,161
Total Restricted Fund Balance	\$ 7,325,847

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 school district's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund equity represents the residual amount of fund equity. Assigned fund equity also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted as the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund. Appropriated fund balance includes the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 275,572
General Fund - Appropriated for Taxes	780,000
School Lunch Fund - Year End Equity	483,092
Total Assigned Fund Balance	\$ 1,538,664

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

Encumbrances

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

Purpose of Encumbrances

General Fund -

General Support	\$ 150,685
Instruction	75,216
Pupil Transportation	49,671
Total General Fund Significant Encumbrances	<u><u>\$ 275,572</u></u>

School Lunch Fund -

Other Expenses	<u><u>\$ 73,275</u></u>
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Unassigned - Includes all other General Fund net amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund equity resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The District did not exceed the 4% limit at June 30, 2023.

Net Position/Fund Balance

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

Fund Balance Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted,

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Equity:

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

M. Postemployment Benefits

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

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to the OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and changes in assumptions.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Deferred Outflows and Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportionate share of the collective net pension liability (TRS and ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to the OPEB report in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The third item relates to the straight-line amortization of leases.

O. Capital Assets and Lease Assets

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

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

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 1,000	N/A	N/A
Construction in Process	\$ 10,000	N/A	N/A
Buildings	\$ 10,000	SL	30-60 Years
Site improvements	\$ 10,000	SL	10-50 Years
Buildings and improvements	\$ 10,000	SL	20-60 Years
Furniture and equipment	\$ 1,000	SL	5-10 Years

Lease Assets

The District-wide financial statements, lease assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 4 and 5 years based on the contract terms and/or estimated replacement of the assets.

P. Short-Term Debt

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

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Short-Term Debt

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

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

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

Q. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the government funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable, 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.

R. 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.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities fall into one of five broad categories. The differences represent:

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension Differences

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

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

OPEB Differences

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

S. Use of Estimates

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

T. Vested Benefits

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

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

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

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

U. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2023, the District implemented the following new standard issued by GASB:

GASB has issued Statement No. 91, Conduit Debt Obligations, effective for the year ending June 30, 2023.

GASB has issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the year ending June 30, 2023.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. New Accounting Standards

GASB has issued Statement No. 99 - *Omnibus 2022*, effective for the year ending June 30, 2023.

V. Future Changes in Accounting Standards

GASB has issued Statement No. 100 - *Accounting Changes and Error Corrections*, effective for the year ending June 30, 2024.

GASB has issued Statement No. 101 – *Compensated Absences*, effective for the year ending June 30, 2025.

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

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2023, all deposits were fully insured and collateralized by the District's agent in the District's name.**2.**

Investment and Deposit Policy

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

Interest Rate Risk

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

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash

policy authorizes the reporting entity to purchase the following types of investments:

- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial Credit Risk

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

The District restricts the securities to the following eligible items:

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

Restricted Cash

Restricted cash consists of the following:

	<u>Total</u>
General Fund	
Workers' Compensation	\$ 718,330
Retirement Contribution-ERS	3,094,863
Retirement Contribution-TRS	726,031
Insurance	351,574
Tax Certiorari	41,189
Property Loss	146,829
Employee Benefit Accrued Liability	1,140,971
Capital	919,347
Extraclassroom Activities	116,046
Special Revenue Fund	
Scholarships	92,277
Debt Service Fund	
Repayment of debt	18,117
Capital Projects Fund	
Voter Approved Capital Projects	8,462,477
Total	<u><u>\$ 15,828,051</u></u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. DETAIL NOTES ON ALL FUNDS

A. Assets

II. Receivables

Receivable balances for the year ended June 30, 2023 are:

<u>Description</u>	<u>Governmental Activities</u>				<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>School Lunch Fund</u>	
Accounts Receivable	\$ 216,173	\$ -	\$ -	\$ 170	\$ 216,343
Due From State and Federal	2,603,040	915,371	999,790	3,663	4,521,864
Lease Receivable	1,285,924	-	-	-	1,285,924
Total Receivables	\$ 4,105,137	\$ 915,371	\$ 999,790	\$ 3,833	\$ 6,024,131

III. Interfund Receivables and Payables

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

Interfund receivable and payable balances at June 30, 2023 are as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 772,822	\$ 73,290	\$ 1,129	\$ 184,256
Special Aid Fund	-	768,640	75,124	-
School Lunch Fund	72,655	2,419	15,866	-
Debt Service Fund	3,044	-	-	-
Capital Projects Fund	-	4,172	93,266	1,129
Total	\$ 848,521	\$ 848,521	\$ 185,385	\$ 185,385

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

2. DETAIL NOTES ON ALL FUNDS

A. Assets

IV. Capital Assets

<u>Type</u>	<u>Balance</u> <u>7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2023</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 90,062	\$ -	\$ -	\$ 90,062
Construction in process	1,812,451	4,936,387	1,812,451	4,936,387
<i>Total Nondepreciable</i>	<u>\$ 1,902,513</u>	<u>\$ 4,936,387</u>	<u>\$ 1,812,451</u>	<u>\$ 5,026,449</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 100,136,538	\$ 1,398,799	\$ -	\$ 101,535,337
Furniture and equipment	12,233,551	1,290,054	718,001	12,805,604
<i>Total Depreciated Assets</i>	<u>\$ 112,370,089</u>	<u>\$ 2,688,853</u>	<u>\$ 718,001</u>	<u>\$ 114,340,941</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 57,216,229	\$ 3,403,703	\$ -	\$ 60,619,932
Furniture and equipment	7,266,918	1,155,519	716,684	7,705,753
<i>Total Accumulated Depreciation</i>	<u>\$ 64,483,147</u>	<u>\$ 4,559,222</u>	<u>\$ 716,684</u>	<u>\$ 68,325,685</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 47,886,942</u>	<u>\$ (1,870,369)</u>	<u>\$ 1,317</u>	<u>\$ 46,015,256</u>
Total Capital Assets	<u>\$ 49,789,455</u>	<u>\$ 3,066,018</u>	<u>\$ 1,813,768</u>	<u>\$ 51,041,705</u>

Depreciation expense of \$4,559,222 for the year ended June 30, 2023 was allocated to specific functions as follows:

General	\$ 668,898
Instruction	3,534,647
Pupil transportation	355,677
	<u>\$ 4,559,222</u>

B. Liabilities

I. Pension Plans

General Information

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

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Plan Descriptions

Teachers' Retirement System

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

Employees' Retirement System

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Contributions

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

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

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ 841,999	\$ 2,457,311
2022	975,846	2,361,757
2021	1,155,769	2,180,504

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

Pension Liabilities

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension assets/(liability)	\$ (4,997,247)	\$ (2,610,447)
District's portion of the Plan's total net pension asset/(liability)	0.023%	0.136%

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Expense (Credit)

For the year ended June 30, 2023, the District recognized its proportionate share of pension expense of \$1,746,808 for ERS and \$3,312,053 for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

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	\$ 532,246	\$ 2,735,418	\$ 140,342	\$ 52,309
Changes of assumptions	2,426,985	5,063,826	26,823	1,051,562
Net difference between projected and actual earnings on pension plan investments	-	3,372,945	29,359	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	240,097	132,065	13,188	195,580
Subtotal	<u>\$ 3,199,328</u>	<u>\$ 11,304,254</u>	<u>\$ 209,712</u>	<u>\$ 1,299,451</u>
District's contributions subsequent to the measurement date	327,461	2,475,957	-	-
Grand Total	<u><u>\$ 3,526,789</u></u>	<u><u>\$ 13,780,211</u></u>	<u><u>\$ 209,712</u></u>	<u><u>\$ 1,299,451</u></u>

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension (liability)/asset in the year ended March 31, 2024 for ERS and June 30, 2023 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized within pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ -	\$ 1,924,016
2024	749,509	1,021,282
2025	(196,433)	(425,924)
2026	1,056,422	6,606,033
2027	1,380,118	839,703
Thereafter	-	39,693
Total	<u><u>\$ 2,989,616</u></u>	<u><u>\$ 10,004,803</u></u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

The total pension (liability)/asset 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)/asset to the measurement date. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18%-1.95%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on July 1, 2015 - June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

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 - March 31, 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 expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

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

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
<u>Asset Type -</u>		
Domestic equity	4.30%	6.50%
International equity	6.85%	7.20%
Global equity	0.00%	6.90%
Private equity	7.50%	9.90%
Real estate	4.60%	6.20%
Opportunistic/ARS portfolios	5.38%	0.00%
Real assets	5.84%	0.00%
Cash	0.00%	-0.30%
Fixed income	1.50%	0.00%
Private debt	0.00%	5.30%
Real estate debt	0.00%	2.40%
High-yield fixed income securities	0.00%	3.30%
Domestic fixed income securities	0.00%	1.10%
Global fixed income securities	0.00%	0.60%
Credit	5.43%	0.00%

Discount Rate

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

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

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

<u>ERS</u>	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (12,076,202)	\$ (4,997,247)	\$ 918,044

<u>TRS</u>	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ (24,069,548)	\$ (2,610,447)	\$ 15,436,515

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits for the period during which the changes occurred. Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2023 is \$1,865,035 for ERS and \$3,277,967 for TRS.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 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 \$327,461.

For 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 retirement contributions as of June 30, 2023 amounted to \$2,601,417.

Other Benefits

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

II. Indebtedness

Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Interest on short-term debt was comprised of:

Interest Paid	\$ 129,035
Less: Interest Accrued in the Prior Year	(5,735)
Plus: Interest Accrued in the Current Year	29,250
Total Short-Term Interest Expense	<u><u>\$ 152,550</u></u>

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

			Interest	Balance		Balance
	<u>Maturity</u>	<u>Rate</u>	<u>7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2023</u>
BAN	6/21/2024	4.50%	\$ 6,550,000	\$ 7,150,000	\$ 700,000	\$ 13,000,000
Total Short-Term Debt			<u><u>\$ 6,550,000</u></u>	<u><u>\$ 7,150,000</u></u>	<u><u>\$ 700,000</u></u>	<u><u>\$ 13,000,000</u></u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Long-Term Debt

Serial Bonds

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

Interest on long-term debt was comprised of:

Interest Paid	\$ 543,768
Less: Interest Accrued in the Prior Year	(51,465)
Plus: Interest Accrued in the Current Year	75,534
Less: Amortization of bond premium	(252,197)
Plus: Amortization of deferred expense	50,530
Total Long-Term Interest Expense	<u><u>\$ 366,170</u></u>

Long-Term Obligations

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

Changes

The changes in indebtedness during the year ended June 30, 2023 are summarized as follows:

	<u>Balance</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u>	<u>Due Within</u>
	<u>7/1/2022</u>					<u>6/30/2023</u>	<u>One Year</u>	
Governmental Activities:								
<u>Bonds and Notes Payable -</u>								
Serial Bonds	\$ 10,465,000	\$ -	\$ 2,635,000	\$ 7,830,000	\$ 2,516,491			
Unamortized Premium	894,372	-	252,197	642,175	204,192			
Less: Unamortized Loss on Refunding*	(69,810)	-	(50,530)	(19,280)	-			
Lease Liability	428,905	216,312	227,650	417,567	226,247			
Statutory Bonds	2,324,966	809,373	771,898	2,362,441	-			
Total Bonds and Notes Payable	<u>\$ 14,043,433</u>	<u>\$ 1,025,685</u>	<u>\$ 3,836,215</u>	<u>\$ 11,232,903</u>	<u>\$ 2,946,930</u>			
<u>Other Liabilities -</u>								
Net Pension Liability	\$ -	\$ 7,607,694	-	\$ 7,607,694	\$ -			
OPEB	134,144,247	-	9,977,727	124,166,520	-			
Workers' Compensation Claims	515,104	34,508	233,313	316,299	-			
Retainage Payable	-	99,786	-	99,786	99,786			
Compensated Absences	1,888,216	-	198,761	1,689,455	-			
Total Other Liabilities	<u>\$ 136,547,567</u>	<u>\$ 7,741,988</u>	<u>\$ 10,409,801</u>	<u>\$ 133,879,754</u>	<u>\$ 99,786</u>			
Total Long-Term Obligations	<u>\$ 150,591,000</u>	<u>\$ 8,767,673</u>	<u>\$ 14,246,016</u>	<u>\$ 145,112,657</u>	<u>\$ 3,046,716</u>			

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

The above liabilities are liquidated by the general fund.

*This item is recorded as a deferred outflow on the statement of net position.

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$1,070,000 of bonds outstanding are considered defeased.

Maturity

The following is a summary of maturity of indebtedness:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2023</u>
\$3.9 million Excel I Refunding	\$ 3,900,000	2010	2024	4.875%-5.00%	\$ 1,040,000
\$10.4 million Excel II	\$ 10,425,000	2017	2032	2.34%	6,790,000
Total Serial Bonds					\$ 7,830,000
Installment Obligation	\$ 720,538	2019	2023	2.89%	144,106
Installment Obligation	\$ 809,834	2020	2024	2.11%	323,933
Installment Obligation	\$ 695,750	2021	2025	1.19%	417,450
Installment Obligation	\$ 834,474	2022	2027	1.25%	667,579
Installment Obligation	\$ 809,373	2023	2027	3.18%	809,373
Total Statutory Bonds					\$ 2,362,441

Changes

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

<u>Year</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,516,491	\$ 451,366
2025	1,393,011	335,007
2026	1,271,045	284,620
2027	1,176,894	235,537
2028	1,060,000	184,844
2029-33	2,775,000	280,750
2032-36	-	-
Total	\$ 10,192,441	\$ 1,772,124

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

III. Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2023, the District has exhausted 13.30% of its constitutional debt limit.

The voters have authorized the following debt which was unissued at June 30, 2023; \$28,527,000 to finance capital improvements at the District. The \$13,000,000 bond anticipation note was issued under this authorization. This bond will be issued when the capital projects are complete.

IV. Deferred Inflows of Resources

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

V. Deferred Outflows and Inflows of Resources

The deferred outflows and inflows reported on the statement of net position consist of the following:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 17,307,000	\$ 1,509,163
Leases	-	1,273,960
Bonds	19,280	-
OPEB	17,416,726	46,421,354
Total	<u>\$ 34,743,006</u>	<u>\$ 49,204,477</u>

3. COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

General Information

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

Workers' Compensation Insurance

The District is self-insured for workers' compensation benefits on a cost-reimbursement basis. The District has contracted with Benetech, Inc. as a third-party administrator of the District's workers' compensation insurance program. Under the program, the District is responsible for paying all claims. Some qualifying claim payments made by the District are reimbursed through excess cost insurance or through various funds administered by the New York State Workers' Compensation Board. The District purchases workers' compensation insurance coverage for paid workers' compensation claims in excess of \$600,000 per individual occurrence through the Statewide Excess Insurance Purchasing Cooperative.

The District establishes workers compensation claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, referred to as Claim Reserve and of claims that have been incurred but not reported, referred to as IBNR. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims cost projections does not necessarily result in an exact amount. Claims cost projections are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience.

The District budgets current funds to pay for ongoing claims expense. The District has also established a Workers' Compensation Reserve with a balance of \$718,330 as of June 30, 2023 to fund future claims and as cash flow protection in the event of a significant claim occurrence. Further, the District expects to be fully reimbursed through excess cost insurance on an individual claim with a current claim reserve of \$67,331 which is included in the balance of unpaid claims as of June 30, 2023.

The following represents changes in those aggregate liabilities for the District during the past two years:

	<u>2023</u>	<u>2022</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 515,104	\$ 493,619
Incurred claims and claim adjustment expenses	34,508	109,222
Increase (decrease) in provision for incurred events of prior years (Claim Reserve)	<u>(180,859)</u>	<u>(48,986)</u>
Total incurred claims and claim adjustment expenses	368,753	553,855
Payments made for claims during the current year	<u>(52,454)</u>	<u>(38,751)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 316,299</u>	<u>\$ 515,104</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

Health Insurance Plan

The District entered on July 1, 2017 as a member of the Capital Area Schools Health Insurance Consortium (the “Consortium”), which is a trust formed under New York State Law on May 1, 1994. The Consortium is considered a public entity risk pool which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under Section 501(c)(9) of the Internal Revenue Code. The Consortium is governed by a trust agreement and a board of trustees who execute the provisions of the Trust, as set forth in the agreement. The Consortium has contracted with Amsure Associates for third party administration.

The Consortium was formed to allow its member school districts to obtain health insurance and prescription drug benefits at lower cost through a pooled purchasing arrangement. The Consortium procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits, in which the Consortium is not liable for any medical, prescription drug or dental claims. However, the Consortium also maintains a self-insured prescription drug plan for which the individual Consortium members are liable for any claims in excess of the balances maintained by the Consortium. As of June 30, 2023, the District’s prescription drug plan account balance maintained by the Consortium is approximately \$1.7 million. The Consortium also maintains an account balance for the District of \$281,275 to fund supplemental premium payments that may be required under the retrospective funding arrangement in place for one of the insurance contracts.

The District has chosen to establish a self-funded prescription drug benefit program for all eligible employees. The pharmacy benefit manager, Blue Shield of Northeastern New York, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the District. At year-end, the District has a liability of \$0. With electronic claims submissions, all incurred claims are reported within two weeks, and have been included within the fiscal year’s claims, effectively representing reported and unreported claims which were incurred on or before year-end, but which were not paid by the District as of that date. Claims activity is summarized below for the past fiscal year and when available in future years, comparative data will also be reported:

	<u>2022-2023</u>
Claims and Administration Fees	\$ 5,070,532
Claim Payments	(5,070,532)
Estimated Incurred but not reported as of June 30	-
Balance at End of Year	<u><u>\$ -</u></u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. COMMITMENTS AND CONTINGENCIES

B. Other Items

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

4. POSTEMPLOYMENT BENEFITS

Plan Description

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

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when they retired and their applicable agreement. Employees are required to reach age 55 and have 5 to 16 years of service to qualify for other postemployment benefits. The District currently funds the plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2023 \$3,804,800 was paid on behalf of 434 retirees.

Benefits Provided

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

Employees Covered by Benefit Terms - At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	434
Inactive employees entitled to but not yet receiving benefit payments	0
Active Employees	336
Total	770

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

4. POSTEMPLOYMENT BENEFITS

Net OPEB Liability

The District's total OPEB liability of \$124,166,520 was measured as of June 30, 2023; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2022.

Actuarial Assumptions and Other Inputs

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

Inflation	2.40 percent
Salary Increases	2.40 percent, average, including inflation
Discount Rate	3.65 percent
Healthcare Cost Trend Rates	Initial rate of 6.40% decreasing to an ultimate rate of 3.80% over 55 years
Retirees' Share of Benefit-Related Costs	Varies depending on contract

Mortality rates were based on PubT-2010 and PubG-2010 Headcount-Weighted Mortality Table projected to the valuation date with Scale MP-2021.

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit and 30% of future spouses of retirees eligible for coverage will elect the benefit. Marriage assumption, it was assumed that 80% of future retirees will be married, with male spouses assumed to be 3 years older than female spouses. For current retirees, actual census information was used. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

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

The discount rate was based on the Bond Buyer GO 20-year Municipal Bond Index.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

4. POSTEMPLOYMENT BENEFITS

Changes in the Net OPEB Liability

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

Balance at June 30, 2022		<u>\$ 134,144,287</u>
<u>Changes for the Year -</u>		
Service cost	\$	3,204,542
Interest		4,795,388
Changes of benefit terms		-
Differences between expected and actual experience		(8,930,348)
Changes in assumptions or other inputs		(5,242,509)
Benefit payments		(3,804,800)
Net Changes	<u>\$</u>	<u>(9,977,727)</u>
Balance at June 30, 2023		<u><u>\$ 124,166,560</u></u>

Changes of benefit terms reflect changes in assumptions and other inputs including a change in the discount rate from 3.54% in 2022 to 3.65% in 2023. Changes in membership make-up average age, updates to medical trends and mortality tables caused changes in expected and actual experience above.

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

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

	1% Decrease	Discount Rate	1% Increase
	<u>(2.65%)</u>	<u>(3.65%)</u>	<u>(4.65%)</u>
Total OPEB Liability	\$ 144,688,485	\$ 124,166,520	\$ 107,661,174

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

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.40% decreasing to 2.80%) or 1 percentage point higher (7.40% decreasing to 4.80%) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	<u>(5.40%</u>	<u>(6.40%</u>	<u>(7.40%</u>
	<u>Decreasing to 2.80%)</u>	<u>Decreasing to 3.80%)</u>	<u>Decreasing to 4.80%)</u>
Total OPEB Liability	\$ 105,295,277	\$ 124,166,520	\$ 148,187,295

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

4. POSTEMPLOYMENT BENEFITS

OPEB Expense, 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 \$407,476. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 299,470	\$ 16,583,811
Changes of assumptions	17,117,256	29,837,543
Total	\$ 17,416,726	\$ 46,421,354

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</u>	
2024	\$ (7,592,454)
2025	(6,800,163)
2026	(9,151,412)
2027	(4,658,362)
2028	(802,237)
Thereafter	-
Total	\$ (29,004,628)

5. DEFICIT FUND BALANCE

The Capital fund had a fund deficit of \$4,380,624. This deficit will be removed when the District issues long-term financing.

6. TAX ABATEMENTS

The County of Rensselaer enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. No tax abatements were entered into during June 30, 2023 that impact the District.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

7. LEASE ASSETS AND OBLIGATIONS

Lease Assets

A summary of the lease asset activity during the year ended June 30, 2023 is as follows:

<u>Type</u>	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
<u>Lease Assets:</u>				
Furniture and Equipment	\$ 793,548	\$ 216,312	\$ -	\$ 1,009,860
<i>Total Lease Assets</i>	<u>\$ 793,548</u>	<u>\$ 216,312</u>	<u>\$ -</u>	<u>\$ 1,009,860</u>
<u>Less Accumulated Amortization -</u>				
Furniture and Equipment	\$ 203,533	\$ 254,190	\$ -	\$ 457,723
<i>Total Accumulated Amortization</i>	<u>\$ 203,533</u>	<u>\$ 254,190</u>	<u>\$ -</u>	<u>\$ 457,723</u>
<i>Total Lease Assets, Net</i>	<u><u>\$ 590,015</u></u>	<u><u>\$ (37,878)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 552,137</u></u>

Amortization expense is allocated to instruction on the statement of activities.

Lease agreements are summarized as follows:

The computer equipment and printers were leased for the District with the terms noted above. This lease is not renewable and the District will not acquire the equipment at the end of the five years.

	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2023</u>
Furniture and equipment	7/1/2019	4 years	\$ 28,047	4.99%	\$ 76,389	\$ 26,714
Furniture and equipment	7/1/2020	4 years	46,263	3.31%	130,083	44,780
Furniture and equipment	7/1/2021	4 years	30,204	3.76%	114,400	57,162
Furniture and equipment	7/1/2022	4 years	41,212	5.56%	152,275	111,062
Furniture and equipment	7/1/2019	5 years	39,488	1.79%	115,240	39,102
Furniture and equipment	7/1/2020	5 years	34,341	0.31%	136,494	68,459
Furniture and equipment	7/1/2021	5 years	6,208	0.89%	30,375	18,370
Furniture and equipment	7/1/2022	5 years	13,918	3.45%	64,037	51,918
Total Lease Agreements						<u><u>\$ 417,567</u></u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

7. LEASE ASSETS AND OBLIGATIONS

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

Year Ending		<u>Principal</u>	<u>Interest</u>
June 30,			
2024	\$	226,247	\$ 13,433
2025		119,247	6,635
2026		58,416	2,925
2027		13,657	260
2028		-	-
	<u>\$</u>	<u>417,567</u>	<u>\$</u> <u>23,253</u>

Lease Receivable

The District is reporting a Lease Receivable of \$1,285,924 at June 30, 2023. For the year ended June 30, 2023, the District reported lease revenue of \$181,895 and interest revenue of \$9,342 related to lease payments received. These leases are summarized as follows:

<u>Lease</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
George-Washington Elementary	\$ 1,281,439	\$ 177,408	\$ 9,342
GCC	4,485	4,487	-

George Washington Elementary - On July 1, 2020, the District entered into a ten-year lease agreement with the Board of Cooperative Educational Services, Rensselaer, Columbia and Green Counties for the lease of real property that is part of the District. Based on this agreement, the District is receiving monthly payments through 2030. The lease may be renewed upon a mutual written agreement.

GCC - On March 22, 2021, the District entered into a four-year lease agreement with Greenbush Child Caring, Inc. for the lease of certain premises located within Mill Hill-Sand Lake School. Based on this agreement, the District is receiving monthly payments through 2024. There are no renewal options included in this lease agreement.

8. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 13, 2023, which is the date these financial statements were issued. All subsequent events requiring recognition or disclosure as of June 30, 2023 have been incorporated into these financial statements.

Required Supplementary Information
AVERILL PARK CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For The Year Ended June 30, 2023

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 33,756,381	\$ 31,172,844	\$ 31,159,529	\$ (13,315)
Real property tax items	50,000	2,633,537	2,637,116	3,579
Charges for services	965,596	965,596	1,207,472	241,876
Use of money and property	315,400	315,400	445,447	130,047
Sale of property and compensation for loss	1,000	110,837	118,973	8,136
Miscellaneous	230,000	284,536	423,426	138,890
State Sources -				
Basic formula	25,130,610	25,130,610	19,898,058	(5,232,552)
Lottery aid	-	-	5,155,362	5,155,362
BOCES	1,576,724	1,576,724	1,465,940	(110,784)
Textbooks	158,758	158,758	159,431	673
All Other Aid -				
Computer software	41,345	41,345	41,390	45
Library loan	17,250	17,250	17,268	18
Other aid	45,283	45,283	151,158	105,875
Federal Sources	<u>205,000</u>	<u>205,000</u>	<u>325,490</u>	<u>120,490</u>
TOTAL REVENUES	<u>\$ 62,493,347</u>	<u>\$ 62,657,720</u>	<u>\$ 63,206,060</u>	<u>\$ 548,340</u>
Other Sources -				
Transfer - in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,129</u>	<u>\$ 1,129</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 62,493,347</u>	<u>\$ 62,657,720</u>	<u>\$ 63,207,189</u>	<u>\$ 549,469</u>
Appropriated reserves	<u>\$ 600,000</u>	<u>\$ 646,944</u>		
Appropriated fund balance	<u>\$ 780,000</u>	<u>\$ 780,000</u>		
Prior year encumbrances	<u>\$ 223,558</u>	<u>\$ 223,558</u>		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u><u>\$ 64,096,905</u></u>	<u><u>\$ 64,308,222</u></u>		

Required Supplementary Information
AVERILL PARK CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For The Year Ended June 30, 2023

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balances</u>
EXPENDITURES					
General Support -					
Board of education	\$ 44,715	\$ 55,059	\$ 50,148	\$ -	\$ 4,911
Central administration	414,069	409,864	405,172	-	4,692
Finance	668,868	675,344	646,866	2,624	25,854
Staff	497,386	618,393	559,112	32,352	26,929
Central services	3,586,113	3,902,412	3,569,595	115,709	217,108
Special items	1,064,702	1,096,436	1,108,209	-	(11,773)
Instructional -					
Instruction, administration and improvement	1,762,662	1,796,492	1,752,938	162	43,392
Teaching - regular school	16,859,963	16,651,188	16,396,118	30,701	224,369
Programs for children with handicapping conditions	7,493,099	7,719,769	7,343,065	15,000	361,704
Occupational education	744,642	719,756	703,699	-	16,057
Teaching - special schools	56,176	149,356	138,566	-	10,790
Instructional media	1,745,275	1,647,038	1,562,646	8,855	75,537
Pupil services	3,244,703	3,259,090	3,162,188	20,498	76,404
Pupil Transportation	3,534,306	3,470,027	3,294,936	49,671	125,420
Employee Benefits	17,468,338	16,975,105	16,127,951	-	847,154
Debt service - principal	4,106,895	4,293,337	4,334,549	-	(41,212)
Debt service - interest	649,993	676,431	672,803	-	3,628
TOTAL EXPENDITURES	<u>\$ 63,941,905</u>	<u>\$ 64,115,097</u>	<u>\$ 61,828,561</u>	<u>\$ 275,572</u>	<u>\$ 2,010,964</u>
Other Uses -					
Transfers - out	\$ 155,000	\$ 193,125	\$ 184,256	\$ -	\$ 8,869
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 64,096,905</u>	<u>\$ 64,308,222</u>	<u>\$ 62,012,817</u>	<u>\$ 275,572</u>	<u>\$ 2,019,833</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 1,194,372		
FUND BALANCE, BEGINNING OF YEAR	<u>9,596,951</u>	<u>9,596,951</u>	<u>9,596,951</u>		
FUND BALANCE, END OF YEAR	<u>\$ 9,596,951</u>	<u>\$ 9,596,951</u>	<u>\$ 10,791,323</u>		

Required Supplementary Information
AVERILL PARK CENTRAL SCHOOL DISTRICT
Schedule of Changes in Total OPEB Liability
For The Year Ended June 30, 2023

TOTAL OPEB LIABILITY						
Measurement date	<u>2023</u> 6/30/2023	<u>2022</u> 6/30/2022	<u>2021</u> 6/30/2021	<u>2020</u> 6/30/2020	<u>2019</u> 6/30/2019	<u>2018</u> 6/30/2018
Service cost	\$ 3,204,542	\$ 5,287,631	\$ 4,444,474	\$ 4,142,922	\$ 5,556,022	\$ 5,060,746
Interest	4,795,388	3,616,755	3,578,078	4,674,099	4,336,555	4,130,949
Effect of Plan Changes	-	-	(637,982)	-	(973,511)	-
Effect of Demographic Gains or Losses	(8,930,348)	-	(19,343,899)	-	979,944	282,839
Effect of Assumption Changes or Inputs	(5,242,509)	(35,054,868)	20,310,627	22,706,077	(16,282,811)	-
Benefit payments	(3,804,800)	(3,700,240)	(3,611,897)	(3,312,091)	(3,111,804)	(3,120,741)
Net Change in Total OPEB Liability	\$ (9,977,727)	\$ (29,850,722)	\$ 4,739,401	\$ 28,211,007	\$ (9,495,605)	\$ 6,353,793
Total OPEB Liability - Beginning	\$ 134,144,287	\$ 163,995,009	\$ 159,255,608	\$ 131,044,601	\$ 140,540,206	\$ 134,186,413
Total OPEB Liability - Ending	\$ 124,166,560	\$ 134,144,287	\$ 163,995,009	\$ 159,255,608	\$ 131,044,601	\$ 140,540,206
Covered Employee Payroll	\$ 23,714,639	\$ 24,250,233	\$ 24,250,233	\$ 23,537,030	\$ 23,537,030	\$ 28,306,308
Total OPEB Liability as a Percentage of Covered Employee Payroll	523.59%	553.17%	676.26%	676.62%	556.76%	496.50%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
AVERILL PARK CENTRAL SCHOOL DISTRICT
Schedules of the Proportionate Share of the Net Pension Liability (Asset)
For The Year Ended June 30, 2023

NYSERS Pension Plan									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0233037%	0.0226126%	0.0225086%	0.0225086%	0.0238060%	0.2380600%	0.0238060%	0.0238060%	0.0200000%
Proportionate share of the net pension liability (assets)	\$ 4,997,247	\$ (1,848,487)	\$ 22,696	\$ 5,943,213	\$ 1,606,649	\$ 726,454	\$ 2,203,992	\$ 3,834,738	\$ 804,227
Covered-employee payroll	\$ 8,881,373	\$ 8,308,856	\$ 8,197,673	\$ 8,164,824	\$ 8,056,166	\$ 6,663,551	\$ 7,411,942	\$ 7,533,893	\$ 6,861,721
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	56%	-22%	0%	73%	20%	11%	30%	51%	12%
Plan fiduciary net position as a percentage of the total pension liability	90.78	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.136039%	0.136024%	0.130000%	0.130000%	0.133830%	0.135585%	0.129391%	0.129391%	0.129391%
Proportionate share of the net pension liability (assets)	\$ 2,610,447	\$ (23,571,636)	\$ 3,697,214	\$ (3,399,661)	\$ (2,420,005)	\$ (1,030,584)	\$ 1,426,129	\$ (13,641,206)	\$ (14,413,357)
Covered-employee payroll	\$ 24,811,420	\$ 24,722,381	\$ 23,686,411	\$ 23,370,732	\$ 22,585,183	\$ 21,799,460	\$ 21,948,466	\$ 20,546,918	\$ 19,511,261
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	11%	-95%	16%	-15%	-11%	-5%	6%	-66%	-74%
Plan fiduciary net position as a percentage of the total pension liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
AVERILL PARK CENTRAL SCHOOL DISTRICT
Schedules of District Contributions
For The Year Ended June 30, 2023

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 834,188	\$ 1,119,280	\$ 1,061,754	\$ 1,023,697	\$ 979,728	\$ 961,701	\$ 1,044,669	\$ 1,189,507	\$ 1,308,693
Contributions in relation to the contractually required contribution	(834,188)	(1,119,280)	(1,061,754)	(1,023,697)	(979,728)	(961,701)	(1,044,669)	(1,189,507)	(1,308,693)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 8,881,373	\$ 8,308,856	\$ 8,197,673	\$ 8,164,824	\$ 8,056,166	\$ 6,663,551	\$ 7,411,942	\$ 7,533,893	\$ 6,861,721
Contributions as a percentage of covered-employee payroll	9.39%	13.47%	12.95%	12.54%	12.16%	14.43%	14.09%	15.79%	19.07%

NYSTRS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,361,774	\$ 2,200,250	\$ 2,012,092	\$ 2,319,629	\$ 2,136,347	\$ 2,518,138	\$ 2,724,521	\$ 3,458,291	\$ 3,105,875
Contributions in relation to the contractually required contribution	(2,361,774)	(2,200,250)	(2,012,092)	(2,319,629)	(2,136,347)	(2,518,138)	(2,724,521)	(3,458,291)	(3,105,875)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 24,811,420	\$ 24,722,381	\$ 23,686,411	\$ 23,370,732	\$ 22,585,183	\$ 21,799,460	\$ 21,948,466	\$ 20,546,918	\$ 19,511,261
Contributions as a percentage of covered-employee payroll	9.52%	8.90%	8.49%	9.93%	9.46%	11.55%	12.41%	16.83%	15.92%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Supplementary Information
AVERILL PARK CENTRAL SCHOOL DISTRICT
Schedule of Change From Adopted Budget To Final Budget
And The Schedule of Real Property Tax Limit
For The Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget		\$ 63,873,347
Prior year's encumbrances		223,558
		\$ 64,096,905
Original Budget		\$ 64,096,905
Budget revisions -		
Insurance Proceeds		109,837
Employee Benefit Accrued Liability Reserve		46,944
Donations		54,536
		\$ 64,308,222
FINAL BUDGET		\$ 64,308,222

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2023-24 voter approved expenditure budget		\$ 64,915,480
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$ 1,055,572	
Unassigned fund balance	2,596,617	
Total Unrestricted fund balance	\$ 3,652,189	
<u>Less adjustments:</u>		
Appropriated fund balance	\$ 780,000	
Encumbrances included in assigned fund balance	275,572	
Total adjustments	\$ 1,055,572	
General fund fund balance subject to Section 1318 of		
Real Property Tax Law		2,596,617
ACTUAL PERCENTAGE		4.00%

Supplementary Information
AVERILL PARK CENTRAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Expenditures
For The Year Ended June 30, 2023

Project Title	SED Project Number	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance	
				Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources	Total		
Capital Exclusion 7 Emergency Projects													
Algonquin Middle School - Emergency Project	0009-012	\$ 150,000	\$ 150,000	\$ 147,179	\$ -	\$ 147,179	\$ 2,821	\$ -	\$ 88,307	\$ 58,872	\$ 147,179	\$ -	
Averill Park High School - Capital Exclusion Project	0001-017	100,000	100,000	-	93,266	93,266	6,734	-	-	93,266	93,266	-	
Algonquin Middle School - Fire Alarm Project	0009-013	100,000	100,000	99,956	-	99,956	44	-	-	100,000	100,000	44	
Miller Hill Sand Lake Elementary - Phase 1	0000-009	14,950	37,117	6,098	27,692	33,790	3,327	-	-	33,790	33,790	-	
Averil Park High School - Phase 1	0001-015	23,750	49,674	6,614	42,194	48,808	866	-	-	48,808	48,808	-	
Poestenkill Elementary School - Phase 1	0004-010	12,750	55,096	5,960	46,366	52,326	2,770	-	-	52,326	52,326	-	
Bus Garage - Phase 1	5016-006	4,295,000	4,303,001	225,834	1,678,394	1,904,228	2,398,773	-	-	434,131	434,131	(1,470,097)	
West Sand Lake - Phase 1	0006-010	67,750	73,470	4,373	40,174	44,547	28,923	-	-	44,547	44,547	-	
George Washington School - Phase 1	0017-008	12,750	18,850	5,959	9,648	15,607	3,243	-	-	15,607	15,607	-	
Algonquin Middle School - Phase 1	0009-015	34,750	73,619	7,503	63,287	70,790	2,829	-	-	70,790	70,790	-	
Bus Garage - Phase 1A	5016-007	69,500	69,500	5,295	23,042	28,337	41,163	-	-	-	-	(28,337)	
West Sand Lake - Phase 1A	0006-012	172,500	172,500	7,019	12,609	19,628	152,872	-	-	-	-	(19,628)	
Algonquin Middle School - Phase 1A	0009-017	652,500	1,205,000	24,574	961,635	986,209	218,791	-	-	-	-	(986,209)	
Bus Garage - Phase 1B		50,000	50,000	-	46,726	46,726	3,274	-	-	-	-	(46,726)	
Algonquin Middle School - Phase 2	0009-016	5,183,850	5,183,850	231,305	442,434	673,739	4,510,111	-	-	-	-	(673,739)	
Averill Park High School - Phase 2	0001-016	6,730,250	6,730,250	289,448	559,799	849,247	5,881,003	-	-	-	-	(849,247)	
Press Box Demo - Phase 2	7022-002	709,750	25,750	13,208	92	13,300	12,450	-	-	-	-	(13,300)	
Press Box Construction - Phase 2	7025-001	684,000	684,000	-	62,502	62,502	621,498	-	-	-	-	(62,502)	
Miller Hill Sand Lake Elementary - Phase 3		-	-	-	59,765	59,765	(59,765)	-	-	-	-	(59,765)	
Poestenkill Elementary School - Phase 3		-	-	-	67,541	67,541	(67,541)	-	-	-	-	(67,541)	
West Sand Lake - Phase 3		-	-	-	111,847	111,847	(111,847)	-	-	-	-	(111,847)	
George Washington School - Phase 3		-	-	-	57,291	57,291	(57,291)	-	-	-	-	(57,291)	
School Bus & Equipment Purchases		6,084,953	6,794,724	5,897,591	833,366	6,730,957	63,767	6,794,978	-	-	6,794,978	64,021	
Smart Schools Bond Act Projects													
Security Enhancements		925,300	925,300	831,084	17,176	848,260	77,040	-	849,800	-	849,800	1,540	
Chromebook Purchase		150,000	150,000	149,990	-	149,990	10	-	149,990	-	149,990	-	
Lease Expense		-	-	144,775	216,312	361,087	(361,087)	-	-	361,087	361,087	-	
TOTAL		\$ 26,224,303	\$ 26,951,701	\$ 8,103,765	\$ 5,473,158	\$ 13,576,923	\$ 13,374,778	\$ 6,794,978	\$ 1,088,097	\$ 1,313,224	\$ 9,196,299	\$ (4,380,624)	

Supplementary Information
AVERILL PARK CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
For The Year Ended June 30, 2023

Capital assets		\$ 51,593,841
Add:		
Unamortized deferred loss	\$ 19,280	
Capital fund cash	<u>8,462,477</u>	
		8,481,757
Deduct:		
Bond payable	\$ 10,192,441	
Bond anticipation notes	13,000,000	
Unamortized bond premium	<u>642,175</u>	
		<u>23,834,616</u>
Net Investment in Capital Assets		<u><u>\$ 36,240,982</u></u>



**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**

Independent Auditor's Report

To the President and Members
of the Board of Education of the
Averill Park Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Averill Park Central School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 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 are 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 Findings

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Baw & Co. LLP

Latham, NY
October 13, 2023



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the President and Members of the Board of Education of the
Averill Park Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Averill Park 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 each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Averill Park Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our 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 for 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.

Auditor's 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 it 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 each 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 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 Auditor's 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 purposes 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.

Mengel, Metzger, Barw & Co. LLP

Latham, NY
October 13, 2023

Supplementary Information
AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Federal Assistance Listing Number</u>	<u>Grantor Number</u>	<u>Pass-Through to Subrecipient</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education:				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-0756	\$ -	\$ 714,806
Special Education - Grants to States (IDEA, Part B)	84.027	0032-22-0756	-	3,413
COVID-19 ARP - Special Educations - Grants to States	84.027X	5532-22-0756	-	106,145
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-0756	-	44,943
COVID-19 ARP - Special Educations - Preschool Grants	84.173X	5533-22-0756	-	12,349
<i>Total Special Education Cluster IDEA</i>			<u>-</u>	<u>881,656</u>
<u>Education Stabilization Fund -</u>				
COVID-19 CRRSA - ESSER 2	84.425D	5891-21-2575	-	1,008,527
COVID-19 CRRSA - GEER 2	84.425C	5896-21-2575	-	111,551
COVID-19 ARP - ESSER 3	84.425U	5880-21-2575	-	120,147
COVID-19 ARP - SLR Summer Enrichment	84.425U	5882-21-2575	-	3,853
COVID-19 ARP - SLR Comprehensive After School	84.425U	5883-21-2575	-	27,607
COVID-19 ARP - SLR Learning Loss	84.425U	5884-21-2575	-	1,177
COVID-19 ARP - UPK	84.425U	5870-23-9009	-	107,280
<i>Total Education Stabilization fund</i>			<u>-</u>	<u>1,380,142</u>
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-23-2575	-	47,739
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-22-2575	-	570
Title IV - Student Support and Enrichment Program	84.424	0204-23-2575	-	11,842
Title IV - Student Support and Enrichment Program	84.424	0204-22-2575	-	3,238
Title I - Grants to Local Educational Agencies	84.010	0021-23-2575	3,439	195,781
Total U.S. Department of Education			<u>\$ 3,439</u>	<u>\$ 2,520,968</u>
U.S. Department of Agriculture:				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department (Child Nutrition Services) -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program	10.555		-	380,337
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555		-	98,718
COVID-19 National School Lunch Program Supply Chain	10.555		-	51,808
National School Breakfast Program	10.553		-	101,867
<i>Total Child Nutrition Cluster</i>			<u>-</u>	<u>632,730</u>
Total U.S. Department of Agriculture			<u>\$ -</u>	<u>\$ 632,730</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,439</u>	<u>\$ 3,153,698</u>

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the Averill Park Central School District (District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Federal expenditures are recognized under the Uniform Guidance.

3. SCOPE OF AUDIT

The Averill Park Central School District is an independent municipal corporation. All Federal grant operations of the District are included in the scope of the single audit.

4. NON-CASH ASSISTANCE

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2023, the District received food commodities totaling \$98,718.

5. INDIRECT COST RATE

The Averill Park Central School District did not elect to use the 10% de minimus cost rate.

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified? _____yes X none reported

Noncompliance material to financial statements noted? X yes _____no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified? _____yes X none reported

Type of auditor's report issued on compliance for major programs unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)? _____yes X no

Identification of major programs:

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
84.425C	COVID-19 Governor’s Emergency Education Relief Fund	
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund	
84.425U	COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)	
84.425U	COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief Fund Summer Enrichment	
84.425U	COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief Fund Comprehensive After School	
84.425U	COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief Fund Learning Loss	
84.425U	COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief Fund Universal Pre-K	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		<u> X </u> yes <u> </u> no

Section II: Financial Statement Findings

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

Noncompliance Material to the Financial Statements

2022-001 Compliance with Net Cash Resources and Excess Fund Balance for Child Nutrition

Statement of Condition: The fund balance in the school lunch fund exceeds the allowable limit by approximately \$96,000.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section II: Financial Statement Findings

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

Noncompliance Material to the Financial Statements

2022-001 Compliance with Net Cash Resources and Excess Fund Balance for Child Nutrition

Criteria: According to the code of federal regulations section CFR §210.14 (b) the school food authority shall limit its net cash resources to no more than 3 months worth of average expenditures.

Cause: The effect of expenditures being less than revenue.

Effect of Condition: The District was not in compliance with federal guidelines.

Context: As part of audit procedures, compliance with this federal guideline is reviewed. Compliance with Net Cash Resources and Excess Fund Balance for Child Nutrition.

Recommendation: The District should follow federal guidelines to resolve excess fund balance. The District is required to submit a plan to the Child Nutrition Program Administration detailing how the District will reduce the fund balance to an acceptable level within one year and also what the District will do to ensure that an excess fund balance does not occur in the future.

Views of Responsible Officials and Planned Corrective Actions: At the end of the prior year, the District had \$480,000 in excessive fund balance to spend. Throughout the 2022-23 school year, we purchased equipment upgrades totaling \$409,798 to help reduce the balance. In 2023-24, the remaining \$96,000 will be spent on equipment and program enhancements such as increasing the purchase of fresh fruits and vegetables. The District will continue to monitor the fund balance for the child nutrition program throughout the year.

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR section 200.516(a):

None

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Summary Schedule of prior auditing findings

2022-001 Compliance with Net Cost, Resources and Excess Fund Balance for Child Nutrition

Statement of Condition: The fund balance in the school lunch fund exceeds the allowed Limit by \$480,000.

Status: This content was repeated in item 2023-001.