

E DWARDS KNOX CENTRAL
SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

THE BOARD OF EDUCATION EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edwards-Knox Central School 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Edwards-Knox Central School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Edwards-Knox Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-25), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 86), Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (pages 87-88), Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 89), and Schedule of District's Contributions - NYSLRS Pension Plan (page 90) 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.

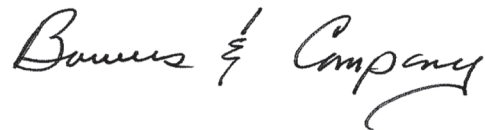
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Edwards-Knox Central School District's basic financial statements. The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 91-97) and Schedule of Expenditures of Federal Awards (pages 104-105), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 91-97) and the Schedule of Expenditures of Federal Awards (pages 104-105) 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 4, 2023 on our consideration of Edwards-Knox Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Edwards-Knox Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edwards-Knox Central School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

Watertown, New York
October 4, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

INTRODUCTION

Our discussion and analysis of the financial performance of Edwards-Knox Central School District (the District) provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❑ The District's net position was \$5,117,257 as of June 30, 2023. The District reported an increase in net position of \$944,799 from the prior year net position of \$4,172,458. This increase is mainly due to the net change in fund balances of \$3,624,463 and changes in the OPEB liability of \$(2,516,367).
- ❑ The District's General Fund balance decreased by \$758,067 during the current year. This is mostly due to an increase in interfund transfers for capital projects fund reported during the fiscal year.
- ❑ During the fiscal year ending June 30, 2022, District voters approved the District's \$1,000,000 capital project reserve to be funded through excess fund balances. The District has initiated work on a new renovation capital project during 2022-2023 fiscal year from which the balances were transferred to Capital Projects Fund.
- ❑ Throughout the 2022-2023 fiscal year, the District spent a large portion of its Federal Stimulus Funding allocation to continue supporting instructional and mental health programming as well as maintaining operations equipment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The two sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ **District-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the District’s overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
- ❑ **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.

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.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Table A-1	Major Features of the District-Wide and Fund Financial Statement		
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance	Instances in which the School District acts as a trustee or an agent for resources that belong to others but does not have administrative control, such as property taxes collected on behalf of other governments or scholarships in a trust
Required Financial Statements	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures, and Changes in Fund Balance	5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset / Liability Information	All assets and liabilities, both financial and capital, short term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow / Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS - Continued

District-Wide Statements

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

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

- ❑ Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- ❑ To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds -- not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Fund Financial Statements – Continued

The District has two kinds of 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, we provide additional information at the bottom of the government fund statements that 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 scholarship fund and the property taxes collected on behalf of other governments. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations and does not have administrative control over funds that are not under specific trust arrangements.

The term “fund balance” refers to the particular fund's equity (Assets + Deferred Outflows of Resources – Liabilities - Deferred Inflows of Resources) in a similar manner to the way the term “net position” is used in the district-wide financial statements presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Net Position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$5,117,257 at the close of the most recent fiscal year (see Table 1). This represents a \$944,799 increase in the net position for the year.

The largest portion of the school district's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition to assets, the *Statement of Net Position* reports 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. Included in deferred outflows of resources in the current year is \$3,348,248 related to the District's participation in the NYS TRS and ERS pension systems and \$6,683, 141 related to the District's OPEB Plan.

In addition to liabilities, the *Statement of Net Position* or balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is \$279,824 related to the District's participation in the NYS TRS and ERS pension systems, and \$3,227,510 related to the District's OPEB Plan.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE- Continued

Table 1: Net Position – Condensed Statement of Net Position

The following table summarizes the District's net position. The complete Statement of Net Position can be found in the District's audited basic financial statements.

	Fiscal Year 2023	Fiscal Year 2022	Percent Change
ASSETS			
Current and Other Assets	\$ 10,753,495	\$ 11,683,791	-8.0%
Net Pension Asset - Proportionate Share	-	4,652,971	-100.0%
Capital Assets, Net	27,131,294	26,554,817	2.2%
TOTAL ASSETS	\$ 37,884,789	\$ 42,891,579	-11.7%
DEFERRED OUTFLOWS OF RESOURCES			
Other Postemployment Benefits	\$ 6,683,141	\$ 8,715,809	-23.3%
Pensions	3,348,248	3,263,676	2.6%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 10,031,389	\$ 11,979,485	-16.3%
LIABILITIES			
Current Liabilities	\$ 839,582	\$ 5,371,731	-84.4%
Long-Term Liabilities	38,452,005	36,364,612	5.7%
TOTAL LIABILITIES	\$ 39,291,587	\$ 41,736,343	-6%
DEFERRED INFLOWS OF RESOURCES			
Pensions	\$ 279,824	\$ 6,094,677	-95.4%
Other Postemployment Benefits	3,227,510	2,867,586	12.6%
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 3,507,334	\$ 8,962,263	-60.9%
NET POSITION			
Net Investment in Capital Assets	\$ 17,383,652	\$ 15,542,606	11.8%
Restricted	6,522,666	6,042,728	7.9%
Unrestricted (Deficit)	(18,789,061)	(17,412,876)	7.9%
TOTAL NET POSITION	\$ 5,117,257	\$ 4,172,458	22.6%

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE- Continued

Changes in Net Position

This Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted state and federal aid must support the net cost of the District's programs.

Table 2 below summarizes the school district's revenue and expense activity.

Table 2: Changes in Net Position – Condensed Statement of Activities

	Governmental Activities		Total % Change
	2023	2022	2022-2023
Revenues			
General Revenues			
Property Taxes	\$ 1,989,804	\$ 1,988,784	0.05%
State Revenues	13,017,195	12,747,703	2.11%
Other Revenues	590,438	351,458	68.00%
Program Revenues			
Charges for Services	269,204	211,760	27.13%
Operating Grants	2,018,494	2,032,788	-0.70%
Capital Grants	298,300	-	-100.00%
Total Revenues	<u>18,183,435</u>	<u>17,332,493</u>	4.91%
Expenses			
General Support	2,952,216	2,247,404	31.36%
Instruction	11,708,002	7,554,413	54.98%
Pupil Transportation	1,786,437	925,381	93.05%
Community Service	-	55,007	-100.00%
Interest Expense	395,904	369,902	7.03%
Food Service Program	396,077	236,730	67.31%
Total Expenses	<u>17,238,636</u>	<u>11,388,837</u>	51.36%
Total Change in Net Position	<u>\$ 944,799</u>	<u>\$ 5,943,656</u>	-84.10%

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE- Continued

Governmental Activities

The cost of all governmental activities this year was \$17,238,636.

Table 3 presents the net cost (total cost less fees generated by the activities and intergovernmental aid) of various District functions. The net cost reflects what was funded by charges for services and operating and contributions.

Table 3 - Net Cost of Governmental Activities

	Governmental Activities	
	2023	2022
Net Expenses (Revenues)		
General Support	\$ 2,952,216	\$ 2,247,404
Instruction	9,573,759	5,756,980
Pupil Transportation	1,786,437	925,381
Community Service	-	55,007
Interest Expense	395,904	369,902
Food Service Program	(55,678)	(210,385)
TOTAL NET EXPENSES (REVENUES)	\$ 14,652,638	\$ 9,144,289

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

REVENUES

The next several paragraphs explain the revenues in fiscal year 2022-2023 and addresses changes from fiscal year-end 2021-2022. Following these explanations are graphical representations of the statement of activities. First, a column chart which compares the revenues from year-end 2022 to 2023 and second, a pie chart illustrating the percentage of revenues to the total by category.

The District's total revenues were \$18,183,435, an increase of \$850,942 or approximately 4.91%. State generated revenue increased \$269,492 as a result of the increase in Foundation aid and Excess Cost Aid. Capital grant revenue increased by \$298,300 in 2022-2023. State aid accounted for 71.5% of all revenues. The District is heavily dependent on property tax, state and federal aid for funding.

Charges for Services showed an increase of approximately 27.13 % due to a variety of factors.

Tax levy revenue accounted for another 10.9% of total revenues, increasing 0.05% or \$1,020. This increase represents the amount needed to fund the increased budget approved by the voters. Of the revenue from the tax levy, property taxes accounted for 86.5% or \$1,720,306 and other tax items (STAR reimbursement and interest and penalties) accounted for 13.5% or \$269,498.

State revenues increased overall by 2.11 % or \$269,492 in the 2022-2023 fiscal year compared to 2021- 2022.

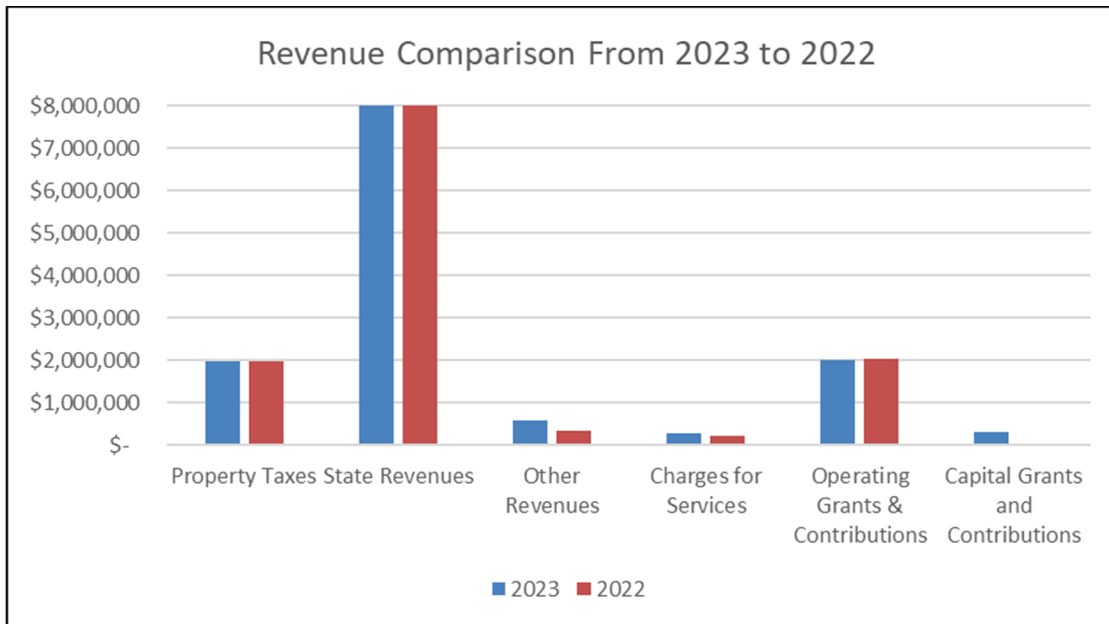
Other revenues increased by \$238,980 or 68% over 2021-2022 fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

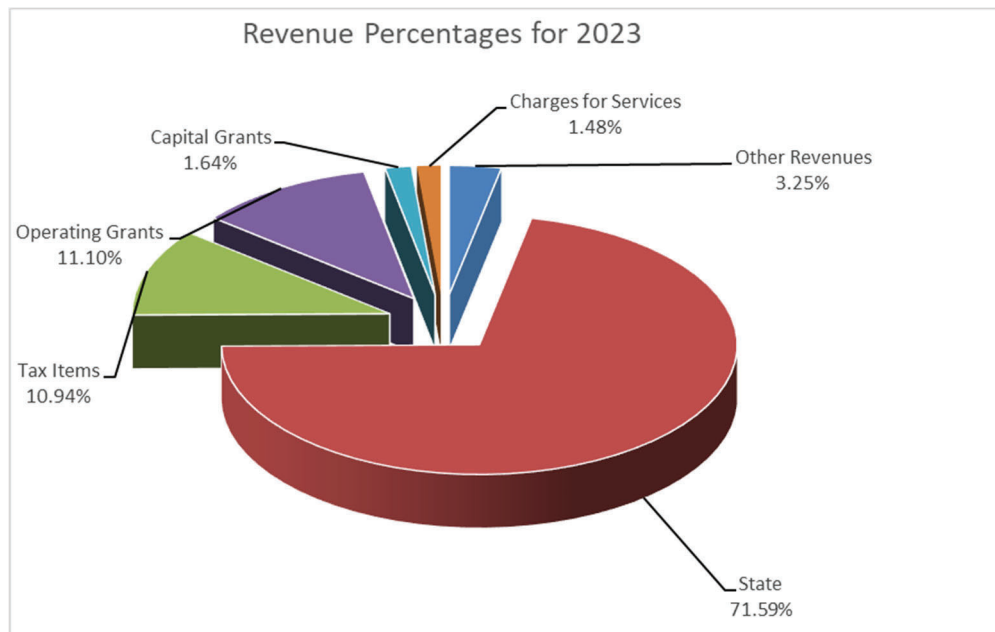
June 30, 2023

REVENUES - Continued

The following bar graph compares the revenues in 2022-2023 to 2021-2022. This chart indicates the total revenue in dollars by category for each fiscal year.



The following pie chart summarizes the revenues for the fiscal year 2022-2023. The chart illustrates the percentage of revenues to the total by category.



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

EXPENSES

The next several paragraphs explain the expenses in fiscal year 2022-2023 and addresses changes from fiscal year-end 2021-2022. These changes are illustrated in Condensed Statement of Activities (Table 2) and in the Net Cost of Governmental Activities (Table 3). Following these explanations are graphical representations of the statement of activities. First, a column chart which compares the expenses from year end June 30, 2022 to June 30, 2023, and second, a pie chart illustrating the percentage of expenses to the total by category.

The total cost of all programs and services was \$17,238,636. This is an increase of \$5,849,799 from the 2021-2022 fiscal year. This increase is mostly due to the increase in instructional and pupil transportation expenditures reported in the current year.

General support, which includes administrative activities and plant services, accounted for 17.1% of total costs. General support expenses increased 31.36% from the prior year or \$704,812.

Instruction: The District's expenses are predominately related to educating and caring for students, are 67.92% of total expenses. Instructional expenses increased by 54.98% or \$4,153,589 from the previous year.

Pupil Transportation expenses account for 10.36% of total expenses. Transportation expenses increased 93.05% or approximately \$861,056.

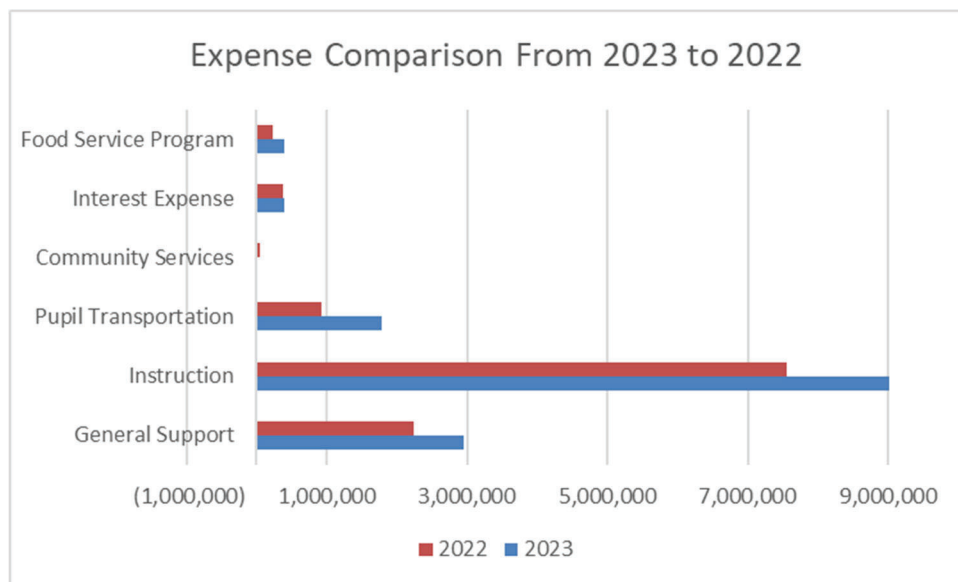
School Food Service Program, also known as the cafeteria fund, is included in the condensed statement of activities (Table 2). The school food service program is designed to be self-supporting, with revenues expected to match expenses. School food service expenses increased \$159,347.

MANAGEMENT'S DISCUSSION AND ANALYSIS

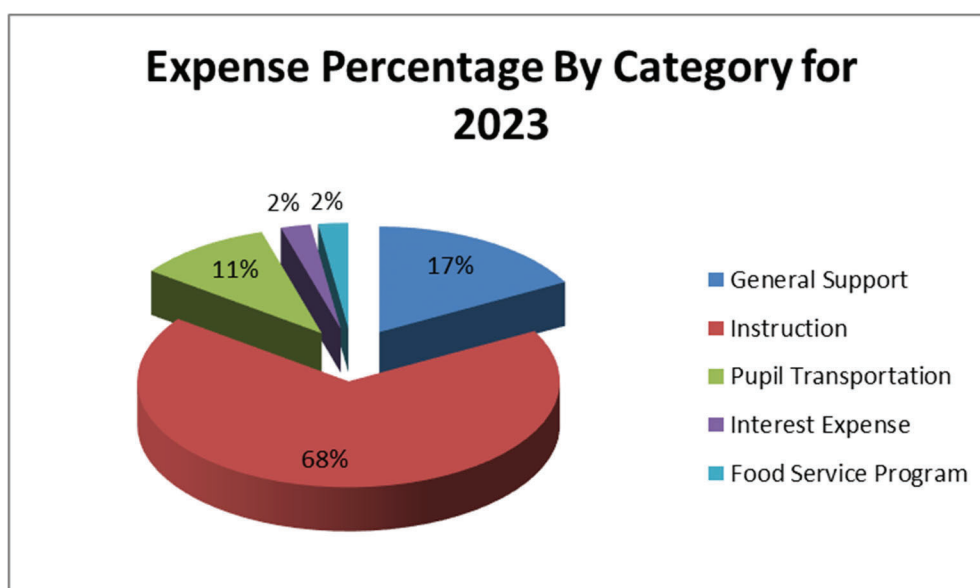
June 30, 2023

EXPENSES - Continued

The following bar graph compares the expenses in 2022-2023 to 2021-2022. This chart indicates the total expense in dollars by category for each fiscal year:



The following pie chart summarizes the expenses for the fiscal year 2022-2023. This chart illustrates the percentage of expenses to the total by category.



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

BUDGETARY HIGHLIGHTS

Revenues

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The following summarizes the main components of the General Fund revenues:

Property Taxes: Revenue of \$1,720,306 represents 10.95% of total General Fund revenues. The property tax levy budget in 2022-2023 remained consistent with 2020-2021 balances. The District stayed within the 2% Property Tax Cap.

Charges for Services: Revenue includes tuition fees and other items. The actual revenue in this category is higher than budget.

Miscellaneous: Revenue includes items such as the BOC ES refund of prior year expenditures and the Medicare Part D subsidy. The large variance between actual and budgeted in this category is due to the BOCES refund of \$116,639. The District budgeted \$10,000, a \$106,639 variance. In the budget process, the District underestimated the BOCES refund a revenue source because the refund is unknown and not measurable at that time.

State Aid: The major source of revenue was \$13,017,195 in state aid. State aid consists of foundation aid, building aid, transportation aid, lottery aid, BOCES aid, and instructional materials aid. This represents 83% of the entire revenue of the General Fund.

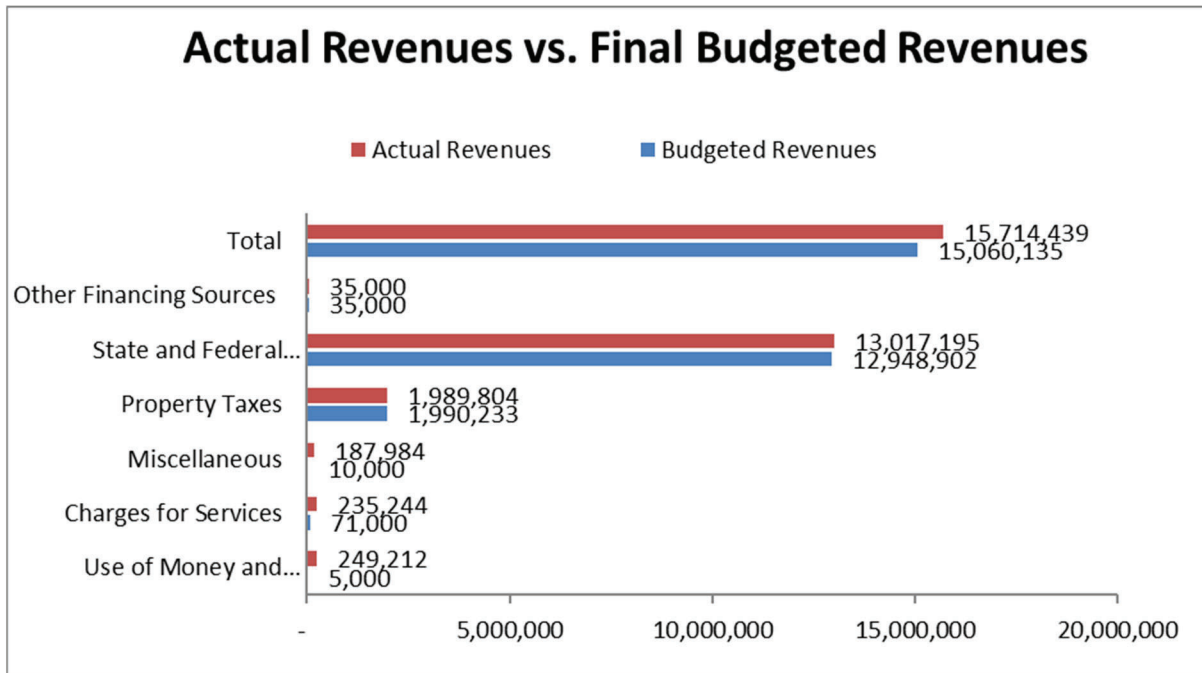
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

BUDGETARY HIGHLIGHTS - Continued

Revenues – Continued

The bar graph below illustrates the actual revenues relative to the final budgeted revenues:

**Expenditures**

The District had the overall original expenditure budget of \$16,889,182 for the 2022-2023 school year and an adjusted expenditure budget of \$17,889,182.

Actual expenditures totaled \$16,472,506 for a favorable variance of \$1,416,676. The bar graph below illustrates how the actual expenditures are distributed and how they compare to the final budgeted appropriations.

District practice, as a means of budgetary control, is to under-expend in all functional budget codes. This strategy was successful during 2022-2023 as exhibited in the bar graph on the following page. The three categories deserving mention include instruction, employee benefits and general support.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

BUDGETARY HIGHLIGHTS - Continued

Expenditures - Continued

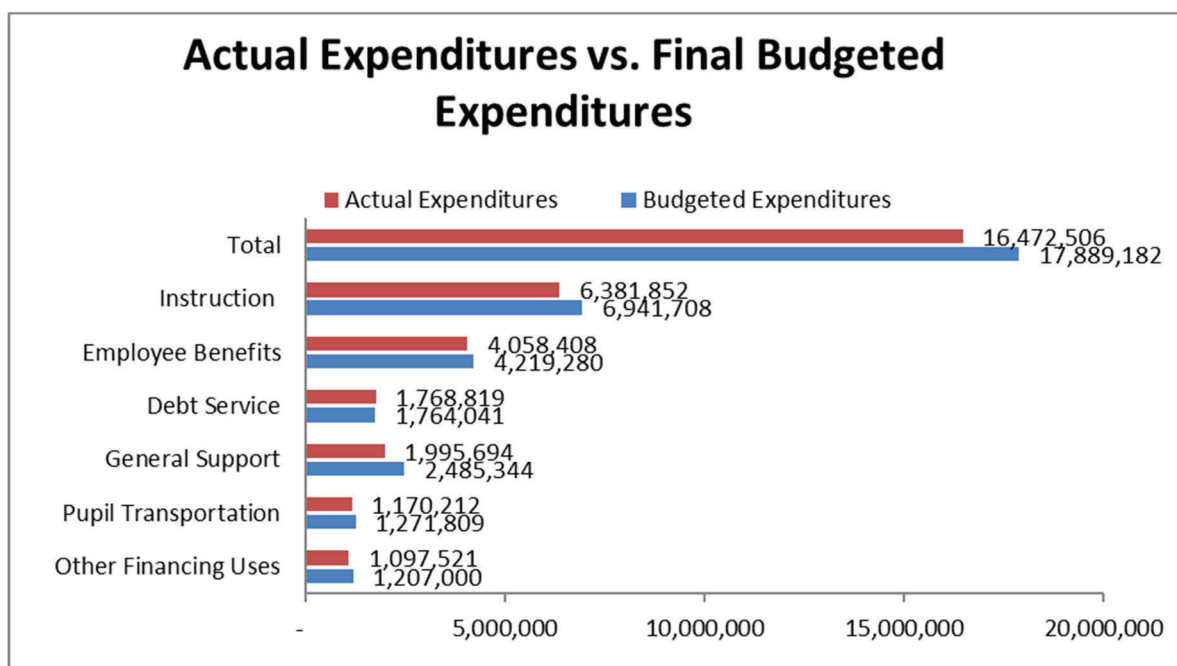
Instruction: The variance from budget to actual for instructional expenses totaled \$559,856 with the largest deviation in the area of programs for children with handicapping conditions. This is mostly due to the fluctuations of enrolled students with special needs.

Employee Benefits: The discrepancy in employee benefits from budget to actual totals \$ 160,872.

The budget to actual variances are evident in teachers retirement expense, social security expense and health insurance benefits for active and retired employees.

General Support: The variance from budget to actual for general support is \$489,650 with the largest difference being special items in 2022-2023. The district budgeted balances towards potential judgements related to open litigation.

The bar graph below illustrates the actual expenses relative to the final budgeted expenses:



EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$9,936,523 as compared to last year's ending fund balance of \$6,312,060.

General Fund:

The General Fund showed a negative change in the total fund balance from the previous year; the fund balance at June 30, 2023 was \$7,513,021 compared to \$8,271,088 at June 30, 2022. This is a decrease of \$758,067.

Capital Projects Funds:

The Capital Projects Funds showed a total fund balance of \$766,824 for the 2022 Main renovation project conducted and a deficit of \$138,619 on June 30, 2023 for other projects.

School Food Service (Cafeteria) Fund:

Expenditures in the School Food Service Fund largely reflect food costs, employee wages, and fringe benefits. The benefits are negotiated through the CSEA Local Union's unit contractual agreement. The School Food Service Fund total fund balance at June 30, 2023 was \$29,014 inclusive of \$11,603 in Nonspendable fund balance (inventories).

Special Aid Fund:

Federal and state grants provide funding for specific purposes ranging from reading improvement to servicing the needs of special education students.

It is important to note that half of these grants have a fiscal year, which runs from September 1 to August 31, which differs from the school fiscal year of July 1 to June 30. Therefore, there are funds being spent during the summer months, which result in carry over amounts as of the June 30, 2023 school year.

During 2022-2023, Special Aid Fund revenues increased approximately 17.4% compared to 2021-2022. This increase was mainly the result of the Education Stabilization Funds the District received in the amount of \$1,093,428. The following table illustrates the revenues and expenditures recorded in the Special Aid Fund as compared to the previous year.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS - Continued

Special Aid Fund - Continued:**Table 4: Special Aid Fund Revenues and Expenses:**

	<u>2023</u>	<u>2022</u>	<u>Change (+/-)</u>
Revenues			
State Sources	\$ 339,078	\$ 370,986	\$ (31,908)
Federal Sources	1,559,921	1,242,124	317,797
Interfund Transfer In	2,320	6,398	(4,078)
TOTAL REVENUES	<u>\$ 1,901,319</u>	<u>\$ 1,619,508</u>	<u>\$ 281,811</u>
Expenses			
General Support	\$ 30,898	\$ -	\$ 30,898
Instruction	1,621,801	1,394,095	227,706
Pupil Transportation	6,700	18,053	(11,353)
Employee Benefits	241,920	207,360	34,560
TOTAL EXPENSES	<u>\$ 1,901,319</u>	<u>\$ 1,619,508</u>	<u>\$ 281,811</u>

All federal and state grants require the filing of an original budget, a budget amendment (if necessary), and a final cost report at the end of the project.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets provide a picture of capital assets over time. These include land, buildings, and equipment and furniture. At June 30, 2023, the District had \$27,131,294 invested in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. See Table 5. More detailed information about the District's capital assets is presented in the notes to the basic financial statements.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION - Continued

Capital Assets - Continued:

Table 5 - Capital Assets

	Governmental Activities		Total \$ Change
	2023	2022	2022-2023
Land	\$ 30,512	\$ 30,512	\$ -
Construction In Progress	249,892	3,847,095	(3,597,203)
Buildings and Improvements	39,008,967	34,179,345	4,829,622
Furniture and Equipment	2,545,277	2,319,699	225,578
Vehicles	2,236,588	2,149,202	87,386
Intangible Lease Asset-Equipment	31,093	39,261	(8,168)
Totals at Historical Cost	\$ 44,102,329	\$ 42,565,114	\$ 1,537,215
Less: Total Accumulated Depreciation and Amortization	16,971,035	16,010,297	1,842,011
CAPITAL ASSETS, NET	\$ 27,131,294	\$ 26,554,817	\$ 1,537,215

Long-Term Debt

As of June 30, 2023, the District had \$38,452,005 in long-term debt, consisting of general obligation bonds, other postemployment benefits payable, lease payable, and amounts owed to employees upon their separation from service for accrued sick time, in accordance with labor contracts, as shown in Table 6.

Table 6 - Long-Term Debt

	Governmental Activities		Total \$ Change
	2023	2022	2022-2023
General Obligation Bonds, Net	\$ 9,735,113	\$ 6,745,625	\$ 2,989,488
Other Post Employment Benefits	26,677,527	29,193,894	(2,516,367)
Compensated Absences	393,795	408,311	(14,516)
Lease Payable	12,529	16,782	(4,253)
Net Pension Liability - Proportionate Share	1,633,041	-	1,633,041
TOTAL LONG-TERM DEBT	\$ 38,452,005	\$ 36,364,612	\$ 2,087,393

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

Many factors were considered by the District's administration during the process of developing the fiscal 2023-2024 budget. The primary factors were maintaining the District's program offerings and facilities, changes in enrollment, changes in grant funding in some areas, the costs of employee benefits, diesel fuel, and utilities. Economic uncertainty is a major factor that often makes it difficult to accurately project future budgets. With questionable economic environment, it is difficult to project the financial impact on the School District.

These indicators were considered when adopting the budget for fiscal year 2023-2024. Total General Fund budgeted appropriations in the amount of \$16,979,842 were budgeted, an increase of \$90,660 from the original 2022-2023 budget of \$16,889,182. The most significant changes in the 2023-2024 budget appropriations compared to the 2022-2023 budget were as follows:

- ❑ Special Items – General Support
- ❑ Pupil transportation Services
- ❑ Programs for Children with Handicapping Conditions

The District completed a Capital Outlay project in the 2022-2023 school year. This project includes a transfer from the General Fund to the Capital Fund in the amount of \$100,000. The work took place during the school year and the District will be reimbursed at their aid ratio in the 2023-2024 school year. The goal is to use these smaller projects yearly in order to reduce the cost of the full-fledged building projects in the future. The District plans to continue these Capital Outlay projects.

The District did increased taxes slightly for the 2023-2024 school year after several years of keeping the tax levy flat. The District will continue to monitor revenues and raise taxes as minimal as fiscally responsible.

The District is anticipating the continuation of increases in salaries, benefits, and BOCES services in the upcoming years. Special Education costs also continue to rise. In addition, the cost of materials, supplies, and fuel remain higher than this time last year. Starting in the 2023-2024 school year, the District added an out-of-district transportation run. This will have an effect on its total transportation costs. The District will also be strategically looking at current positions in the stimulus-funded positions and programs. The District will be looking to absorb some of these expenses into the General Fund.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, 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, or need additional financial information, contact the Edwards-Knox Central School District Business Office, 2512 County Route 24, Hermon, NY 13652.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES

June 30, 2023

ASSETS	
Cash and Cash Equivalents	
Unrestricted	\$ 2,873,296
Restricted	5,808,993
Receivables	
State and Federal Aid	1,322,688
Due From Other Governments	722,982
Other	12,812
Inventories	11,603
Prepaid Expenditures	1,121
Capital Assets, Net	27,131,294
TOTAL ASSETS	\$ 37,884,789
DEFERRED OUTFLOWS OF RESOURCES	
Other Postemployment Benefits	\$ 6,683,141
Pensions	3,348,248
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 10,031,389
LIABILITIES	
Payables	
Accounts Payable	\$ 118,542
Accrued Liabilities	32,907
Due to Other Governments	576
Accrued Interest on Bonds Payable	22,610
Due to Teachers' Retirement System	531,042
Due to Employees' Retirement System	59,112
Unearned Credits	
Unearned Revenues - Other	74,793
Long-Term Liabilities	
Due and Payable Within One Year	
Bonds Payable, Net of Unamortized Premium	1,220,365
Lease Liability	10,111
Due and Payable After One Year	
Bonds Payable, Net of Unamortized Premium	8,514,748
Lease Liability	2,418
Compensated Absences Payable	393,795
Net Pension Liability – Proportionate Share	1,633,041
Other Postemployment Benefits Payable	26,677,527
TOTAL LIABILITIES	\$ 39,291,587
DEFERRED INFLOWS OF RESOURCES	
Pensions	\$ 279,824
Other Postemployment Benefits	3,227,510
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 3,507,334
NET POSITION	
Net Investment in Capital Assets	\$ 17,383,652
Restricted for:	
Debt Service	1,497,143
Other Legal Restrictions	5,025,523
Unrestricted (Deficit)	(18,789,061)
TOTAL NET POSITION	\$ 5,117,257

See notes to audited basic financial statements.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2023

		Program Revenues			Net (Expenses)
		Charges for	Capital	Operating	Revenues and
	Expenses	Services	Grants	Grants	Changes in
Net Position					
FUNCTIONS/PROGRAMS					
General Support	\$ 2,952,216	\$ -	\$ -	\$ -	\$ (2,952,216)
Instruction	11,708,002	235,244	298,300	1,600,699	(9,573,759)
Pupil Transportation	1,786,437	-	-	-	(1,786,437)
Debt Service - Interest	395,904	-	-	-	(395,904)
Cost of Sales – School Food Service	396,077	33,960	-	417,795	55,678
Total Functions and Programs	<u>\$ 17,238,636</u>	<u>\$ 269,204</u>	<u>\$ 298,300</u>	<u>\$ 2,018,494</u>	<u>(14,652,638)</u>
GENERAL REVENUES					
Real Property Taxes					1,720,306
Other Tax Items					269,498
Use of Money and Property					319,453
Gain on Disposal of Property					25,278
State Sources					13,017,195
Miscellaneous					<u>245,707</u>
Total General Revenues					<u>15,597,437</u>
Change in Net Position					944,799
Net Position - Beginning of Year					<u>4,172,458</u>
Net Position - End of Year					<u>\$ 5,117,257</u>

See notes to audited basic financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>Capital Project - Main 2019</u>
ASSETS			
Cash and Cash Equivalents			
Unrestricted	\$ 2,770,244	\$ 62,292	\$ -
Restricted	3,989,559	-	512,379
Receivables			
Due From Other Funds	1,105,382	-	9,185
State and Federal Aid	555,587	722,809	-
Due From Other Governments	722,982	-	-
Other	12,812	-	-
Inventories	-	-	-
Prepaid Expenditures	1,121	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 9,157,687</u>	<u>\$ 785,101</u>	<u>\$ 521,564</u>
LIABILITIES			
Payables			
Accounts Payable	\$ 23,581	\$ 94,961	\$ -
Accrued Liabilities	28,988	205	-
Due to Other Funds	1,001,943	617,379	521,564
Due to Other Governments	-	-	-
Due to Teachers' Retirement System	531,042	-	-
Due to Employees' Retirement System	59,112	-	-
Unearned Credits			
Overpayments & Collections in Advance	-	72,556	-
Total Liabilities	<u>1,644,666</u>	<u>785,101</u>	<u>521,564</u>
FUND BALANCES (DEFICITS)			
Nonspendable	1,121	-	-
Restricted	3,989,559	-	-
Assigned	1,082,994	-	-
Unassigned	2,439,347	-	-
Total Fund Balances (Deficits)	<u>7,513,021</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 9,157,687</u>	<u>\$ 785,101</u>	<u>\$ 521,564</u>

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

Debt Service	Total Non-Major Funds	Total Governmental Funds
\$ -	\$ 40,760	\$ 2,873,296
268,850	1,038,205	5,808,993
1,228,293	3,775	2,346,635
-	44,292	1,322,688
-	-	722,982
-	-	12,812
-	11,603	11,603
-	-	1,121
<u>\$1,497,143</u>	<u>\$1,138,635</u>	<u>\$ 13,100,130</u>
\$ -	\$ -	\$ 118,542
-	3,714	32,907
-	205,749	2,346,635
-	576	576
-	-	531,042
-	-	59,112
-	2,237	74,793
<u>-</u>	<u>212,276</u>	<u>3,163,607</u>
-	11,603	12,724
1,497,143	1,035,964	6,522,666
-	17,411	1,100,405
-	(138,619)	2,300,728
<u>1,497,143</u>	<u>926,359</u>	<u>9,936,523</u>
<u>\$1,497,143</u>	<u>\$1,138,635</u>	<u>\$ 13,100,130</u>

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2023

Total Fund Balances - Governmental Funds \$ 9,936,523

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

Proportionate share of long-term liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the fund statements.

Net Pension Liability - Proportionate Share - TRS	\$ 474,131	
Net Pension Liability - Proportionate Share - ERS	<u>1,158,910</u>	(1,633,041)

Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

Pensions	\$ 279,824	
Other Postemployment Benefits	<u>3,227,510</u>	(3,507,334)

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consists of:

Pensions	\$ 3,348,248	
Other Postemployment Benefits	<u>6,683,141</u>	10,031,389

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

Cost of Capital Assets	\$ 44,102,329	
Accumulated Depreciation and Amortization	<u>(16,971,035)</u>	27,131,294

Long-term liabilities, including bonds payable and compensated absences, are not due in the current period and, therefore, are not reported as liabilities in the fund

Long-term liabilities, at year end, consist of:

Bonds Payable	\$ 9,240,000	
Premium on Bond Issue	495,113	
Accrued Interest on Bonds Payable	22,610	
Compensated Absences Payable	393,795	
Lease Liability	12,529	
Other Postemployment Benefits Payable	<u>26,677,527</u>	(36,841,574)

Total Net Position - Governmental Activities \$ 5,117,257

See notes to audited basic financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year Ended June 30, 2023

	General	Special Aid	Capital Project - Main 2019	Debt Service
REVENUES				
Real Property Taxes	\$1,720,306	\$ -	\$ -	\$ -
Other Tax Items	269,498	-	-	-
Charges for Services	235,244	-	-	-
Use of Money and Property	249,212	-	-	62,153
State Sources	13,017,195	339,078	-	-
Federal Sources	-	1,559,921	-	-
Surplus Food	-	-	-	-
Sales - School Food Service	-	-	-	-
Miscellaneous	187,984	-	-	-
Total Revenues	<u>15,679,439</u>	<u>1,898,999</u>	<u>-</u>	<u>62,153</u>
EXPENDITURES				
General Support	1,995,694	30,898	-	-
Instruction	6,381,852	1,621,801	-	-
Pupil Transportation	1,170,212	6,700	-	-
Employee Benefits	4,058,408	241,920	-	-
Debt Service:				
Principal	1,395,525	-	-	370,000
Interest	373,294	-	-	-
Cost of Sales – School Food Service	-	-	-	-
Other Expenditures	-	-	-	-
Capital Outlay	-	-	605,742	-
Total Expenditures	<u>15,374,985</u>	<u>1,901,319</u>	<u>605,742</u>	<u>370,000</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>304,454</u>	<u>(2,320)</u>	<u>(605,742)</u>	<u>(307,847)</u>
OTHER FINANCING SOURCES AND (USES)				
Premium on Debt Issuance	-	-	-	495,113
Proceeds from Debt	-	-	3,570,000	-
BAN Redeemed from Appropriations	-	-	680,000	-
Bond Issuance Costs	-	-	-	(125,113)
Operating Transfers In	35,000	2,320	-	-
Operating Transfers (Out)	(1,097,521)	-	-	(35,000)
Total Other Financing Sources and (Uses)	<u>(1,062,521)</u>	<u>2,320</u>	<u>4,250,000</u>	<u>335,000</u>
Net Change in Fund Balances	(758,067)	-	3,644,258	27,153
Fund Balances (Deficits) - Beginning of Year	8,271,088	-	(3,644,258)	1,469,990
Fund Balances (Deficits) - End of Year	<u>\$7,513,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,497,143</u>

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

Total Non-Major Funds	Total Governmental Funds
\$ -	\$ 1,720,306
-	269,498
-	235,244
8,088	319,453
7,571	13,363,844
380,306	1,940,227
29,918	29,918
33,960	33,960
57,723	245,707
<u>517,566</u>	<u>18,158,157</u>
143,105	2,169,697
-	8,003,653
-	1,176,912
88,011	4,388,339
-	1,765,525
-	373,294
281,848	281,848
60,307	60,307
334,024	939,766
<u>907,295</u>	<u>19,159,341</u>
<u>(389,729)</u>	<u>(1,001,184)</u>
-	495,113
5,647	3,575,647
-	680,000
-	(125,113)
1,095,201	1,132,521
-	(1,132,521)
<u>1,100,848</u>	<u>4,625,647</u>
711,119	3,624,463
215,240	6,312,060
<u>\$ 926,359</u>	<u>\$ 9,936,523</u>

See notes to audited basic financial statements.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES**

Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 3,624,463

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 Net Position, assets with an initial individual cost of more than \$5,000 are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays and the related gain on disposal of capital assets exceeded depreciation and amortization in the current period.

Capital Outlays	\$ 1,703,364	
Gain on Disposal	25,278	
Depreciation and Amortization Expense	<u>(1,152,165)</u>	576,477

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period for bonds and lease liabilities.

1,085,525

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is increased by the increase in accrued interest on bonds.

(22,610)

Bond and lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Bond premiums associated with long-term bonds are recognized as other financing sources in the governmental funds at the time the debt is issued. However, the premium is capitalized on the Statement of Net Position and amortized over the life of the bonds on the Statement of Activities.

Serial Bond Proceeds	\$ 3,570,000	
Premium Earned	495,113	
Operating Lease	<u>5,647</u>	(4,070,760)

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES - CONTINUED**

Year Ended June 30, 2023

In the Statement of Activities, certain operating expenses-compensated absences (vacations and certain sick pay), special termination benefits (early retirement) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

14,516

On the Statement of Activities, the actual and projected long term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefit.

123,775

(Increase) decrease in proportionate share of net pension asset (liability) and related deferred outflows/inflows 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	\$	(148,256)	
Employees' Retirement System		<u>(238,331)</u>	<u>(386,587)</u>

Change in Net Position of Governmental Activities			<u><u>\$ 944,799</u></u>
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NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Edwards-Knox Central School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

Reporting Entity

The Edwards-Knox Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of nine 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. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

Extra Classroom Activity Funds

The Extra Classroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extra Classroom Activity Funds can be found at the District's business office. Due to administrative involvement, the District accounts for assets in a special revenue fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Joint Venture

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

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

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

During the year, the District was billed \$2,369,585 for BOCES administrative, capital, and program costs.

The District's share of BOCES aid amounted to \$1,170,260. This represents State aid distributions of \$1,053,621 and 2022 fund balance returned to schools of \$116,639.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

District-Wide Statements

The *Statement of Net Position* and the *Statement of Activities* present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State and Federal aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

Fund Statements

The fund statements provide information about the District's funds, including each type of 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. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Continued

Special Revenue Funds: 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, child nutrition, extra classroom activity funds which the District has administrative involvement or 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.

Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for specific educational programs.

School Food Service Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Extra Classroom Activity Funds: Used to account for funds of the students of the District which are restricted as to use by the various student organizations where the District has administrative involvement over the funds.

Scholarships and Awards Fund: Used to account for proceeds received from various individuals and organizations that are restricted for specific scholarship and award programs not under specific trust arrangements.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

Debt Service Fund: This fund accounts for the accumulations 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 the related bonds outstanding.

Permanent Fund: This fund accounts for proceeds received from various individuals and organizations that is permanently restricted and earnings are only available for use of specific scholarship and award programs based on the agreements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting

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

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

The fund 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 sixty days after the end of the fiscal year as it matches the liquidation of related obligations.

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

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, 2022 and become a lien on August 9, 2022. Taxes are collected during the period from September 1, 2022 to October 31, 2022.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Resources

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

Interfund Transactions

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

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

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

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflow of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

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

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

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

Receivables

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

Inventories and Prepaid Items

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Other Assets

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

Capital Assets

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	<u>Capitalization</u> <u>Threshold</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>Useful Life</u>
Land	\$ 5,000	N/A	N/A
Buildings and improvements	5,000	Straight-line	40-50 Years
Site Improvements	2,000	Straight-line	20 Years
Furniture and Equipment	2,000	Straight-line	5-15 Years
Vehicles	2,000	Straight-line	5-15 Years

The District does not possess any infrastructure.

Intangible Lease Assets

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of \$5,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the lease term (3-5 years) consistent with the decrease in the related lease liability or using the straight-line method if there is no corresponding lease liability.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

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 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 proportion of the collective net pension asset or liability and difference during the measurement period 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 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 the changes of assumptions or other inputs. The third item is the District's contributions to the New York State Teachers' and Employees' pension systems and to the Other Postemployment Benefit (OPEB) plan subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position or Balance Sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion 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 OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Unearned Revenue

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the 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.

Other Benefits

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Short-Term Debt

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

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

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.

Accrued Liabilities and Long-Term Obligations

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

Long-term obligations represent the 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Fund Statements

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

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance typically includes the inventory recorded in the School Food Service Fund and prepaid expenditures recorded in the General Fund. The School Food Service Fund had \$11,603 of actual inventories on hand and the General Fund had \$1,121 of prepaid expenditures as of June 30, 2023.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications - Continued

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

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

Effective April 1, 2019, 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 all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued**Unemployment Insurance**

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

Insurance

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

Workers' Compensation

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued**Capital Projects Fund**

According to constraints placed on the use of resources established by approved capital projects, must be used for the specific purpose outlined in the approved proposition. These monies are accounted for in the Capital Projects Fund.

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding litigations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

Permanent Fund – Scholarships

The fund is used to account for and report resources that are legally restricted to the extent that earnings, not principal, may be used for purposes that benefit the School District and recipients of the designated scholarships. The monies are accounted for in the Permanent Fund – Scholarships.

Scholarships and Awards Fund

According to constraints placed on the use of resources established by various scholarship and award programs, must be used for the specific purpose outlined in the program. These monies are accounted for in the Scholarships and Awards Fund.

Extra Classroom Activity Funds

According to the regulations of the Commissioner of Education (8 NYCRR Part 172), the Board of Education of the District is required to make the rules and regulations for the establishment, conduct, operation, and maintenance of extra classroom activities and for the safeguarding, accounting and audit of all moneys received. According to the regulations of the Board of Education, the monies represent the funds of the students of the District and must be used by the student organizations of the District. These monies are accounted for the in Extra Classroom Activity Funds.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued

Restricted fund balances include the following:

General Fund

Reserve for Employee Retirement System Contributions	\$ 2,258,689
Reserve for Teachers' Retirement System Contributions	305,000
Employee Benefit Accrued Liability	440,543
Unemployment Insurance	190,772
Workers' Compensation	338,542
Insurance	456,013
Capital Projects Funds	766,824
Debt Service Fund	1,497,143
Permanent Fund	129,535
Extra Classroom Activity Funds	39,718
Scholarships and Awards Fund	99,887
Total Restricted Funds	<u>\$ 6,522,666</u>

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

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. 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 balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, 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 balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Use of Fund Balance

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

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 statement 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.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 98, *The Annual Comprehensive Financial Report*, effective for the year ended June 30, 2023.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Future Changes in Accounting Standards

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the year ended June 30, 2024.

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ended 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 and when material.

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN FUND STATEMENTS AND DISTRICT-WIDE
STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the fund 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 District-wide statements, compared with the current financial resources focus of the governmental funds.

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN FUND STATEMENTS AND DISTRICT-WIDE
STATEMENTS - Continued**

Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities

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

1. 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.

2. Capital Related Differences:

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

3. Long-Term Debt Transaction Differences:

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

4. Pension Differences:

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN FUND STATEMENTS AND DISTRICT-WIDE
STATEMENTS - Continued**

**Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities
- Continued**

5. OPEB Differences:

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

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY**

Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations of \$1,000,000 were reported due to a transfer of reserved balances to the Capital Project Fund to finance the voter approved project started in the current fiscal year.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY - Continued**

Budgets - Continued

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

Budgets are established and used for individual capital project 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.

Special Revenue Funds have not been included in the comparison because they do not have a legally authorized (appropriated) budget.

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.

Other

The Capital Projects Fund – Other shows an unassigned fund balance deficit of \$138,619. This will be eliminated when the District transfers additional funds in the subsequent fiscal years.

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law § 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District plans to continue reducing the fund balance within the budget process.

The District's debt service expenditures exceeded the approved budget by \$4,778 in the General Fund.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

**NOTE 4 - CASH AND CASH EQUIVALENTS - CUSTODIAL
CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE,
AND FOREIGN CURRENCY RISKS**

Cash

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

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

Uncollateralized	<u>\$ -</u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	<u>\$ 700,670</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$3,989,559 restricted for various fund balance reserves in the General Fund, \$512,379 for a voter approved capital project in the Capital Project-Main 2019, \$766,824 for a voter approved capital project in the Capital Project-Main 2022, \$268,850 for debt services payments in the Debt Service Fund, \$39,984 restricted for extra classroom activities in the Extra Classroom Activity Fund, \$101,862 restricted for scholarships and awards in the Scholarships and Awards Fund, and \$129,535 for scholarships in the Permanent Fund within the governmental funds.

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, but not in the District's name.

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount 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 District Treasurer.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

**NOTE 4 - CASH AND CASH EQUIVALENTS - CUSTODIAL
CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE,
AND FOREIGN CURRENCY RISKS - Continued**

Investment Pool - NYCLASS

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

The amounts held represent the cost of the investment pool shares and are considered to approximate net asset value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NY Class. At June 30, 2023, the District held \$7,812,481 in the investment pool.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 5 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30 are as follows:

Governmental Activities	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	\$ 30,512	\$ -	\$ -	\$ 30,512
Construction In Progress	3,847,095	1,232,419	(4,829,622)	249,892
Total Nondepreciable Assets	<u>3,877,607</u>	<u>1,232,419</u>	<u>(4,829,622)</u>	<u>280,404</u>
Other Capital Assets:				
Buildings and Improvements	34,179,345	-	4,829,622	39,008,967
Furniture and Equipment	2,319,699	225,578	-	2,545,277
Vehicles	2,149,202	272,720	(185,334)	2,236,588
Intangible Lease Asset-Equipment	39,261	5,647	(13,815)	31,093
Total Other Capital Assets	<u>38,687,507</u>	<u>503,945</u>	<u>4,630,473</u>	<u>43,821,925</u>
Less: Accumulated Depreciation				
Buildings and Improvements	12,953,173	735,838	-	13,689,011
Furniture and Equipment	2,006,335	97,939	-	2,104,274
Vehicles	1,028,114	306,678	(177,612)	1,157,180
Less: Accumulated Amortization				
Intangible Lease Asset-Equipment	22,675	11,710	(13,815)	20,570
Total Accumulated Depreciation and Amortization	<u>16,010,297</u>	<u>1,152,165</u>	<u>(191,427)</u>	<u>16,971,035</u>
Total Depreciated Assets, Net	<u>22,677,210</u>	<u>(648,220)</u>	<u>4,821,900</u>	<u>26,850,890</u>
Capital Assets, Net	<u>\$ 26,554,817</u>	<u>\$ 584,199</u>	<u>\$ (7,722)</u>	<u>\$ 27,131,294</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 179,305
Instruction	645,687
Pupil Transportation	306,678
School Food Service	<u>20,495</u>
Total Amortization and Depreciation Expense	<u>\$ 1,152,165</u>

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 6 - SHORT-TERM DEBT OBLIGATIONS

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

Capital project costs and other approved expenditures incurred to obtaining permanent financing through issuance of bond anticipation notes (BANs).

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	6/23/2023	2.18%	<u>\$ 4,250,000</u>	<u>\$ -</u>	<u>\$ 4,250,000</u>	<u>\$ -</u>
			<u>\$ 4,250,000</u>	<u>\$ -</u>	<u>\$ 4,250,000</u>	<u>\$ -</u>

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

Interest Paid	<u>\$ 92,650</u>
Total Interest on Short-Term Debt	<u>\$ 92,650</u>

The proceeds of the BANs were used as short-term financing for a District-wide project.

NOTE 7 - LONG-TERM DEBT 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, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 7 - LONG-TERM DEBT OBLIGATIONS - Continued

Serial Bonds

The District borrows money in order to acquire land or equipment, construct buildings, or make 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 local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

Lease Liabilities

The District enters into agreements to lease office equipment. Leases with a lease term greater than twelve months are recorded at the present value of the future minimum lease payments as of the date of their inception.

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

Governmental Activities	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
Long-Term Liabilities					
General Obligation Debt					
Serial Bonds	\$ 6,745,625	\$ 3,570,000	\$ 1,075,625	\$ 9,240,000	\$ 1,185,000
Premium on Obligations	-	495,113	-	495,113	35,365
Total Long-Term Liabilities	6,745,625	4,065,113	1,075,625	9,735,113	1,220,365
Other Long-Term Liabilities					
Compensated Absences Payable	408,311	-	14,516	393,795	-
Lease Payable	16,782	5,647	9,900	12,529	10,111
Other Postemployment Benefits Liability	29,193,894	-	2,516,367	26,677,527	-
Net Pension Liability - Proportionate Share	-	1,633,041	-	1,633,041	-
Total Other Long-Term Liabilities	29,618,987	1,638,688	2,540,783	28,716,892	10,111
Total Governmental Activities	\$ 36,364,612	\$ 5,703,801	\$ 3,616,408	\$ 38,452,005	\$ 1,230,476

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 7 - LONG-TERM DEBT OBLIGATIONS - Continued

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences and other postemployment benefits payable.

Existing serial and statutory obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Serial Bond	9/15/2010	9/15/2024	2.125%-3.25%	\$ 705,000
Serial Bond	6/15/2017	6/15/2035	3.00%-5.00%	4,525,000
Serial Bond	5/15/2019	9/15/2023	1.00%-2.50%	70,000
Serial Bond	9/15/2020	9/15/2024	1.00%-2.50%	90,000
Serial Bond	5/14/2021	9/15/2025	.50%-1.28%	75,000
Serial Bond	5/12/2022	11/15/2026	2.25%-3.70%	205,000
Serial Bond	6/15/2023	6/15/2038	5.00%	3,570,000
				<u>\$ 9,240,000</u>

The following is a summary of debt service for bonds payable requirements at year-end June 30:

	Principal	Interest	Total
2024	\$ 1,185,000	\$ 480,733	\$ 1,665,733
2025	1,195,000	381,369	1,576,369
2026	835,000	337,051	1,172,051
2027	850,000	297,049	1,147,049
2028	840,000	255,282	1,095,282
2029-2033	2,870,000	702,156	3,572,156
2034-2038	1,465,000	192,926	1,657,926
Total	<u>\$ 9,240,000</u>	<u>\$ 2,646,566</u>	<u>\$ 11,886,566</u>

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 7 - LONG-TERM DEBT OBLIGATIONS - Continued

Existing Leases:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Copier - Usherwood	5/1/2020	4/1/2025	1.910%	\$ 8,245
Copier - Kyocera	10/1/2022	9/1/2025	3.187%	4,284
				<u>\$ 12,529</u>

The following is a summary of debt service requirements for lease liabilities at year-end June 30:

	Principal	Interest	Total
2024	\$ 10,111	\$ 211	\$ 10,322
2025	1,926	48	1,974
2026	492	3	495
Total	<u>\$ 12,529</u>	<u>\$ 262</u>	<u>\$ 12,791</u>

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

Interest Paid	\$ 280,644
Plus: Interest Accrued in the Current Year	<u>22,610</u>
Total Interest on Long-Term Debt	<u>\$ 303,254</u>

NOTE 8 - PENSION PLANS

General Information

The District participates in the New York State Teachers' Retirement System (NYSTRS) and the New York State Employees' Retirement System (NYSERS). These are cost-sharing multiple employer public employee defined benefit 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS- Continued

Teachers' Retirement System (TRS) Plan Description

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 State statute. Additional information regarding the System, 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 NYSSTR Annual Comprehensive Financial Report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS) Plan Description

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 (RSSL). 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS - Continued

TRS Benefits Provided

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS - Continued

TRS Benefits Provided - Continued

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credited service times final average salary.

Under Article 19 of the RSSL, eligible Tier 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of 2 additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at age 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service for the first 20 years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55-62 regardless of service credit.

Vested Benefits

Retirement benefits for Tiers 1-6 are now vested after 5 years of credited service. Prior to April 9, 2022, Tier 5 and 6 members to attain 10 years of state service credit to be vested. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS - Continued

TRS Benefits Provided - Continued

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service and certain retirees. For active members, the benefit is based on final salary, age and the number of years of credited service. For retired members, it is also based on the number of years in retirement.

Prior and Military Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service. Certain members may also claim military service credit prior to or interrupting membership.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and tier of membership.

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of maximum annual benefit. The applicable percentage payable beginning September 2022 and 2021 is 3.0% and 1.4%, respectively. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS – Continued

ERS Benefits Provided

Benefits

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS – Continued

ERS Benefits Provided - Continued

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary is limited to no more than 10 percent greater than the average of the previous 2 years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS - Continued

ERS Benefits Provided - Continued

Final average salary is the average of the wages earned in the 5 highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 4 years.

Vested Benefits

Members who joined the System prior to January 1, 2010 need 5 years of service to be 100 percent vested. Members who joined on or after January 1, 2010 required 10 years of service credit to be 100 percent vested. As of April 9, 2022, legislation was passed that reduced the number of years of service credit from 10 years to 5 years. Therefore, all Members are vested when they reach 5 years of service credit.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS - Continued

ERS Benefits Provided - ContinuedPost-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2022 and received an overall discount of \$1,327).

Required contributions for the current and two preceding years were:

	NYSTRS	NYSERS
2022-2023	\$ 428,965	\$ 184,529
2021-2022	443,308	227,927
2020-2021	398,238	205,275

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS - Continued

Funding Policies - Continued

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District exercised.

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

At June 30, 2023, the District reported the following 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 pension asset (liability) used to calculate the net pension asset (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 to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
District's Proportionate Share of the		
Net Pension Asset (Liability)	\$ (1,158,910)	\$ (474,131)
District's Portion (%) of the Plan's Total		
Net Pension Asset (Liability)	0.0054043%	0.024709%
Change in Proportion (%) Since the Prior		
Measurement Date	0.0006752%	0.000089%

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS - Continued

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended June 30, 2023, the District's recognized pension expense of \$238,331 for ERS and \$148,256 for TRS. At June 30, 2023, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 123,433	\$ 496,829	\$ 32,547	\$ 9,501
Changes of Assumptions	562,841	919,734	6,220	190,993
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	612,622	6,809	-
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	66,050	32,887	15,985	17,769
District's Contributions Subsequent to the Measurement Date	59,112	474,740	-	-
Total	<u>\$ 811,436</u>	<u>\$ 2,536,812</u>	<u>\$ 61,561</u>	<u>\$ 218,263</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2024, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

	ERS	TRS
2024	\$ 166,543	\$ 362,820
2025	(50,901)	191,500
2026	251,319	(72,907)
2027	323,802	1,202,851
2028	-	152,817
Thereafter	-	6,728

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS - Continued

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Interest Rate	5.9%	6.95%
Salary Scale	4.4%	1.3%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation Rate	2.9%	2.4%

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

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 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 each target asset allocation percentage and by adding expected inflation.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS - Continued

Actuarial Assumptions - Continued

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Asset Type		
Domestic Equity	4.30%	6.50%
International Equity	6.85%	7.20%
Private Equity	7.50%	9.90%
Global Equity		6.90%
Real Estate	4.60%	6.20%
Opportunistic / Absolute Return Strategies Portfolio	5.38%	
Credit	5.43%	
Real Assets	5.84%	
Fixed Income	1.50%	
Cash		-0.03%
Private Debt		5.30%
Real Estate Debt		2.40%
Domestic Fixed Income Securities		1.10%
Global Bonds		0.60%
High-Yield Bonds		3.30%

Discount Rate

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

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8- PENSION PLANS - Continued

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

The following presents the District's proportionate share of the net pension asset (liability) 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:

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (2,800,588)	\$ (1,158,910)	\$ 212,903

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (4,371,708)	\$ (474,131)	\$ 2,803,706

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)		
	ERS	TRS	Total
Measurement Date	March 31, 2023	June 30, 2022	
Employer's Total Pension Asset (Liability)	\$ (232,627,259)	\$ (133,883,474)	\$ (366,510,733)
Plan Net Position	211,183,223	131,964,582	343,147,805
Employer's Net Pension Asset (Liability)	\$ (21,444,036)	\$ (1,918,892)	\$ (23,362,928)
Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability)	90.78%	98.57%	

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS - Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 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 \$59,112. Employee contributions are remitted monthly.

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 \$531,042.

NOTE 9 - INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund balances at June 30, 2023 are as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 1,105,382	\$ 1,001,943	\$ 35,000	\$ 1,097,521
Special Aid	-	617,379	2,320	-
School Food Service	3,775	29,824	-	-
Debt Service	1,228,293	-	-	35,000
Scholarships and Awards	-	1,975	-	-
Capital Projects -2019 Main	9,185	521,564	-	-
Capital Projects -2022 Main	-	18,615	1,000,000	-
Capital Projects -Other	-	155,335	95,201	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 2,346,635	\$ 2,346,635	\$ 1,132,521	\$ 1,132,521

The District typically transfers resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year. The General Fund advanced funds to the Special Aid to provide temporary cash until New York State has reimbursed the grant programs.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 - FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances of the District as of June 30, 2023:

Fund Balances (Deficits)	General	Special Aid	Capital Projects - Main 2019	Debt Service	Total Non- Major	Total Governmental Funds
Nonspendable						
Prepaid Expenditures	\$ 1,121	\$ -	\$ -	\$ -	\$ -	\$ 1,121
Inventory	-	-	-	-	11,603	11,603
Restricted						
Employee Benefit Accrued						
Liability	440,543	-	-	-	-	440,543
Insurance	456,013	-	-	-	-	456,013
Retirement Contributions NYSERS	2,258,689	-	-	-	-	2,258,689
Retirement Contributions NYSTRS	305,000	-	-	-	-	305,000
Unemployment Insurance	190,772	-	-	-	-	190,772
Workers' Compensation	338,542	-	-	-	-	338,542
Debt Service Fund	-	-	-	1,497,143	-	1,497,143
Capital Project - Main 2022	-	-	-	-	766,824	766,824
Permanent Fund	-	-	-	-	129,535	129,535
Extra Classroom Activity Funds	-	-	-	-	39,718	39,718
Scholarships and Awards Fund	-	-	-	-	99,887	99,887
Assigned						
Designated for Next Year	1,082,994	-	-	-	-	1,082,994
School Food Service Fund	-	-	-	-	17,411	17,411
Unassigned						
General Fund	2,439,347	-	-	-	-	2,439,347
Capital Projects -Other	-	-	-	-	(138,619)	(138,619)
Total Governmental Fund Balances	<u>\$ 7,513,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,497,143</u>	<u>\$ 926,359</u>	<u>\$ 9,936,523</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information about the OPEB Plan

Plan Description – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board, 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 a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	100
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>96</u>
Total Covered Employees	<u><u>196</u></u>

The District provides a Self-Insured Traditional Indemnity Plan to eligible retirees and dependents through the St. Lawrence-Lewis Health Care Consortium (the Plan). Currently 100 retired employees have elected to participate and contribute health insurance payments under the District’s group plan. The Plan does issue a publicly available financial report.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

General Information about the OPEB Plan - Continued

All active employees and retirees are subject to the following eligibility and contribution requirements:

Superintendent

- Must be at least age 55 with at least 5 years of service with the District and retire from the Employees' Retirement System or Teachers' Retirement System to be eligible for the District's post-employment health plan.
- Current active employees must contribute 13% of the individual premium.

Administrative, Teachers, CSEA

- Must be at least age 55 with at least 15 years of service with the District and retire from the Employees' Retirement System or Teachers' Retirement System to be eligible for the District's post-employment health plan.
- Current active employees must contribute the following of the individual premium; Administration 13%, Teachers 12%, & CSEA/Nonunion 5%.
- All spouses of retirees with at least 30 years of service must contribute the same percentage as the retiree of the difference between the individual and two-person premium amounts. All other spouses must contribute 100% of the difference between the individual and two-person premium amounts.
- Surviving spouses may continue coverage under the consortium's plan at 100% of the individual premium cost.

All retirees contribute the same percentage of the premium as at the time of their retirement.

Edwards-Knox CSD does not provide Medicare Part B premium reimbursements to Medicare eligible retirees or dependents.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2023, the District recognized \$854,075 for its share of insurance premiums for currently enrolled retirees.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS - Continued****Total OPEB Liability**

The District has obtained an actuarial valuation report as of June 30, 2023 which indicates that the total liability for other postemployment benefits is \$26,677,527 which is reflected in the Statement of Net Position. The OPEB liability was measured as of July 1, 2022 and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions

Measurement Date	7/1/2022
Rate of Compensation Increase	3.25%
Discount Rate	3.54%

Assumed Health Care Trend Rates at June 30

Health Care Cost Trend Rate Assumed for Next Fiscal Year	5.20%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	3.94%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2089

Additional Information

Actuarial Cost Method	Entry Age Normal
Amortized Cost Method	Level Percentage
Amortized Period Remaining (in Years)	6.72
Method used to Determine Actuarial Value of Assets	N/A

The discount rate was based on the Bond Buyer Weekly 20-Bond GO Index as of July 1, 2022.

Mortality rates were based on the sex-distinct and job category-specific headcount weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS - Continued**

Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 29,193,894
Changes for the Year	
Service Cost	974,403
Interest	635,426
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	(3,175,268)
Benefit Payments	<u>(950,928)</u>
Net Changes	<u>(2,516,367)</u>
Balance at June 30, 2023	<u>\$ 26,677,527</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.14 percent on July 1, 2021 to 3.54 percent on July 1, 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (3.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	<u>\$ 31,509,145</u>	<u>\$ 26,677,527</u>	<u>\$ 22,846,029</u>

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS - Continued**

Changes in the Total OPEB Liability – Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (trend decreasing to 2.94 percent) or 1 percentage point higher (trend decreasing to 4.94 percent) than the current healthcare cost trend rate:

	1% Decrease (Trend Less 1% Decreasing to 2.94%)	Healthcare Cost Trend Rates (Trend Decreasing to 3.94%)	1% Increase (Trend Plus 1% Decreasing to 4.94%)
Total OPEB Liability	<u>\$ 22,198,860</u>	<u>\$ 26,677,527</u>	<u>\$ 32,572,355</u>

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

For the year ended June 30, 2023, the District recognized OPEB credit of \$123,775. 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	\$ 1,559,069	\$ -
Changes of Assumptions or Other Inputs	4,243,878	3,227,510
Benefit Payments Subsequent to the Measurement Date	<u>880,194</u>	<u>-</u>
	<u>\$ 6,683,141</u>	<u>\$ 3,227,510</u>

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS - Continued**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB - Continued**

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

Fiscal Year Ending June 30,

2024	\$ 1,257,229
2025	1,392,551
2026	836,462
2027	(100,125)
2028	(470,472)
Thereafter	<u>(340,208)</u>
	<u>\$ 2,575,437</u>

NOTE 12 - RISK MANAGEMENT

General

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

Pooled Non-Risk-Retained

The District participates in the St. Lawrence – Lewis County School District’s Healthcare Plan (Plan), a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 18 individual governmental units located within the pool’s geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$1,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$1,000,000 limit, and the District has essentially transferred all related risk to the pool.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 12 - RISK MANAGEMENT - Continued

Pooled Non-Risk-Retained - Continued

Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing: St. Lawrence-Lewis Counties School District Employee Medical Plan, Post Office Box 697, Canton, New York 13617.

The District participates in the St. Lawrence-Lewis Counties School District Employees Workers' Compensation Plan, a risk-sharing pool, to ensure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District share of the liability for unbilled and open claims is \$0.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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 years' experience, the district's administration believes disallowances, if any, will be immaterial.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 13 - COMMITMENTS AND CONTINGENCIES – Continued

The District has been served with Notices of Claim brought pursuant to the Child's Victims Act. If the matter proceeds to trial, there is a potential that the District may be required to provide a settlement for which they do not have insurance coverage. The District intends to defend itself vigorously against this suit, however, no predictions have been made by management as of the report date as to the outcome or potential liability. The likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations at this time.

NOTE 14– DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of Scholarships.

Donor-restricted endowments are reported at fair value.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST SIX FISCAL YEARS

Ended June 30, 2023

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service Cost	\$ 974,403	\$ 959,023	\$ 655,971	\$ 599,192	\$ 665,983	\$ 1,553,777
Interest	635,426	701,736	859,464	739,916	695,469	1,191,155
Changes of Benefit Terms	-	(3,415,670)	-	-	-	(9,724,471)
Difference between Expected and Actual Experience	-	1,197,496	-	2,097,581	-	(5,283,390)
Changes in Assumptions or Other Inputs	(3,175,268)	(583,176)	6,277,784	2,678,741	(913,037)	(8,684,398)
Benefit Payments	(950,928)	(918,599)	(880,559)	(590,179)	(571,702)	(710,676)
Net Change in Total OPEB Liability	(2,516,367)	(2,059,190)	6,912,660	5,525,251	(123,287)	(21,658,003)
Total OPEB Liability - Beginning	29,193,894	31,253,084	24,340,424	18,815,173	18,938,460	40,596,463
Total OPEB Liability - Ending	\$ 26,677,527	\$ 29,193,894	\$ 31,253,084	\$ 24,340,424	\$ 18,815,173	\$ 18,938,460
Covered Payroll	\$ 5,605,150	\$ 5,787,968	N/A	\$ 4,773,175	\$ 4,589,933	\$ 5,449,832
Total OPEB Liability as a Percentage of Covered Payroll	475.95%	504.39%	N/A	509.94%	409.92%	347.51%

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See paragraph on supplementary schedules included in independent auditor's report.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND

Year Ended June 30, 2023

	Original Budget	Final Budget
REVENUES		
Local Sources		
Real Property Taxes	\$ 1,985,312	\$ 1,985,312
Other Tax Items	4,921	4,921
Charges for Services	71,000	71,000
Use of Money and Property	5,000	5,000
Miscellaneous	10,000	10,000
Total Local Sources	2,076,233	2,076,233
State Sources	12,948,902	12,948,902
Total Revenues	15,025,135	15,025,135
OTHER FINANCING SOURCES		
Transfers From Other Funds	35,000	35,000
Total Revenues and Other Financing Sources	15,060,135	15,060,135
 EXPENDITURES		
General Support		
Board of Education	18,689	29,783
Central Administration	197,053	205,940
Finance	189,766	192,168
Staff	33,900	31,947
Central Services	1,068,878	1,112,451
Special Items	913,005	913,055
Total General Support	2,421,291	2,485,344
Instruction		
Instruction, Administration and Improvement	338,923	348,896
Teaching - Regular School	2,902,620	2,974,423
Programs for Children with Handicapping Conditions	1,926,000	1,888,384
Occupational Education	497,432	499,831
Teaching - Special School	14,000	33,602
Instructional Media	591,266	601,916
Pupil Services	599,015	594,656
Total Instruction	6,869,256	6,941,708
Pupil Transportation	1,270,092	1,271,809
Employee Benefits	4,400,190	4,219,280
Debt Service	1,721,353	1,764,041
Total Expenditures	16,682,182	16,682,182
OTHER FINANCING USES		
Operating Transfers to Other Funds	207,000	1,207,000
Total Expenditures and Other Financing Uses	16,889,182	17,889,182
Net Change in Fund Balance	(1,829,047)	(2,829,047)
Fund Balances - Beginning	8,271,088	8,271,088
Fund Balances - End	\$ 6,442,041	\$ 5,442,041

Note to Required Supplementary Information Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting consistent

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

Actual	Final Budget Variance With Actual
\$ 1,720,306	\$ (265,006)
269,498	264,577
235,244	164,244
249,212	244,212
187,984	177,984
<u>2,662,244</u>	<u>586,011</u>
13,017,195	68,293
<u>15,679,439</u>	<u>654,304</u>
35,000	-
<u>15,714,439</u>	<u>\$ 654,304</u>

	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
25,886	\$ -	\$ 3,897
205,419	-	521
189,959	-	2,209
29,999	-	1,948
1,020,489	-	91,962
523,942	-	389,113
<u>1,995,694</u>	<u>-</u>	<u>489,650</u>
306,811	-	42,085
2,834,757	-	139,666
1,607,560	-	280,824
499,004	-	827
27,937	-	5,665
532,502	-	69,414
573,281	-	21,375
<u>6,381,852</u>	<u>-</u>	<u>559,856</u>
1,170,212	-	101,597
4,058,408	-	160,872
1,768,819	-	(4,778)
<u>15,374,985</u>	<u>-</u>	<u>1,307,197</u>
1,097,521	-	109,479
<u>16,472,506</u>	<u>\$ -</u>	<u>\$ 1,416,676</u>
(758,067)		
8,271,088		
<u>\$ 7,513,021</u>		

with accounting principles generally accepted in the United States of America.

See paragraph on supplementary schedules included in independent auditor's report.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS PENSION PLAN
LAST EIGHT FISCAL YEARS**

Ended June 30, 2023

Teachers' Retirement System (TRS)

	2023	2022	2021	2020	2019	2018	2017	2016
District's Proportion of the Net Pension Asset (Liability)	0.024709%	0.024620%	0.024418%	0.024200%	0.024910%	0.025109%	0.025116%	0.024733%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (474,131)	\$ 4,266,387	\$ 674,737	\$ (628,709)	\$ 450,444	\$ 190,850	\$ (268,998)	\$ 2,568,941
District's Covered Payroll	\$ 4,523,555	\$ 4,178,781	\$ 4,144,520	\$ 4,044,682	\$ 4,408,949	\$ 4,109,052	\$ 3,875,573	\$ 3,875,573
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	10.48%	102.10%	16.28%	15.54%	10.22%	4.64%	6.94%	66.29%

Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)

Employees' Retirement System (ERS)

District's Proportion of the Net Pension Asset (Liability)	0.0054043%	0.0047291%	0.0045478%	0.4902300%	0.4885800%	0.0049291%	0.0049305%	0.0049292%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,158,910)	\$ 386,584	\$ (4,528)	\$ (1,298,156)	\$ (346,177)	\$ (159,083)	\$ (463,283)	\$ (791,155)
District's Covered Payroll	\$ 1,720,160	\$ 1,537,246	\$ 1,569,214	\$ 1,603,384	\$ 1,637,523	\$ 1,403,553	\$ 1,362,829	\$ 1,369,537
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	67.37%	25.15%	0.29%	80.96%	21.14%	11.33%	33.99%	57.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

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See paragraph on supplementary schedules included in independent auditor's report.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS - NYSLRS PENSION PLAN

LAST EIGHT FISCAL YEARS

Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016
Teachers' Retirement System (TRS)								
Contractually Required Contribution	\$ 428,965	\$ 443,308	\$ 398,238	\$ 401,806	\$ 462,152	\$ 432,077	\$ 481,581	\$ 513,901
Contributions in Relation to the Contractually Required Contribution	428,965	443,308	398,238	401,806	462,152	432,077	481,581	513,901
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 4,523,555	\$ 4,178,781	\$ 4,144,520	\$ 4,044,682	\$ 4,408,949	\$ 4,109,052	\$ 3,875,573	\$ 3,875,573
Contributions as a Percentage of Covered Payroll	9.48%	10.61%	9.61%	9.93%	10.48%	10.52%	12.43%	13.26%
Employees' Retirement System (ERS)								
Contractually Required Contribution	\$ 184,529	\$ 227,927	\$ 205,575	\$ 211,543	\$ 207,038	\$ 196,398	\$ 198,584	\$ 199,784
Contributions in Relation to the Contractually Required Contribution	184,529	227,927	205,575	211,543	207,038	196,398	198,584	199,784
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,720,160	\$ 1,537,246	\$ 1,569,214	\$ 1,603,384	\$ 1,637,523	\$ 1,403,553	\$ 1,362,829	\$ 1,369,537
Contributions as a Percentage of Covered Payroll	10.73%	14.83%	13.10%	13.19%	12.64%	13.99%	14.57%	14.59%

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COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2023

	School Food Service	Extra Classroom Activity	Scholarships and Awards
ASSETS			
Cash and Cash Equivalents			
Unrestricted	\$ 22,145	\$ -	\$ -
Restricted	-	39,984	101,862
Receivables			
Due From Other Funds	3,775	-	-
State and Federal Aid	27,576	-	-
Inventories	11,603	-	-
TOTAL ASSETS	\$ 65,099	\$ 39,984	\$ 101,862
LIABILITIES			
Payables			
Accrued Liabilities	\$ 3,714	\$ -	\$ -
Due to Other Funds	29,824	-	1,975
Due to Other Governments	310	266	-
Unearned Credits			
Overpayments & Collections in Advance	2,237	-	-
Total Liabilities	36,085	266	1,975
FUND BALANCES (DEFICITS)			
Nonspendable	11,603	-	-
Restricted	-	39,718	99,887
Assigned	17,411	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	29,014	39,718	99,887
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 65,099	\$ 39,984	\$ 101,862

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

Capital Projects - Main 2022	Capital Projects - Other	Permanent Fund	Total Non-Major
\$ 18,615	\$ -	\$ -	\$ 40,760
766,824	-	129,535	1,038,205
-	-	-	3,775
-	16,716	-	44,292
-	-	-	11,603
<u>\$ 785,439</u>	<u>\$ 16,716</u>	<u>\$ 129,535</u>	<u>\$ 1,138,635</u>
\$ -	\$ -	\$ -	\$ 3,714
18,615	155,335	-	205,749
-	-	-	576
-	-	-	2,237
<u>18,615</u>	<u>155,335</u>	<u>-</u>	<u>212,276</u>
-	-	-	11,603
766,824	-	129,535	1,035,964
-	-	-	17,411
-	(138,619)	-	(138,619)
<u>766,824</u>	<u>(138,619)</u>	<u>129,535</u>	<u>926,359</u>
<u>\$ 785,439</u>	<u>\$ 16,716</u>	<u>\$ 129,535</u>	<u>\$ 1,138,635</u>

See paragraph on supplementary schedules included in independent auditor's report.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2023

	School Food Service	Extra Classroom Activity	Scholarships and Awards
REVENUES			
Use of Money and Property	\$ 4	\$ -	\$ 3,539
State Sources	7,571	-	-
Federal Sources	380,306	-	-
Surplus Food	29,918	-	-
Sales - School Food Service	33,960	-	-
Miscellaneous	34	57,364	325
Total Revenues	451,793	57,364	3,864
EXPENDITURES			
Employee Benefits	88,011	-	-
General Support	143,105	-	-
Cost of Sales – School Food Service	281,848	-	-
Other Expenditures	-	58,182	2,125
Capital Outlay	-	-	-
Total Expenditures	512,964	58,182	2,125
Excess (Deficiency) of Revenues over Expenditures	(61,171)	(818)	1,739
OTHER FINANCING SOURCES			
Proceeds from Debt	-	-	-
Operating Transfers In	-	-	-
Total Other Financing Sources	-	-	-
Net Change in Fund Balances (Deficits)	(61,171)	(818)	1,739
Fund Balances (Deficits) - Beginning of Year	90,185	40,536	98,148
Fund Balances (Deficits) - End of Year	\$ 29,014	\$ 39,718	\$ 99,887

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

Capital Projects - Main 2022	Capital Projects - Other	Permanent Fund	Total Non-Major
\$ -	\$ -	\$ 4,545	\$ 8,088
-	-	-	7,571
-	-	-	380,306
-	-	-	29,918
-	-	-	33,960
-	-	-	57,723
-	-	4,545	517,566
-	-	-	88,011
-	-	-	143,105
-	-	-	281,848
-	-	-	60,307
233,176	100,848	-	334,024
233,176	100,848	-	907,295
(233,176)	(100,848)	4,545	(389,729)
-	5,647	-	5,647
1,000,000	95,201	-	1,095,201
1,000,000	100,848	-	1,095,201
766,824	-	4,545	711,119
-	(138,619)	124,990	215,240
\$ 766,824	\$ (138,619)	\$ 129,535	\$ 926,359

See paragraph on supplementary schedules included in independent auditor's report.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE
REAL PROPERTY TAX LIMIT - GENERAL FUND**

June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 16,889,182
Add: Prior Year's Encumbrances	<u>-</u>
Original Budget	16,889,182
Budget Revision	<u>1,000,000</u>
Final Budget	<u><u>\$ 17,889,182</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2023-2024 Voter Approved Expenditure Budget	<u>\$ 16,979,842</u>
Maximum Allowed 4% of 2023-2024 Budget	<u><u>\$ 679,194</u></u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$1,082,994
Unassigned Fund Balance	<u>2,439,347</u>
Total Unrestricted Fund Balance	<u><u>3,522,341</u></u>
Less:	
Appropriated Fund Balance	1,082,994
Encumbrances Included in Assigned Fund Balance	<u>-</u>
Total Adjustments	<u><u>1,082,994</u></u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,439,347</u></u>
Actual Percentage	<u><u>14.37%</u></u>

See paragraph on supplementary schedules included in independent auditor's report.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES

Year Ended June 30, 2023

PROJECT TITLE	Expenditures				Methods of Financing					Fund Balance 6/30/2023	
	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	BANS				Local Sources
							Redeemed from Appropriations	Proceeds Of Obligations	State Aid		
Building Renovations 2019											
Main Building '19	\$ 4,300,000	\$ 3,413,668	\$ 3,413,668	-	\$ 3,413,668	\$ -	\$ 680,000	\$ 2,683,668	\$ -	\$ 50,000	\$ 3,413,668
Main Building '20	11,000	45,000	45,000	-	45,000	-	-	45,000	-	-	45,000
Main Building '21	1,128,000	841,332	235,590	605,742	841,332	-	-	841,332	-	-	841,332
Total 2019 Project	5,439,000	4,300,000	3,694,258	605,742	4,300,000	-	680,000	3,570,000	-	50,000	4,300,000
Central Building & Garage											
Main Building '22	9,100,000	9,100,000	9,235,955	-	9,235,955	(135,955)	-	8,555,000	402,613	139,723	9,097,336
Capital Outlay	6,800,000	6,800,000	-	233,176	233,176	6,566,824	-	-	-	1,000,000	1,000,000
Smart School Bond Act	100,000	95,201	-	95,201	95,201	-	-	-	-	95,201	95,201
Totals	330,000	330,000	131,786	-	131,786	198,214	-	-	131,786	-	131,786
	\$ 21,769,000	\$ 20,625,201	\$ 13,061,999	\$ 934,119	\$ 13,996,118	\$ 6,629,083	\$ 1,360,000	\$ 12,125,000	\$ 534,399	\$ 1,284,924	\$ 14,624,323
											\$ 628,205

See paragraph on supplementary schedules included in independent auditor's report.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2023

Capital Assets, Net		\$ 27,131,294
Deduct:		
Premium on Obligation - Serial Bond	\$ 495,113	
Short-Term Portion of Bonds Payable	1,185,000	
Long-Term Portion of Bonds Payable	8,055,000	
Short-Term Portion of Lease Liability	10,111	
Long-Term Portion of Lease Liability	<u>2,418</u>	<u>9,747,642</u>
Net Investment in Capital Assets		<u>\$ 17,383,652</u>

See paragraph on supplementary schedules included in independent auditor's report.

FEDERAL AWARD PROGRAM INFORMATION

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

**TO THE BOARD OF EDUCATION
EDWARDS-KNOX CENTRAL SCHOOL DISTRICT**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the Edwards-Knox Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Edwards-Knox Central School District's basic financial statements and have issued our report thereon dated October 4, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

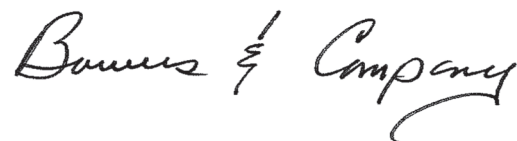
As part of obtaining reasonable assurance about whether the Edwards-Knox Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Edwards-Knox Central School District's Response to Findings

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned to the right of the main body of text.

Watertown, New York
October 4, 2023

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

**TO THE BOARD OF EDUCATION
EDWARDS-KNOX CENTRAL SCHOOL DISTRICT**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Edwards-Knox Central School District's 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 Edwards-Knox Central School District's major federal programs for the year ended June 30, 2023. Edwards-Knox Central School 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, Edwards-Knox 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Edwards-Knox Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Edwards-Knox Central School 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 Edwards-Knox Central School 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 Edwards-Knox Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Edwards-Knox Central School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Edwards-Knox Central School 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 Edwards-Knox Central School 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 Edwards-Knox Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

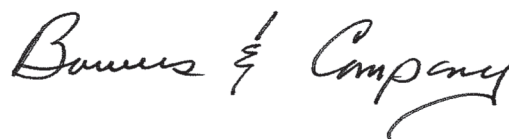
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "Banner & Company". The script is cursive and fluid, with the ampersand being a simple loop.

Watertown, New York
October 4, 2023

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	Assistance Listing Number	Agency or Pass-Through Number	Total Federal Expenditures
<u>U.S. Department of Education</u>			
Passed-Through NYS Education Department:			
Title I Grants to Local Educational Agencies	84.010A	0021-23-2665	\$ 188,788
Special Education Cluster:			
COVID-19: Special Education – Grants to States (IDEA, Part B)	84.027X	5532-22-0803	25,172
Special Education – Grants to States (IDEA, Part B)	84.027A	0032-23-0803	156,295
COVID-19: Special Education – Preschool Grants (IDEA Preschool)	84.173X	5533-22-0803	2,803
Special Education – Preschool Grants (IDEA Preschool)	84.173A	0033-23-0803	6,402
Total Special Education Cluster			<u>190,672</u>
Education Stabilization Fund:			
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5880-21-2665	666,362
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5884-21-2665	117,919
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5882-21-2665	45,273
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5883-21-2665	35,410
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-2665	228,464
Total Education Stabilization Fund			<u>1,093,428</u>
Student Support and Academic Enrichment Program	84.424A	0204-23-2665	14,577
Supporting Effective Instruction State Grants	84.367A	0147-23-2665	21,002
Total Passed-Through NYS Education Department			<u>1,508,467</u>
Direct Program:			
Rural Education	84.358A		<u>20,556</u>
Total Direct Programs from U.S. Department of Education			<u>20,556</u>
Total U.S. Department of Education			<u>1,529,023</u>
Subtotal to Next Page			<u>\$ 1,529,023</u>

See paragraph on supplementary schedules included in independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

Year Ended June 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	Assistance Listing Number	Agency or Pass-Through Number	Total Federal Expenditures
Subtotal from Previous Page			\$ 1,529,023
<u>U.S. Department of Health and Human Services</u>			
Passed-Through St. Lawrence County Public Health Department:			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		30,898
Total Passed-Through St. Lawrence County Public Health Department			30,898
Total U.S. Department of Health and Human Services			30,898
<u>U. S. Department of Agriculture</u>			
Passed-Through NYS Education Department:			
COVID-19: Pandemic EBT Administrative Costs	10.649		628
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555		10,836
Fresh Fruit and Vegetable Program	10.582		19,082
Non-Cash Assistance Subtotal			29,918
Cash Assistance			
School Breakfast Program	10.553		88,756
COVID-19: Supply Chain Assistance Grant	10.555		37,476
National School Lunch Program	10.555		245,289
Summer Food Service Program for Children	10.559		8,157
Cash Assistance Subtotal			379,678
Total Child Nutrition Cluster			409,596
Total Passed Through NYS Education Department			410,224
Total U.S. Department of Agriculture			410,224
Total Federal Assistance			\$ 1,970,145

See paragraph on supplementary schedules included in independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District’s accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District’s 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).

NOTE 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.

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. 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 of the data presented.

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

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

NOTE 3 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

NOTE 4 – SCOPE OF AUDIT

The District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

NOTE 5 – OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

NOTE 6 – NON-MONETARY FEDERAL PROGRAM

The District is the recipient of federal award programs that do not result in cash receipts or disbursements. The District was granted \$10,836 of commodities under the National School Lunch Program for Children (Assistance Listing 10.555) and \$19,082 of commodities under the Fresh Fruit and Vegetable Program (Assistance Listing 10.582).

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

NOTE A – SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of Edwards-Knox Central School District.
2. No significant deficiencies were disclosed during the audit of the basic financial statements of Edwards-Knox Central School District.
3. One instance of noncompliance material to the financial statements of Edwards-Knox Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed during the audit of the major federal award programs of Edwards-Knox Central School District.
5. The auditor’s report on compliance for the major federal award programs for Edwards-Knox Central School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a) related to the major federal award programs for Edwards-Knox Central School District.
7. The programs tested as major programs includes:

U.S. Department of Education

Passed-Through NYS Education Department

COVID-19 American Rescue Plan - Elementary and Secondary

School Emergency Relief 84.425U

COVID-19 Elementary and Secondary School Emergency Relief Fund 84.425D

8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. Edwards-Knox Central School District was determined to be a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

NOTE B – FINDINGS - FINANCIAL STATEMENT AUDIT

Finding Control Number: 2023-001

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation

Criteria

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserves for tax reduction and insurance recoveries, the District can retain to no more than 4% of the subsequent year's budgeted appropriations. Amounts appropriated for the subsequent year, encumbrances, nonspendable and restricted balances are also excluded for the 4% limitation.

Condition

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$1,760,153 during the fiscal year.

Context

During our audit test of compliance - §1318 Real Property Tax, it was noted that the unassigned fund balances of \$2,439,347 had exceeded maximum allowed unexpended balance of \$679,194 for the fiscal year ended.

Effect

As a result, the District was not in compliance with the unexpended surplus funds limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2023.

Cause

The District understands the requirements relating to §1318 Real Property Tax law and due to the uncertainty of primary revenue sources maintains fund balance levels deemed appropriate in accordance with their long range fund balance plan.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

NOTE B – FINDINGS – FINANCIAL STATEMENT AUDIT –

Continued

Finding Control Number: 2023-001 – Continued

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation – Continued

Recommendation

We recognize the District has developed and implemented a long range written reserve plan. The District also monitors the fund balance on a regular basis. We recommend school officials continue to review fund balance throughout the year to address compliance with the Real Property Tax Law §1318.

Views of Responsible Officials and Planned Corrective Actions

The District will continue to monitor fund balance throughout the year and take appropriate steps to ensure compliance with the Real Property Tax Law §1318 that prohibits excess fund balance at the fiscal year end. The District will look to establish and fund a tax certiorari reserve. In addition, the District will look to continue to fund the ERS sub-fund for TRS contributions. The District also plans to absorb some of the programming currently funded with federal stimulus funding.

**NOTE C – FINDINGS AND QUESTIONED COSTS – MAJOR
FEDERAL AWARD PROGRAMS AUDIT**

There were no findings to report.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2023

NOTE A – FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings to report.

**NOTE B – FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There were no findings to report.

EXTRA CLASSROOM ACTIVITY FUNDS

INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

THE BOARD OF EDUCATION EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Edwards-Knox Central School District for the year ended June 30, 2023 and the related note to the financial statements.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Edwards-Knox Central School District for the year then ended June 30, 2023, in accordance with cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Edwards-Knox Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

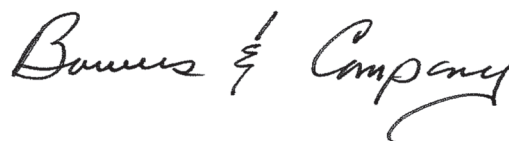
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 the cash basis of accounting as described in Note 1, 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 auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 Edwards-Knox Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Edwards-Knox Central School District's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

Watertown, New York
October 4, 2023

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS - STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2023

	Cash Balances 7/1/2022	Cash Receipts	Cash Disbursements	Cash Balances 6/30/2023
Class of:				
2021	\$ (255)	\$ -	\$ -	\$ (255)
2023	11,176	16,282	27,458	-
2024	10,992	10,826	5,427	16,391
2025	2,823	6,215	3,081	5,957
2026	-	5,339	2,063	3,276
Student Council	1,883	1,675	2,718	840
FFA	6,577	1,517	3,678	4,416
Stage Musical	4,161	7,509	3,165	8,505
After School Art	391	-	84	307
Yearbook	2,411	7,643	10,022	32
Speech and Debate	117	-	49	68
National Honor Society	147	-	147	-
Science National Honor Society	-	358	177	181
NYS Sales Tax	113	266	113	266
Total	<u>\$ 40,536</u>	<u>\$ 57,630</u>	<u>\$ 58,182</u>	<u>\$ 39,984</u>

See extra classroom activity funds - note to financial statement.

EDWARDS-KNOX CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS - NOTE TO FINANCIAL STATEMENT

June 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The Extra Classroom Activity Funds of Edwards-Knox Central School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management.

The accounts of the Extra Classroom Activity Funds of Edwards-Knox Central School District are maintained on a cash basis and the Statement of Cash Receipts and Disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expenses, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statement.