# MCGRAW CENTRAL SCHOOL DISTRICT FINANCIAL STATEMENTS JUNE 30, 2023

# MCGRAW CENTRAL SCHOOL DISTRICT

# **JUNE 30, 2023**

# TABLE OF CONTENTS

<u>]</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-12
FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities and Changes in Net Position	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	17
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in Fund	
Balance to the Statement of Activities	18
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	19
NOTES TO FINANCIAL STATEMENTS	20-46

# MCGRAW CENTRAL SCHOOL DISTRICT

# **JUNE 30, 2023**

# TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
REQUIRED AND OTHER SUPPLEMENTAL SCHEDULES	47
Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget (Non-GAAP Basis) and Actual – General Fund	48
Schedules of Changes in the District's Total OPEB Liability and Other Related Ratios	49
Schedule of District Contributions – NYSLRS Pension Plan	50
Schedule of District Contributions – NYSTRS Pension Plan	50
Schedule of District's Proportionate Share	
of the Net Pension Asset/Liability	51
Schedule of District's Proportionate Share	
Of the Net Pension Asset/Liability	51
Schedules of Change from Adopted Budget to Final Budget and Use	
of Unreserved Fund Balance – General Fund	52
Schedule of Project Expenditures - Capital Projects Fund	53
Net Investment in Capital Assets	54
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	55-56
Independent Auditor's Report on Compliance for Each Major Program	
and on Internal Control Over Compliance Required by the Uniform Guidance	57-58
Schedule of Expenditures of Federal Awards	
Notes to Schedule of Expenditures of Federal Awards	
Schedule of Findings and Questioned Costs	



#### INDEPENDENT AUDITOR'S REPORT

To the Board of Education of McGraw 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 McGraw 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 McGraw Central School District, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of McGraw 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about McGraw 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 McGraw 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 McGraw 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 management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratio, schedule of the District's proportionate share of net pension asset (liability) and schedule of District contributions on pages 4-12 and 48-51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McGraw Central School District's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 5, 2023, on our consideration of McGraw 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 the McGraw 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 McGraw Central School District's internal control over financial reporting and compliance.

Port, Kashdin & McShorery

Certified Public Accountants

Cortland, NY October 5, 2023

## MCGRAW CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

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

#### FINANCIAL HIGHLIGHTS

- The District was in compliance with the NYS Real Property Tax Law §1318, which limits the amount of surplus funds to no more than 4% of the District's budget for the ensuing fiscal year.
- During 2023 and 2022, the General Fund received \$187,007 and \$250,034, respectively, than budgeted for revenues and expended less than budgeted by \$1,448,553 and \$1,313,219, respectively.
- Capital asset additions during 2023 amounted to \$610,453 and included two buses, several
  instructional equipment items and equipment for the cafeteria.
- The overall indebtedness of the District in terms of Bonds and Bond Anticipation Notes decreased to \$10,089,890 at year-end, as a result of planned principal payments.
- Total fund balance, including reserves, in the General Fund was \$6,834,051 at June 30, 2023, which
  increased by \$908,059 due to an excess of revenues over expenditures and other adjustments.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Figure A-1 summarizes the major features of McGraw Central School 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.

Figure A-1 Major Features of the District-wide and Fund Financial Statements

		Fund Fin	nancial Statements
	District-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position     Statement of activities	Balance sheet     Statement of revenues, expenditures, and changes in fund balances	Statement of fiduciary net position     Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/ liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources, expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during 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	All additions and deductions during the year, regardless of when cash is received or paid

#### **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 – the difference between the District's assets and deferred outflows of resources and the District's 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 are an indicator of whether its financial
  position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other 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 funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

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, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

#### FINANCIAL ANALYSIS OF

#### MCGRAW CENTRAL SCHOOL DISTRICT AS A WHOLE

The District's total assets and deferred outflows of resources decreased 10.51% from the prior year to just under \$52 million. (See Table I). Current assets decreased by less than 1%, while Capital assets remained fairly flat. Noncurrent assets, which includes the District's restricted cash, decreased 44.80%, primarily due to changes in the District's portion of the TRS and ERS pensions. Total cash balances (which include reserves) of the District increased 23.44% from \$6.3 million to \$7.8 million in the current year. The District's noncurrent liabilities remained fairly steady compared to the prior year. Current liabilities, which include amounts due to other governments, as well as amounts due to both Teacher and Employee Retirement Systems, and deferred revenues expected to be collected within the next year, increased less than 1% from the prior year. Net position for the year increased to just under \$8.9 million.

Table I

Condensed Statement of	Governmen	tal Activities	Total Dollar			
Net Position	and Total Se	chool District	Change			
	2022	2023	2022-2023			
Current Assets	\$ 6,604,955	\$ 6,549,130	\$ (55,825)			
Noncurrent Assets	8,648,995	4,774,417	(3,874,578)			
Capital Assets, Net	25,134,958	24,782,746	(352,212)			
Total Assets	40,388,908	36,106,293	(4,282,615)			
OPEB (GASB 75)	2,123,695	1,691,560	(432,135)			
State and Federal Aid Receivable	12,310,627	10,641,453	(1,669,174)			
Deferred Outflows Related to Pensions	3,207,824	3,493,745	285,921			
Deferred Outflows of Resources	17,642,146	15,826,758	(1,815,388)			
Current Liabilities	4,327,638	4,364,332	36,694			
Noncurrent Liabilities	25,016,961	25,180,814	163,853			
Total Liabilities	29,344,599	29,545,146	200,547			
OPEB (GASB 75)	4,064,265	4,078,455	14,190			
Deferred Revenues	10,602,809	8,984,403	(1,618,406)			
Deferred Inflows Related to Pensions	6,107,418	459,007	(5,648,411)			
Deferred Inflows of Resources	20,774,492	13,521,865	(7,252,627)			
Net Investment in Capital Assets	14,134,958	14,692,856	557,898			
Restricted	6,728,597	7,670,094	941,497			
Unrestricted	(12,951,592)	(13,496,910)	(545,318)			
Total Net Position	\$ 7,911,963	\$ 8,866,040	\$ 954,077			

Table II

Changes in Net Position From Operating Results		Government School		trict	Dollar Change		
		2022	- 1	2023		2022-2023	
Revenues							
Program Revenues:							
Charges for Services	\$	28,683	\$	33,615	\$	4,932	
Operating Grants and Contributions		1,938,417		2,089,733		151,316	
Capital Grants and Contributions		-		-		-	
General Revenues:							
Property Taxes		3,321,294		3,334,291		12,997	
State Formula Aid		11,293,318		10,896,135		(397,183)	
Federal Aid		78,558		59,804		(18,754)	
Use of Money and Property		21,061		28,102		7,041	
Miscellaneous		1,039,876		236,839		(803,037)	
Total Revenues		17,721,207		16,678,519	E.X	(1,042,688)	
Program Expenses							
General Support		1,372,891		1,594,385		221,494	
Instruction		7,895,675		8,160,568		264,893	
Transportation		365,229		378,462		13,233	
Community Service				-		-	
Employee Benefits		1,390,267		2,854,140		1,463,873	
Interest		404,293		561,035		156,742	
Depreciation and Amortization		907,656		981,064		73,408	
Other Expenditures		216,347		-		(216,347)	
Other Post-employment Benefits		796,810		720,146		(76,664)	
School Food Service Program		463,929		474,647		10,718	
Total Expenses		13,813,097		15,724,447		1,911,350	
Increase (Decrease) in Net Position	s	3,908,110	s	954,072	s	(2,954,038)	

The District's total revenues decreased compared to the prior fiscal year. (See Table II and Figure 1). Property tax revenues increased less than .50% to \$3.3 million and accounted for 20% of total revenues. State Aid decreased to just over \$10.9 million and accounted for 65% of total revenues.

The District's total expenses for the fiscal year were \$15.7 million, or a 13.84% increase from the prior year. Of the District's total expenses, Instruction costs are 52% of the total, while General Support costs (which include Central Services) accounted for 10% of total expenses (See Figure 2). Employee Benefit costs increased 105.29% to \$2.8 million or 18% of the District's total expenses, largely due to the changes in the District's share of the pension asset/liability and related expenses for both TRS and ERS Systems, as well as changes in deferred inflows and outflows of both. Expenses associated with Post-employment Benefits also decreased 9.62% and accounted for 5% of the District's total expenses.

For the current year, the overall increase in net position was approximately \$954,000, compared with the prior year increase of approximately \$3,908,000.

Figure 1 - Revenues

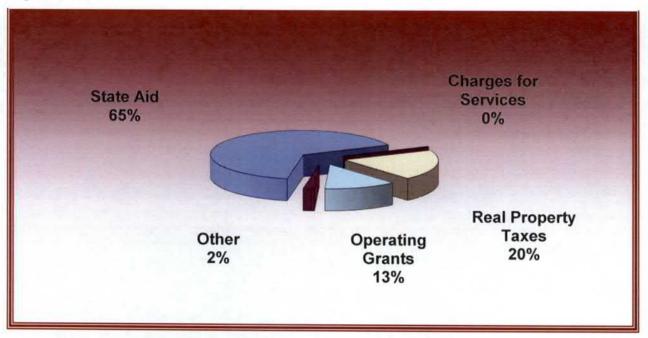
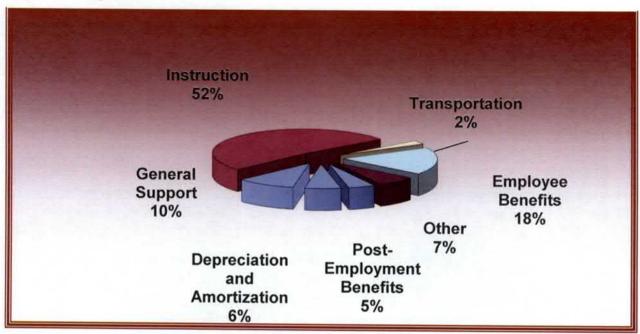


Figure 2 – Expenses



#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds ended the fiscal year with a combined increase of \$904,000 (see Table III). All funds except the school food service fund, had revenues meeting or exceeding expenditures.

Table III

Govern	nent	al Fund Balai 2022	nces	2023	(	al Dollar Change 22-2023	Total Percentage Change 2022-2023
General Fund	\$	5,925,992	\$	6,834,051	\$	908,059	15.32%
Special Aid		2,247		2,247		12	0.00%
School Food Service		201,016		123,081		(77,935)	-38.77%
Capital Project		(404,677)		(396,562)		8,115	-2.01%
Debt Service		1,161,026	S	1,227,428		66,402	5.72%
	\$	6,885,604	\$	7,790,245	\$	904,641	13.14%

## GENERAL FUND BUDGETARY HIGHLIGHTS

Although the General Fund final budget anticipated that expenditures would exceed revenues by \$770,466 (the appropriated balance), the actual results for the year report a surplus of \$908,057. Actual revenues were above budgeted expectations by \$185,009, while expenditures (including encumbrances) were \$1,448,553 below budget.

Table IV

Condensed Budgetary		Original		Revised		Actual With	Total Dollar		
Comparison General Fund REVENUES	1940	Budget		Budget	Ei	ncumbrances		Variance	
Real Property Taxes Other Tax Items State and Federal Sources Other Financing Sources	\$	3,309,830 5,000 10,937,779	\$	3,309,830 5,000 10,937,779	\$	2,813,705 520,586 10,946,903	\$	(496,125) 515,586 9,124	
Total Revenues and Other		139,845		139,845		296,269	-	156,424	
Financing Sources Appropriated Fund Balances	S	14,392,454 770,466	S	14,392,454 890,854	S	14,577,463	S	185,009	
EXPENDITURES				020,034	9		- 0	10.30	
General Support Instruction Pupil Transportation Community Service Employee Benefits Debt Service Operating Transfers Out	\$	1,757,072 7,401,062 436,630 500 3,830,582 1,617,074 120,000	\$	1,870,625 7,456,177 429,685 353 3,687,683 1,654,621 184,164	\$	1,811,526 6,953,837 378,575 - 2,871,549 1,654,621 164,647	\$	59,099 502,340 51,110 353 816,134 0 19,517	
Total Expenditures and Other Financing Uses	s	15,162,920	s	15,283,308	s	13,834,755	s	1,448,553	

#### CAPITAL ASSET AND DEBT ADMINISTRATION

#### **Capital Assets**

During the fiscal year, the District invested \$610,453 in additional capital assets, consisting of two buses and several instructional equipment items. Depreciation expense for the fiscal year was \$857,559.

#### Long-term Debt

At year-end, the District's long-term debt consisted of \$9,470,000 of serial bonds outstanding. The serial bonds carry an average interest rate that varies between 2% and 5% and have a final maturity date of 2036.

#### FACTORS BEARING ON THE DISTRICT'S FUTURE

The McGraw Central School District had been very aggressive in applying for many types of grants to help fund programs. The District first received an Expanded Prekindergarten Grant in 2017-18 which was used to fully fund one section of Prekindergarten. In 2020-21, the District was able to fund 2 sections of Prekindergarten using this grant. In 2021-22, the District added a 3-year old Prekindergarten classroom. In 2022-23, the District budgeted a \$713,346 increase in state aid. The increase was primarily attributable to an increase in Foundation Aid resulting in New York State's commitment to fully fund Foundation Aid by 2023-24. In addition to the increases in state aid, the District continued to use its \$2.6 million in federal stimulus funds to address the impact of COVID-19. These funds will be used in the 2021-22, 2022-23, and 2023-24 fiscal years. There have not been significant changes in student enrollment.

In some program areas, the District shifted positions that were previously filled by BOCES itinerants and shared with other Districts, to a "District owned" position. Although in some cases, this will result in a decrease in BOCES aid for the District, the District is in a position financially, and with student enrollment, where these programs can no longer be shared. The District continued to contract with BOCES for some business office and food service functions during 2022-23. Shared services are already in place, but the District is committed to pursuing other opportunities that would benefit the District financially while maintaining current programs.

The District is further committing funds to maintain District facilities through annual Capital Outlay Projects. Supply chain delays prevented the 2022-23 project from being completed by June 30, 2023, so the project will be completed in 2023-24.

The Employer Contribution Rate for non-instructional Employee Retirement System (ERS) decreased but the instructional Teacher Retirement System (TRS) increased in 2022-23. The District has decided to not opt in to the deferred pension payment plan, as it would be unwise to saddle future boards and District leaders with the cost plus interest. The District has enough reserves in the ERS fund to cover over ten years of payments putting the District in solid financial position. Employer contribution rates for TRS will decrease in 2023-24. The Board of Education authorized the creation of the Retirement Contribution Reserve Sub-Fund in April of 2019, pursuant to Section 6-r of the General Municipal Law, which will be used to offset future TRS related expenses.

The constant increase in health insurance costs also poses a challenge to the District. Rates are expected to continue to increase 5-8% annually. The District was able to control the legacy costs of retiree insurance in its contract negotiations with the CSEA in 2014-15. Future retirees will no longer be eligible for Post-Medicare health insurance coverage, in exchange for a \$40,000 health insurance buyout. In 2015-16 this was implemented for Administrative & Exempt employees.

In accordance with GASB 75 the District has completed the analysis by contracting with Questar III BOCES for the service. For year end June 30 2022, the District's net OPEB is \$14,733,468.

The District has collective bargaining agreements in place with the McGraw Faculty Association through June 30, 2026 and the CSEA through June 30, 2024.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's board, taxpayers, 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 Business Office, McGraw Central School District, McGraw, New York.

# Statement of Net Position June 30, 2023

ASSETS		
Cash - Unrestricted	\$	3,317,011
Cash - Restricted	Ψ	4,473,166
State and Federal Aid Receivable		3,181,444
Other Receivables		50,675
Due From Fiduciary Funds		-
Inventories		14,153
Prepaid Expenditures		_
Capital Assets, Not Being Depreciated		397,605
Capital Assets, Being Depreciated, Net of Accumulated Depreciation		24,385,141
Right to Use Asset, Net of Accumulated Amortization		287,098
Net Pension Asset - Proportionate Share		_
Total Assets		36,106,293
DEFERRED OUTFLOW OF RESOURCES		
OPEB (GASB 75)		1,691,560
State and Federal Aid Receivable		10,641,453
Pensions		3,493,745
Total Deferred Outflows of Resources		15,826,758
Total Assets and Deferred Outflows of Resources	\$	51,933,051
	Φ	31,933,031
LIABILITIES Accounts Payable	¢.	104 106
Accounts Payable Accrued Liabilities	\$	104,106
Due to Other Governments		166,503
		249
Due to Fiduciary Funds Bond Anticipation Payable		500
Unearned Revenues		619,890
Long-term Liabilities		1,677,338
Due and Payable Within One Year		
Bonds Payable		1,035,000
Due to Teachers' Retirement System		619,889
Due to Employees' Retirement System		32,547
Lease Liability		108,310
Due and Payable After One Year		100,510
Bonds Payable		8,435,000
Post-employment Benefits		14,733,468
Compensated Absences Payable		464,511
Lease Liability		154,595
Net Pension Liability - Proportionate Share		1,393,240
Total Liabilities		29,545,146
DEFERRED INFLOWS OF RESOURCES		23,5 15,1 10
Deferred Revenues		8,984,403
OPEB (GASB 75)		4,078,455
Pensions		459,007
Total Deferred Inflows of Resources	_	13,521,865
NET POSITION		13,321,603
Net Investment in Capital Assets		14 602 956
Restricted		14,692,856
Non-spendable		14,153
Restricted		6,780,045
Committed		0,700,043
Assigned		875,896
Unrestricted (Deficit)		(13,496,910)
Total Net Position		8,866,040
Total Liabilities Deferred Inflows of Resources and Net Position	\$	51,933,051
and the Follon	Φ	31,933,031

# Statement of Activities and Changes in Net Position For the Year Ended June 30, 2023

				Program	Reve	enues		t (Expense)
				arges for		)pe rating	C	hanges in
		Expenses	Se	rvices	_	Grants	No	et Position_
FUNCTIONS/PROGRAMS								
General Support	\$	1,594,385	\$	1,601	\$	-	\$	(1,592,784)
Instruction		8,160,568		_		1,672,147		(6,488,421)
Pupil Transportation		378,462		_		_		(378,462)
Community Service		-		_		-		-
Employee Benefits		2,854,140		_		-		(2,854,140)
Interest		561,035		· ·		-		(561,035)
School Food Service		474,647		32,014		417,586		(25,047)
Post-employment Benefits		720,146		_		_		(720,146)
Other Expenditures		_		_		· _		_
Capital Outlay		_		_		_		_
Amortization - Unallocated		123,505		_				(123,505)
Depreciation - Unallocated		857,559		-		_		(857,559)
Total Functions and Programs	\$	15,724,447	\$	33,615	\$	2,089,733		(13,601,099)
GENERAL REVENUES								
Real Property Taxes								2,813,705
Other Tax Items								520,586
Nonproperty Taxes								-
Use of Money and Property								28,102
Sale of Property and Compensation	n for	Loss						10,591
Miscellaneous								226,248
State Sources								10,896,135
Federal Sources								59,804
								23,001
Total General Revenues							_	14,555,171
Change in Net Position								954,072
Total Net Position - Beginning of	Year							7,911,963
Other Adjustments to Net Position	n/Rou	ınding						5
Total Net Position - End of Year							\$	8,866,040

# MCGRAW CENTRAL SCHOOL DISTRICT

Balance Sheet – Governmental Funds June 30, 2023

	Ğ	General	Ø	Special Aid	Food	School Food Service	O A	Capital Projects	S	Debt Service	Ĝ	Total Governmental Funds
ASSETS								,				
Cash												
Unrestricted	\$	1,530,188	8	269,582	8	128,280	8	161,533	\$	1,227,428	8	3,317,011
Restricted	4	4,473,166										4,473,166
Receivables												
Due From Other Funds	_	1,023,573		483								1,024,056
State and Federal Aid		681,080		617,964		1,384		223,966				1,524,394
Due From Other Governments												
Other Receivables		48,827				1,848						50,675
Prepaid Expenditures										,		-
Inventories				1		14,153		-		1		14,153
Total Assets	\$	7,756,834	↔	888,029	€	145,665	<b>∞</b>	385,499	8	1,227,428	↔	10,403,455
LIABILITIES												
Payables												
Accounts Payable	8	81,226	↔	2,680	8	20,200	↔	•	8	,	8	104,106
Accrued Liabilities		145,788		3,547		,				,		149,335
Due to Other Funds		983		861,402		,		162,171		,		1,024,556
Due to Other Governments		,		1		249		,				249
Due to Teachers' Retirement System		619,889		,		,		,		,		619,889
Due to Employees' Retirement System		32,547		,		,		,		,		32,547
Compensated Absences Liability		42,350		,		,		,		,		42,350
Revenue Anticipation Notes		,		,		,		•		,		,
Bond Anticipation Notes		,		,				619,890		•		619,890
Unearned Revenues				18,153		2,135						20,288
Total Liabilities		922,783		885,782		22,584		782,061				2,613,210

	General	<u> 20</u>	Spe cial Aid	S	School Lunch	C <sub>2</sub>	Capital Projects	Do	Debt Service	T Gove F	Total Governmental Funds
FUND BALANCES											
Non-spendable											
Reserve for Inventory	- \$	S		∽	14,153	↔	•	8	,	↔	14,153
Reserve for Prepaid Expenditures	•		,				,		,		
Restricted											
Reserve for Encumbrances	•		1,009		1,296		134,609		,		136,914
Reserve for Employee Benefit											
Accrued Liability	392,491						•		1		392,491
Reserve for Retirement Contributions-ERS	1,331,537		,				,				1,331,537
Reserve for Retirement Contributions-TRS	400,911										400,911
Reserve for Tax Certiorari	25,034				,		,		,		25,034
Reserve for Unemployment Insurance	148,586		,		,		,		,		148,586
Reserve for Repairs	184,957		•		,		,		•		184,957
Reserve for Workers' Compensation	514,966								,		514,966
Capital Reserve	2,417,222								,		2,417,222
Reserve for Debt							,	1,7	1,227,428		1,227,428
Committed			,		,		,		,		,
Assigned											
Reserve for Encumbrances	165,349				•						165,349
Unreserved - Designated for											
Subsequent Year's Expenditures	601,677		1,238		107,632		,		٠,		710,547
Unassigned	651,321						(531,171)				120,150
Total Fund Balances	6,834,051		2,247		123,081		(396,562)	1,2	1,227,428		7,790,245
Total Liabilities and Fund Balances	\$ 7,756,834	€	888,029	8	145,665	€	385,499	\$ 1,2	1,227,428	\$	10,403,455

# Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

	Go	Total overnmental Funds	_	Long-term Assets, Liabilities		classifications and liminations		tatement of let Position Totals
ASSETS								
Cash - Unrestricted	\$	3,317,011	\$	-	\$	-	\$	3,317,011
Cash - Restricted		4,473,166		-		-		4,473,166
Accounts Receivable		50,675		-		-		50,675
Due From Other Funds		1,024,056		-		1,024,056		- 1
State and Federal Aid Receivable		1,524,394		1,657,050		-		3,181,444
Inventories		14,153		-		-		14,153
Capital Assets, Net		-		24,782,746		-		24,782,746
Right to Use Asset, Net		-		287,098		-		287,098
Prepaid Expenditures		-		-		-		-
Net Pension Asset - Proportionate Share	_		_				_	
Total Assets		10,403,455		26,726,894		1,024,056		36,106,293
DEFERRED OUTFLOWS OF RESOURCES								
OPEB (GASB 75)		_		1,691,560		٠,-		1,691,560
State and Federal Aid Receivable		-		10,641,453		-		10,641,453
Pensions		-		3,493,745		_		3,493,745
Total Deferred Outflow of Resources		_		15,826,758		_		15,826,758
Total Assets and Deferred Outflows			_				_	10,020,700
of Resources	\$	10,403,455	¢	12 552 652	<b>c</b>	1 024 056	dr.	£1 022 0£1
	Ф	10,403,433	\$	42,553,652	\$	1,024,056	\$	51,933,051
LIABILITIES								
Accounts Payable	\$	104,106	\$	-	\$	-	\$	104,106
Accrued Liabilities		149,335		17,168		-		166,503
Bonds Payable		-		9,470,000		-		9,470,000
Bond Anticipation Notes Payable Due to Other Funds		619,890		-		-		619,890
		1,024,556		-		1,024,056		500
Due to Other Governments		249		-		-		249
Due to Teachers' Retirement System		619,889		-		-		619,889
Due to Employees' Retirement System		32,547		-		-		32,547
Compensated Absences		42,350		422,161		-		464,511
Lease Liability		-		262,905		-		262,905
Other Post-employment Benefits Unearned Revenues		-		14,733,468		-		14,733,468
		20,288		1,657,050		-		1,677,338
Net Pension Liability - Proportionate Share			_	1,393,240		-		1,393,240
Total Liabilities		2,613,210		27,955,992		1,024,056		29,545,146
DEFERRED INFLOWS OF RESOURCES								
Deferred Revenues		-		8,984,403		-		8,984,403
OPEB (GASB 75)		-		4,078,455		-		4,078,455
Pensions		-		459,007		-		459,007
Total Deferred Inflows of Resources		-		13,521,865		_		13,521,865
FUND BALANCE/NET POSITION				, ==,===				10,021,000
Total Fund Balance/Net Position		7,790,245		1,075,795		_		8,866,040
Total Liabilities, Deferred Inflows of		,,0	_	2,010,170		_		0,000,040
Resources and Fund Balance/Net Position	\$	10,403,455	\$	42,553,652	\$	1,024,056	\$	51,933,051

# MCGRAW CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds For the Year Ended June 30, 2023

		General		Special Aid	Foo	School Food Service		Capital Projects		Debt Service	Ğ	Total Governmental Funds	
REVENUES													
Real Property Taxes	↔	2,813,705	↔		8		8		8		↔	2,813,705	
Other Tax Items		520,586		1		1		•		•		520,586	
Charges for Services		1,601		•		1		1		•		1,601	
Use of Money and Property		15,085		1		63		1		12,954		28,102	
Sale of Property and													
Compensation for Loss		5,754		1								5,754	
Miscellaneous		214,025		1		12,223		1				226,248	
Interfund Revenue		1		1				•					
State Sources		10,946,903		312,856		40,207				1		11,299,966	
Federal Sources		59,804		1,359,291		365,200		1		,		1,784,295	
Surplus Food						12,179		,				12,179	
Sales - School Food Service		1				32,014						32,014	
Total Revenues	€9	\$ 14,577,463	↔	1,672,147	↔	461,886	↔		↔	12,954	↔	16,724,450	

		General		Special Aid	Foo	School Food Service		Capital Projects		Debt Service	රි	Total Governmental Funds	
EXPENDITURES													
General Support	89	1,685,590	8		↔	104,933	8		↔		8	1,790,523	
Instruction		6,918,348		1,375,913				,		•		8,294,261	
Pupil Transportation		374,651		2,416				,		٠		377,067	
Community Service				1				1				ı	
Employee Benefits Debt Service		2,871,549		300,582		76,019				•		3,248,150	
Principal		1,090,600										1,090,600	
Interest		564,021		1				1				564,021	
Cost of Sales		,				358,871		,		,		358,871	
Other Expenditures				,		,				•			
Capital Outlay						1		316,921	-	1		316,921	
Total Expenditures		13,504,759		1,678,910		539,822		316,921				16,040,414	
OTHER SOURCES (USES)													
Proceeds from debt		,				,		,		•		•	
BANS Redeemed by Appropriation		1		1				220,600				220,600	
Operating Transfers In		1		6,764				157,883		53,448		218,095	
Operating Transfers (Out)		(164,647)		-				(53,448)		1		(218,095)	
Total Other Sources (Uses)		(164,647)		6,764		1		325,035		53,448		220,600	
Excess (Deficiency) Revenues Over Expenditures and Other Sources (Uses)		908.057		,		(77.937)		8 114		66 402		904 636	
Other Adjustments to Fund Balances		2		•		2		3,11				5	
Fund Balances - Beginning of Year		5,925,992		2,247		201,016		(404,677)		1,161,026		6,885,604	
Fund Balances - End of Year	8	6,834,051	8	2,247	€9	123,081	↔	(396,562)	↔	1,227,428	8	7,790,245	

# Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

For the Year Ended June 30, 2023

	Total Governmental Funds	Long-term Revenue, Expenditures	Capital Related Items	Debt Transactions	Statement of Activities Totals
REVENUES					
Real Property Taxes	\$ 2,813,705	\$ -	\$ -	\$ -	\$ 2,813,705
Other Tax Items	520,586	-	-	-	520,586
Charges for Services	1,601	- ·	-	-	1,601
Use of Money and Property	28,102	-	-	-	28,102
Sale of Property and					
Compensation for Loss	5,754	4,837	-	-	10,591
Miscellaneous	226,248	-	-	-	226,248
Interfund Revenue	-	-	-	-	-
State Sources	11,299,966	(50,768)	-	-	11,249,198
Federal Sources	1,784,295	-	-	-	1,784,295
Surplus Food	12,179	-	-	-	12,179
Sales - School Lunch	32,014				32,014
Total Revenues	16,724,450	(45,931)	-	-	16,678,519
EXPENDITURES					
General Support	1,790,523	4,870	(96,075)	_	1,699,318
Instruction	8,294,261	2,921	(136,614)	_	8,160,568
Pupil Transportation	377,067	1,395	(150,011)	_	378,462
Community Service	-	-	_	_	570,102
Employee Benefits	3,248,150	(317,991)	_	_	2,930,159
Debt Service		(,)			2,550,155
Principal	1,090,600	-	_	(1,090,600)	_
Interest	564,021	_	7,640	(10,626)	561,035
Cost of Sales	358,871	_	(65,176)	-	293,695
Other Expenditures		_	-	_	-
Capital Outlay	316,921	_	(316,921)	_	_
Other Post-employment Benefits	_	720,146	-	_	720,146
Amortization	_	_	123,505	_	123,505
Depreciation - Unallocated	<u>-</u>	_	857,559	_	857,559
Total Expenditures	16,040,414	411,341	373,918	(1,101,226)	15,724,447
Excess (Deficiency) of					
Revenues Over Expenditures	684,036	(457,272)	(373,918)	1,101,226	954,072
OTHER SOURCES (USES)					
BANs Redeemed by Appropriation	220,600			(220,600)	
Proceeds From Debt	220,000		_	(220,000)	-
Operating Transfers In	218,095	-	-	-	-
Operating Transfers (Out)		-	-	-	218,095
	(218,095)	-			(218,095)
Total Other Sources (Uses)	220,600			(220,600)	
Net Change for the Year	\$ 904,636	\$ (457,272)	\$ (373,918)	\$ 880,626	\$ 954,072

# Statement of Fiduciary Net Position June 30, 2023

	C	ustodial	P	Private urpose Frusts
ASSETS				
Cash	\$	107,314	\$	76,009
Due From Governmental Funds		-		500
Accounts Receivable				_
Total Assets	\$	107,314	\$	76,509
LIABILITIES				
Due to Governmental Funds	\$	-	\$	-
Extraclassroom Activity Balances		107,314		-
Other Liabilities		<u> </u>		
Total Liabilities		107,314		-
NET POSITION				
Reserved for Scholarships		_		76,509
Total Net Position		-		76,509
Total Liabilities and Net Position	\$	107,314	\$	76,509

# Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2023

		Private Purpose Trusts
ADDITIONS		
Gifts and Contributions	\$	25,858
Investment Earnings	_	5
Total Additions		25,863
DEDUCTIONS		
Scholarships and Awards	_	18,761
Total Deductions		18,761
Change in Net Position		7,102
Net Position - Beginning of Year	_	69,407
Net Position - End of Year	<u>\$</u>	76,509

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### REPORTING ENTITY

The McGraw 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 seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District. 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.

#### **Extraclassroom Activity Funds**

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office, located at Academy Street, McGraw, NY 13101. The District accounts for assets held as an agent for various student organizations in an agency fund.

#### **USE OF ESTIMATES**

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **JOINT VENTURE**

The McGraw Central School District is a component school district in the Onondaga-Cortland-Madison Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs 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 ended June 30, 2023, the McGraw Central School District was billed \$2,388,893 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$926,806. At June 30, 2023, the District owed BOCES \$-0-, and had a receivable from BOCES totaling \$418,492.

Participating school districts issue debt on behalf of BOCES. This debt is reported in the District-wide financial statements when applicable.

Financial statements for Onondaga-Cortland-Madison BOCES are available from the BOCES administrative office at 110 Elwood Davis Road, Liverpool, NY 13088.

#### RESTRICTED RESOURCES

When an expense is incurred for purposes for which both restricted and unrestricted net assets 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.

#### BASIS OF PRESENTATION

#### a. District-wide Statements:

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

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **BASIS OF PRESENTATION (Continued)**

The Statement of Activities presents a comparison between direct 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. 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.

#### b. Funds Statements:

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

The District reports the following major governmental funds:

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

**Special 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 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. The Special Revenue Funds classified as major are:

<u>Special Aid Fund:</u> Used to account special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

**School Food Service Fund:** Used to account for the transactions of the lunch and breakfast programs.

Capital Projects Fund: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. Details for each project are reported in the supplemental schedules.

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

The District reports the following fiduciary funds:

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

There are two classes of fiduciary funds:

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **BASIS OF PRESENTATION (Continued)**

<u>Private Purpose Trust Funds</u>: These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. A scholarship is an example of a Private-Purpose Trust Fund. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

<u>Custodial Funds</u>: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

#### 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. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, State Aid, 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 State Aid is recognized in the fiscal year it is appropriated by the State. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pensions, and other post-employment benefits 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 and become a lien on the effective date of the tax warrant. Taxes are collected during the months of September and October.

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

#### NOTE 1 – SUMMARY OF 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.

#### **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 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 the resources, the liability for unearned revenue is removed and revenue is recognized.

#### ACCOUNTS RECEIVABLE

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

#### ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

#### NOTE 1 – SUMMARY OF 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**

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

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

In addition to providing pension benefits, the District provides post-employment 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.

#### CAPITAL ASSETS

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to June 30, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market values at the time received. The District maintains a capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) of five thousand dollars. All reported capital assets except for land, land improvements and construction in progress are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	<b>Estimated Lives</b>
<b>Buildings and Improvements</b>	20-50 years
Furniture and Equipment	3-10 years
Vehicles	3-5 years

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 receipt and/or purchase, and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

#### OTHER ASSETS/RESTRICTED ASSETS

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment, are classified as restricted assets in the District-wide financial statements and their use is limited by applicable bond covenants.

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond issuance costs are deferred and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

#### SHORT-TERM DEBT

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

#### 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 revenue activity.

#### NOTE 1 – SUMMARY OF 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 legislations.
- 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.

#### **Funds Statements**

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

- Non-spendable: Includes amounts that cannot be spent because they are either not in spendable
  form or legally or contractually required to be maintained intact. Non-spendable fund balance
  includes the inventory recorded in the School Food Service Fund of \$14,153.
- 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. The District has
  established the following restricted fund balances:

#### Unemployment Insurance Reserve Fund

According to General Municipal Law §6-m, all expenditures made from the unemployment insurance payment reserve fund 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.

#### Capital Reserve Fund

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

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **EQUITY CLASSIFICATIONS (Continued)**

#### Employee Benefit Accrued Liability Reserve Fund

According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund 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.

#### Repairs Reserve Fund

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

#### Tax Certiorari Reserve Fund

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

#### Workers' Compensation Reserve Fund

According to General Municipal Law §6-j, all expenditures made from the workers' compensation reserve fund 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.

#### Retirement Contributions Reserve Fund

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 action and is funded by budgetary appropriations and such other funds as 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.

# NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **EQUITY CLASSIFICATIONS (Continued)**

#### Debt Service Reserve Fund

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations 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 District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

#### **Encumbrances**

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

- 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. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances in the General Fund amounted to \$165,349. Appropriated fund balance in the General Fund amounted to \$601,677. Any remaining fund balance in other funds is considered assigned.
- 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 portion is used to
  report a deficit fund balance, resulting from overspending for specific purposes for which
  amounts had been restricted or assigned.

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

#### Order of Use of Fund Balance

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

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### NEW ACCOUNTING STANDARDS

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2023. These standards had no significant impact on the District.

GASB Statement 96, Subscription-Based Information Technology Arrangements

#### 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 government 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 proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contribution to the pension systems (TRS and ERS systems) and OPEB subsequent to the measurement date. The third item relates 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.

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 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 (ERS and TRS Systems) 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.

## NOTE 2 – 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.

#### NOTE 3 – INVESTMENTS

The District's investment policy for investments are governed by New York statutes. As of June 30, 2023, there were no investments. The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District does not typically purchase investments denominated in foreign currency and is not exposed to foreign currency risk.

# NOTE 4 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT AND CONCENTRATION OF CREDIT RISK

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 included balances insured or collateralized as follows:

Insured by Federal Deposit Insurance Corporation \$ 736,331

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name. 7,943,849

Restricted cash represents cash 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 \$4,173,166 restricted for various fund balance reserves in the general fund, \$-0- restricted for the voter approved capital project in the capital projects fund, \$107,304 restricted for extraclassroom in the fiduciary fund and \$76,009 restricted for scholarships in the fiduciary funds.

#### **NOTE 5 – LEASES**

The District leases equipment under non-cancelable leases with various expiration dates through 2027. The District accounts for leases by recording a right-of-use asset and liability for each. The right-of-use asset represents the District's right to use the underlying assets for the lease term and the lease liability represents the District's obligation to make lease payments under the lease.

The following amounts were recorded related to operating leases:

Assets:	
Right-of-use Assets	
Liabilities:	
Commant I acces I intitition	

Current Lease Liabilities	108,310
Noncurrent Lease Liabilities	_154,595
Total Lease Liablities	\$ 262,905

\$ 287,098

Other information related to leases was as follows:

Weighted Average Remaining Lease Term (years)	2
Weighted Average Discount Rate	2 23%

Maturities of lease liabilities at June 30, 2023 were as follows:

\$108,310
80,555
57,544
16,495
262,904
_(32,174)
\$230,730

#### NOTE 5 – LEASES (CONTINUED)

Future minimum lease payments having initial or remaining noncancelable lease terms in excess of one year are as follows:

2024	\$ 114,276
2025	84,290
2026	39,368
2027	39,368
2028	-
Thereafter	
Total	\$ 277,302

#### NOTE 6 – DONOR-RESTRICTED ENDOWMENTS

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

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.

#### NOTE 7 - LONG-TERM RECEIVABLES

Building aid on the 2014 serial bond and building project is being amortized over fifteen (15) years and transportation aid is amortized over five (5) years. The following is a summary of future State Aid to be received:

	]	Beginning <u>Balance</u>	<u>Earned</u>	Received	Ending Balance	D	Amounts ue Within <u>One Year</u>
Government Activities State Aid:							
Building Aid Transportation Aid	\$	13,211,640 806,813	\$ 45,096 (72,984)	\$ 1,514,534 177,528	\$ 11,742,202 556,301	\$	1,469,438 187,612
Total Long-term Receivabes	\$	14,018,453	\$ (27,888)	\$ 1,692,062	\$ 12,298,503	\$	1,657,050

#### NOTE 8 – SHORT-TERM DEBT

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

		Beginning						Ending
		<b>Balance</b>		Issued	Re	deemed	]	Balance
BAN Maturing 11/04/22 at 0.39% BAN Maturing 11/03/23 at 4.11%		660,000	\$	-	\$	660,000	\$	_
	_	-	_	619,890				619,890
	\$	660,000	\$	619,890	\$	660,000	\$	619,890

Interest expense on short-term debt amounted to \$2,574 for 2022-2023.

NOTE 9 -	<ul> <li>INTERFUND</li> </ul>	TRANSACTIONS -	- GOVERNMENTAL	FUNDS
11011	TI I I I I I I I I I I I I I I I I I I		OO I EIN MILE MARK	T UIIDS

	R	Receivable		<b>Payable</b>		Revenues		Expenditures	
General Fund	\$	1,023,573	\$	983	\$	_	\$	164,647	
Special Aid Fund		483		861,402		6,764		-	
School Food Service Fund		-		_		-		-	
Capital Projects		-		162,171		157,883		53,448	
Debt Service Fund	_	-	_	-		53,448			
Total Government Activities		1,024,056		1,024,556		218,095		218,095	
Fiduciary Agency Fund	_	500	_		_	-		-	
Totals	\$	1,024,556	\$	1,024,556	\$	218,095	\$	218,095	

The District typically transfers from the General Fund to the Capital Projects fund to fund the Net Zero Projects. The District also typically transfers to the Special Aid Fund to fund the local share of summer school expenditures. The District may also transfer from the General Fund to the School Food Service Fund to offset any deficit fund balance.

# NOTE 10 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the 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 post-employment benefits.

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

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

i) Long-term revenue and expense differences:

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

# NOTE 10 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)

#### ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 fund statements and depreciation expense on those items as recorded in the Statement of Activities.

#### iii) Long-term debt transaction differences:

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

#### iv) 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.

#### v) OPEB differences:

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

#### NOTE 11 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### **Budgets**

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund. 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. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles (GAAP). Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2023.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects. On November 19, 2018, the voters authorized a \$10 million capital project for work at both the elementary and high schools.

#### NOTE 11 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

#### **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.

#### **Fund Balances**

The Capital Projects fund had a deficit fund balance of \$396,562. This will be funded when the District obtains permanent financing for its current projects.

#### **NOTE 12 – LONG-TERM OBLIGATIONS**

- 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.
- Compensated Absences: Represents the value of the earned and unused portion of the liability for compensated absences. This liability is liquidated from the General and School Food Service Funds.
- Other Post-employment Benefits: Represents the net obligation of the District for other postemployment benefits, including medical and prescription drug insurances.

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

Government Activities: Bonds and Notes Payable:	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
2022 Refunding Bonds 2022 Serial Bonds	\$ 2,410,000 7,930,000	\$ -	\$ 590,000 280,000	\$ 1,820,000 7,650,000	\$ 605,000 430,000
Net Bond and Notes Payable	10,340,000	-	870,000	9,470,000	1,035,000
Other Liabilities					
Compensated Absences Net Pension Liability -	443,428	21,083		464,511	-
Proportionate Share	- 1	1,393,240	-	1,393,240	_
Other Post-employment Benefits	14,985,925		252,457	14,733,468	-
Total Long-term Liabilities	\$25,769,353	\$ 1,414,323	\$ 1,122,457	\$ 26,061,219	\$1,035,000

#### NOTE 12 – LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of the maturity of long-term indebtedness. Payment of self-insurance claims, judgments, and compensated absences are dependent upon future factors and therefore the timing of such payments cannot be determined.

		Principal		Interest		<b>Total</b>
Fiscal Year Ended June 30,						
2024	\$	1,035,000	\$	418,900	\$	1,453,900
2025		1,075,000		385,300		1,460,300
2026		895,000		350,150		1,245,150
2027		675,000		318,000		993,000
2028		525,000		289,500		814,500
2029-2033		3,045,000		1,026,750		4,071,750
2034-2036	_	2,220,000	_	225,500	_	2,445,500
	\$	9,470,000	\$	3,014,100	\$	12,484,100

Existing serial and statutory bond obligations:

	Issue	Final	Interest	
<b>Description</b>	<b>Date</b>	Maturity	Rate	Balance
2022 Refunding Bonds	3/25/22	6/15/27	2.0%	\$ 1,820,000
2022 Serial Bonds	6/15/22	6/15/36	5.0%	7,650,000
				\$ 9,470,000

Interest on long-term indebtedness amounted to \$561,447 for 2022-2023.

Total outstanding indebtedness represented approximately 46.56% of its debt limit, exclusive of building aid estimates.

#### NOTE 13 - PENSION PLANS

#### **Provisions and Administration**

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 Statue.

#### NOTE 13 – PENSION PLANS (CONTINUED)

The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as, death and disability benefits. The net position of the System is held in the New York State Common Retirement fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only be 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 <a href="https://www.osc.state.ny.us/retire/publication/index.php">www.osc.state.ny.us/retire/publication/index.php</a> or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

#### **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% 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 actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31.

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

	<u>N</u>	<b>YSTRS</b>	<b>NYSERS</b>		
2020-2021	\$	424,467	\$	146,234	
2021-2022		454,974		162,174	
2022-2023		503,660		122,352	

#### **NOTE 13 – PENSION PLANS (CONTINUED)**

## Pension (Assets)/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
Actuarial Valuation Date	03/31/23	06/30/22
Net Pension (Asset)/Liability	\$ 232,627,259	\$ 133,863,473,797
District's Proportionate (Asset) Share of the		
Plan's Total Net Pension (Asset)/Liability	836,549	556,691
District's Share of the Net Pension		
(Asset)/Liability	0.0039001%	0.0290110%

For the year ended June 30, 2023, the District's recognized its proportionate share of pension expense of \$296,573 for ERS and the actuarial value of \$684,509 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:

	De	ferred Outflo	ws o	f Resources	Deferred Inflows of Resources			
		ERS		TRS		ERS		TRS
Differences Between Expected and								
Actual Experience	\$	89,099	\$	583,342	\$	23,493	\$	11,155
Changes of Assumptions		406,282		1,079,886		4,490		224,251
Net Difference Between Projected and Actual Earnings on Pension Plan Investments				719,297		4,915		_
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions		24.029		3,978		21,606		169,097
District's Contributions Subsequent to the Measurement Date		32,547	_	555,285	_			-
Total	\$	551,957	\$	2,941,788	\$	54,504	\$	404,503

#### NOTE 13 – PENSION PLANS (CONTINUED)

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

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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		<b>ERS</b>		TRS
Year Ended:	M	larch 31		June 30
2023	\$	-	\$	382,850
2024		110,307	7	184,674
2025		(44,073	3)	(121,188)
2026		168,827	7	1,387,187
2027		229,845	5	155,452
Thereafter		-		(6,974)

#### **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. The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Interest Rate	5.90%	6.95%
Salary Scale	4.40%	1.95%-5.18%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation Rate	2.90%	2.40%

#### NOTE 13 – PENSION PLANS (CONTINUED)

#### **Actuarial Assumptions (Continued)**

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on 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 March 31, 2023 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, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

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 the target asset allocation percentage and by adding expected inflation. 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%
Private Equity	7.50%	9.90%
International Equity	6.85%	7.20%
Real Estate	4.60%	6.20%
Global Equities	N/A	6.90%
Private Debt	N/A	5.30%
Real Estate Debt	N/A	2.40%
Opportunistic Portfolio	5.38%	N/A
Real Assets	5.84%	N/A
Domestic Fixed Income Securities	N/A	1.10%
Short Term	0.00%	-0.30%
Fixed Income Securities	1.50%	3.30%
Bonds and Mortgages	5.43%	N/A
Global Fixed Income Securities	N/A	0.60%

#### NOTE 13 – PENSION PLANS (CONTINUED)

#### **Discount Rate**

The discount rate used to calculate the total pension (asset)/liability was 5.90% 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. 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.

# Sensitivity of the Proportionate Share to 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 5.90% 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 (4.90% for ERS and 5.95% for TRS) or 1 percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
District's Proportionate Share of the			
Net Pension (Asset)/Liability	\$ 2,021,579	\$ 836,549	\$ (153,682)
TRS	1% Decrease (5.95%)	Current Discount (6.95%)	1% Increase (7.95%)
District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 5,132,951	\$ 556,691	\$ (3,291,914)

#### **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:

	<b>Dollars in Thousands</b>			usands
		ERS		TRS
Measurement Date	Ma	arch 31, 2023	Jı	ine 30, 2022
Employers' Total Pension (Asset)/Liability	\$	232,627,259	\$	133,883,473
Plan Net Position		211,183,223		131,964,582
Employers' Total Pension (Asset)/Liability		21,444,036		1,918,891
Ratio of Plan Net Position to the				
Employers' Total Pension (Asset)/Liability		90.78%		98.57%

#### NOTE 13 – 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, 2022 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 \$32,547. 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 and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$619,889.

#### NOTE 14 – CAPITAL ASSETS

Capital asset balances and activities were as follows:

	 Beginning Balance	A	Additions	 tirements/ assifications	 Ending Balance
Land	\$ 2,538	\$		\$	\$ 2,538
Construction in Progress	258,635		136,432	_	395,067
Total Nondepreciable Cost	261,173		136,432	-	397,605
Land Improvements	101,451			(2,187)	99,264
Buildings	32,584,809		-	-	32,584,809
Site Improvements	150,526			-	150,526
Machinery and Equipment Vehicles	1,893,875 1,392,697		223,532 250,489	(94,019) (228,578)	2,023,388 1,414,608
Total Depreciable Cost	36,123,358		474,021	(324,784)	36,272,595
Total Capital Asset Cost	36,384,531		610,453	(324,784)	36,670,200
Less Accumulated Depreciation:					
Land Improvements	(101,451)		-	2,187	(99,264)
Buildings	(8,988,762)		(611,097)	-	(9,599,859)
Site Improvements	(150,527)		-		(150,527)
Machinery and Equipment Vehicles	(1,460,958) (547,875)		(66,964) (179,498)	65,105 152,386	(1,462,817) (574,987)
Total Accumulated Depreciation	(11,249,573)		(857,559)	219,678	(11,887,454)
Net Capital Asset Cost	\$ 25,134,958	\$	(247,106)	\$ (105,106)	\$ 24,782,746

Depreciation expense has not been allocated to individual governmental functions.

#### NOTE 15 – 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.

The United State is still in the midst of a national health emergency due to the Novel Coronavirus (COVID-19). There is continued uncertainty regarding the magnitude and duration of the economic impacts on the District and local tax base of the District at this time.

#### **Consortiums**

#### Workers' Compensation

The McGraw Central School District incurs costs related to a workers' compensation plan (Plan) sponsored by Onondaga-Cortland-Madison BOCES. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. District's joining the Plan must remain members for a minimum of one year; a member may withdraw from the Plan after that time by submitting a resolution passed by the District's Board of Education prior to May 1, to withdraw by the end of the fiscal year. Plan members include twenty-nine districts and two BOCES. 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 costs 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.

During the year ended June 30, 2023, the District incurred premium or contribution expenditures totaling \$48,876.

#### Health Insurance

The District participates in the BOCES sponsored Cooperative Health Insurance Fund of Central New York (fund), a non-risk-retained public entity risk pool for its employees' health insurance coverage. The pool is operated for the benefit of 29 Districts and 1 BOCES, and is sponsored by Onondaga-Cortland-Madison BOCES. The District pays an annual premium to the fund for this health insurance coverage. Fund members are subject to a supplemental assessment in the event of deficiencies. If the fund's assets were to be exhausted, members would be responsible for the fund's liabilities.

During the year ended June 30, 2023, the District incurred premium or contribution expenditures totaling \$2,511,462.

#### NOTE 16 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

#### General Information About the OPEB Plan

Plan Description and Benefits Provided: The District provides medical benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the District has in place with different classifications of employees.

The District acquires health insurance through a consortium known as the Central New York Health Insurance Consortium. Benefits provided by the Central New York Health Insurance Consortium are administered by Excellus BlueCross BlueShield Classic Blue Region-wide.

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	80
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	110
	190

#### **Total OPEB Liability**

Inflation

The District's total OPEB liability of \$14,733,468 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

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

Inflation	2.40 Percent
Discount Rate	3.65 Percent
Healthcare Cost Trend Rates	6.00 Percent decreasing to an ultimate rate of
	3.8 percent over 54 years.
Retirees' Share of Benefit-Related Costs	Varies based on contribution requirements at
	date of retirement.

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

Mortality rates were based on the Pub-2010 Mortality Table (from RP-2014 Adjusted to 2006 Total Dataset Mortality Table), as appropriate, with adjustments generational projection of future improvements per the MP-2021 Ultimate Scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial valuation as of July 1, 2022.

### NOTE 16 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED)

#### Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 14,985,925
Changes for the Year -	
Service Cost	593,833
Interest	542,289
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(862,301)
Benefit Payments	(526,278)
Net Changes	(252,457)
Balance at June 30, 2023	\$ 14,733,468

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 (2.65%) or 1 percentage point higher (4.65%) than the current rate:

	1%	Decrease (2.65%)	Disco	ount Rate (3.65%)	1%	Increase (4.65%)
Total OPEB Liability	\$	17,208,114	\$	14,733,468	\$	12,756,223

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 (2.80%) or 1 percentage point higher (4.80%) than the current healthcare cost trend rate:

	Healthcare					
		1% Decrease	C	ost Trend Rates		1% Increase
	(5.00%	Decreasing to 2.80%)	(6.00%	Decreasing to 3.80%)	<u>(7.00%</u>	Decreasing to 4.80%)
Total OPEB Liability	\$	12,293,302	\$	14,733,468	\$	17,934,528

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$720,146. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of	Deterred Inflows of
Differences Between Expected and Actual Experience	<b>Resources</b> 19,963	<b>Resources</b> \$ 1,730,723
Changes of Assumptions or Other Inputs Contributions Subsequent to the Measurement Date	1,671,597	2,347,732
	\$ 1,691,560	\$ 4,078,455

#### NOTE 16 – POST-EMPLOYMENT (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:

Year Ended	A	Mount
2024	\$	415,176
2025		415,176
2026		290,142
2027		298,804
2028		651,941
Thereafter		314,056

#### **NOTE 17 – SUBSEQUENT EVENTS**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 5, 2023, the date the financials were available to be issued.

REQUIRED AND OTHER SUPPLEMENTAL SCHEDULES

# MCGRAW CENTRAL SCHOOL DISTRICT

Required Supplementary Information Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non GAAP Basis) and Actual – General Fund For the Year Ended June 30, 2023

	Original Budøet	Final Budoet	Actual	Final Budget Variance With Actual
REVENUES				188227 1131
Local Sources				
Real Property Taxes	\$ 3,309,830	\$ 3,309,830	\$ 2,813,705	\$ (496,125)
Other Tax Items	5,000	5,000	520.586	515.586
Charges for Services	7,648	7,648	1,601	(6,047)
Use of Money and Property	23,000	23,000	15,085	(7.915)
Sale of Property and Compensation for Loss	200	200	5,754	5,554
Miscellaneous	81,602	81,602	214,025	132,423
Interfund Revenues		1	1	
Total Local Sources	3,427,280	3,427,280	3,570,756	143,476
State Sources	10,937,779	10,937,779	10,946,903	9,124
Federal Sources	•		59,804	59,804
Total Revenues	14,365,059	14,365,059	14,577,463	212,404
Other Financing Sources				
Transfers From Other Funds	27,395	27,395	1	(27,395)
Premium on Obligations	-		1	
Total Other Financing Sources	27,395	27,395	1	(27,395)
Total Revenues and Other Sources	14,392,454	14,392,454	\$ 14,577,463	\$ 185,009
Appropriated Fund Balance				
Prior Year Surplus	601,677	601,677		
Appropriated Reserves	168 789	168 780		
Total Appropriated Fund Balance	770 466	800.854		
	00+,0//	400,000		
Total Revenues, Other Sources and Appropriated				
Fund Balance	\$ 15,162,920	\$ 15,283,308		

								>	Variance With	_
	Original		Final		•		Year-End		Actual and	
EXPENDITURES	Budget		Budget		Actual	Ē	Encumbrances	<u> </u>	Encumbrances	
General Support										
Board of Education	\$ 19,163	S	17,377	8	12,565	8	1	€9	4,812	12
Central Administration	214,900		218,288		215,622		•		2,666	99
Finance	318,795		319,270		314,495		•		4,775	75
Staff	86,993		86,437		83,685		389		2,363	53
Central Services	1,003,621		1,115,953		954,259		125,547		36,147	17
Special Items	113,600		113,300		104,964		ı		8,336	36
Total General Support	1,757,072		1,870,625		1,685,590		125,936		59,099	2
Instruction										
Instruction, Administration and Improvements	463,424		471,942		464,916		1		7,026	97
Teaching - Regular School	3,280,879		3,341,052		3,082,039		27,830		231,183	33
Programs for Children With Handicapping Conditions	1,846,956		1,842,742		1,729,608		1		113,134	45
Occupational Education	359,900		359,900		359,406		1		464	4
Teaching - Special School	53,964		52,931		21,771				31,160	09
Instructional Media	720,986		687,155		617,237		6,887		63,031	31
Pupil Services	674,953	- 1	700,455	١	643,371		772		56,312	21
Total Instruction	7,401,062		7,456,177		6,918,348		35,489		502,340	9
Pupil Transportation	436,630		429,685		374,651		3,924		51,110	0
Community Services	200		353				•		353	33
Employee Benefits	3,830,582		3,687,683		287,549		1		3,400,134	4
Debt Service	1,617,074		1,654,621		1,654,621		1		'	
Total Expenditures	15,042,920		15,099,144		10,920,759		165,349		4,013,036	99
OTHER USES										
Interfund Transfer	120,000		184,164		164,647		,		19,517	7
Total Expenditures and Other Uses	\$ 15,162,920	↔	15,283,308	8	11,085,406	8	165,349	8	4,032,553	M
Net Change in Fund Balance					908,057					
Fund Balance - Beginning					5,925,992					
Find Delease Fading					2					
rund balance - Ending				<b>∞</b>	6,834,051					

Final Budget

Note to Required Supplementary Information: Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting, consistent with accounting principles generally accepted in the United States of America.

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

Schedule of Changes in the District's Total OPEB Liability and Related Ratios Required Supplementary Information For the Year Ended June 30, 2023

Measurement Date Total OPEB Liability	Jun	le 30, 2023	Jun	e 30, 2022	Jun	June 30, 2023 June 30, 2022 June 30, 2021 June 30, 2020 June 30, 2019 June 30, 2018	Jun	e 30, 2020	Jun	e 30, 2019	Jur	ie 30, 2018	
Service Cost	↔	593,833	↔	679,888	8	734,796	\$	516,791	8	540,030	8	524,301	
Interest		542,289		405,300		398,578		502,590		450,569		434,921	
Changes in Benefit Terms		•		789									
Differences Between Expected and Actual Experience													
in the Measurement of the Total OPEB Liability				(2,198,094)				(256,665)				54,187	
Changes in Assumptions or Other Inputs		(862,301)		(1,735,155)		155,460		3,200,565		(1,132,510)			
Expected Benefit Payments		(526,278)		(498,933)		(511,443)		(498,614)		(490,239)		(524,624)	
Net Change in Total OPEB Liability		(252,457)		(3,346,205)		777,391		3,464,667		(632,150)		488,785	
Total OPEB Liability - Beginning		14,985,925		18,332,130		17,554,739		14,090,072		14,722,222		14,233,437	
Total OPEB Liability - Ending	\$	\$ 14,733,468	8	\$ 14,985,925	8	\$ 18,332,130	8	17,554,739	8	14,090,072	8	\$ 14,722,222	
Covered Payroll	8	5,422,000	8	5,422,000	S	\$ 5,231,878	8	\$ 5,231,878	8	\$ 5,232,600 \$ 5,232,600	↔	5,232,600	
Total OPEB Liability as a Percentage of Covered Payroll		271.73%		276.39%		350.39%		335.53%		269.27%		281.36%	

<sup>10</sup> years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

%08.6

10.21%

9.50%

11.04%

10.17%

12.04%

13.71%

18.32%

16.73%

5,139,390

4,457,222

4,467,253

4,450,791

4,340,567

4,199,536

4,074,790

4,082,750

3,987,429

District's covered-employee payroll

Contributions as a percentage of

covered-employee payroll

503,660

454,974

424,467

491,306

441,368

505,554

558,683

747,887

667,146

contractually required contribution

Contributions in relation to the

Contribution deficiency (excess)

Schedule of District's Proportionate Share of the Net Pension (Asset)/Liability Required Supplementary Information

NYSLRS Pension Plan	Last 10 Fiscal Years	2018 $2029$ $2020$ $2021$ $2022$ $2023$ $2024$	5 \$ 93,978 \$ 246,929 \$ 958,185 \$ 3,783 \$ (292,157) \$ 836,549	0.0029118% 0.0034851% 0.0036184% 0.003	865,675 918,289 1,091,566 1,096,124 1,192,253	10.86% 26.89% 87.78% 0.35% -24.50%		6 98.24% 96.27% 86.39% 99.95% -103.65% 90.78%	NYSTRS Pension Plan	Last 10 Fiscal Years	2018 $2019$ $2020$ $2021$ $2022$ $2023$ $2024$	\$ (195,441) \$ (463,781) \$ (673,868) \$ 724,589 \$ (4,550,666) \$ 556,691	6 0.0257130% 0.0256480% 0.0259380% 0.0262220% 0.0262600% 0.029011%	4,199,536 4,340,567 4,450,791 4,467,253 4,457,222 5,139,390	6 -4.65% -10.68% -15.14% 16.22% -102.10% 10.83%	700 200 111 200 101 200 101 200 101 113 200 101 113 200 101
		2016 2017	391,300 \$ 274,316	0024380% 0.0029194%	834,283 863,672	46.90% 31.76%		90.70% 94.70%			2016 2017	2,804,429) \$ 274,293	0.0256100%	4,082,750 4,074,790	-68.69% 6.73%	7010 00 0107
		2015	\$ 77,440 \$ 391,300	0.0022923% 0.0024380%	791,616	9.78%		97.95%			2015	\$(2,930,283) \$(2,804,429)	-0.0263060% -0.0270000%	3,987,429	rtage -73.49%	708/111
			District's proportion of the net pension (asset)/liability	District's proportionate share of the net pension (asset)/liability	District's covered payroll	District's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension	(asset)/liability				District's proportion of the net pension (asset)/liability	District's proportionate share of the net pension (asset)/liability	District's covered payroll	District's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension (ascer) Viability

Supplementary Information
Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund
For the Year Ended June 30, 2023

#### CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 15,162,920
Add: Prior Year's Encumbrances		 120,388
Adjusted Budget		15,283,308
Budget Revision:		-
Final Budget		\$ 15,283,308
SECTION 1318 OF REAL PROPERTY TAX LAW LIMI	T CALCULATION	
2023-24 Voter-Approved Expenditure Budget		\$ 16,282,995
Maximum Allowed (4% of 2023-2024 Budget)		651,320
General Fund Fund Balance Subject to Section 1318 of Real P	roperty Tax Law:	
Unrestricted Fund Balance		
Committed Fund Balance	\$	
Assigned Fund Balance	767,026	
Unassigned Fund Balance	651,321	
Total Unrestricted Fund Balance	1,418,347	
Less:		
Appropriated Fund Balance	601,677	
Insurance Recovery Reserve	-	
Tax Reduction Reserve	-	
Encumbrances Included in Committed and		
Assigned Fund Balance	165,349	
Total Adjustments	767,026	
General Fund Fund Balance Subject to Section 1318 of Real P	roperty Tax Law	\$ 651,321
Actual Percentage		4.00%

#### Supplementary Information Schedule of Project Expenditures – Capital Project Fund For the Year Ended June 30, 2023

			_			Expend	itures	1		
	Original Appropriation		A	Revised ppropriation		Prior Years	•	Current Year		Total
Project Title										-
2008 Capital Project	\$	8,635,000	\$	8,635,000	\$	8,656,629	\$	-	\$	8,656,629
2014 Capital Reserve		25,000		25,000		25,000		-		25,000
2018 Buses		205,000		205,000		201,328		-		201,328
2019 Bus and Truck		250,000		250,000		244,635		-		244,635
SSBA Project		670,945		670,945		446,310		-		446,310
2020 Elementary		2,615,139		2,615,139		2,940,057		-		2,940,057
2020 High School		6,492,565		6,492,565		6,086,813		-		6,086,813
2020 Garage		892,296		892,296		919,682		-		919,682
2020 Buses		210,000		210,000		206,526		, · · _		206,526
2021 Buses		225,000		225,000		207,487		-		207,487
2021 Net Zero VIII		100,000		100,000		100,000		-		100,000
2021 Emergency Project		20,000		20,000		19,160		-		19,160
2022 Buses		213,000		208,909		208,909		-		208,909
2022 Capital Outlay		100,000		100,000		13,543		78,549		92,092
ES Emergency Project		75,000		60,000		-		57,883		57,883
2023 Buses		250,490		180,489		-		180,489		180,489
2023 Emergency Project	_	30,000	_	30,000	_		_	-	_	
Totals	\$	21,009,435	\$	20,920,343	\$	20,276,079	\$	316,921	\$	20,593,000

#### Methods of Financing

Ur	expended Balance		Proceeds of Obligations		State Aid	Local Sources	Total	(	Deficit) e 30, 2022
\$	(21,629)	\$	8,119,749	\$	68,883	\$ 520,629	\$ 8,709,261	\$	52,632
	-		-		-	-	-		(25,000)
	3,672		201,328		-		201,328		-
	5,365		212,963		-	-	212,963		(31,672)
	224,635		-		446,310	-	446,310		-
	(324,918)		2,459,200		-	469,800	2,929,000		(11,057)
	405,752		5,257,600		-	1,004,400	6,262,000		175,187
	(27,386)		763,200		- ·	145,800	909,000		(10,682)
	3,474		123,916		-	-	123,916		(82,610)
	17,513		82,995		-	- "	82,995		(124,492)
	-		-		-	100,000	100,000		-
	840				-	20,000	20,000		840
	-		41,782		-	-	41,782		(167,127)
	7,908		-		-	100,000	100,000		7,908
	2,117		-		-	57,883	57,883		_
	-		-		-	_	-		(180,489)
	30,000	_	-	_	-	 -	 		
\$	327,343	\$	17,262,733	\$	515,193	\$ 2,418,512	\$ 20,196,438	\$	(396,562)

# Supplementary Information Net Investment in Capital Assets For the Year Ended June 30, 2023

Capital Assets, Net		\$ 24,782,746
Deduct:		
Short-term Portion of Bonds Payable	\$ 1,035,000	
Long-term Portion of Bonds Payable	8,435,000	
Total Bonds Payable		9,470,000
Bond Anticipation Note	619,890	
Total Bond Anticipation Notes		619,890
Net Investment in Capital Assets		\$ 14,692,856



# 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 of McGraw Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of McGraw Central School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise McGraw Central School District's basic financial statements, and have issued our report thereon dated October 5, 2023.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered McGraw Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of McGraw Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of McGraw 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 may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether McGraw 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### 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.

PORT, KUSHAIN & M (Sherry Certified Public Accountants

Cortland, New York October 5, 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 of McGraw Central School District

#### Report on Compliance for Each Major Federal Program

We have audited McGraw Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of McGraw Central School District's major federal programs for the year ended June 30, 2023. McGraw 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.

#### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of McGraw Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about McGraw Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of McGraw Central School District's compliance.

#### Opinion on Each Major Federal Program

In our opinion, McGraw 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.

#### Report on Internal Control Over Compliance

Management of McGraw Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered McGraw Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of McGraw Central School District's internal control over compliance.

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

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

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.

Part, Kushdin & Mchuray
Certified Public Accountants

Cortland, New York October 5, 2023

#### Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA <u>Number</u>	Agency or Pass-through Grantor's Number		-through to ceipients		Federal penditures
U.S. DEPARTMENT OF EDUCATION						
Pass-through New York State Department of Education:						
Special Education Cluster:						
IDEA, Part B PL-142	84.027	0032-23-0986	\$	141	\$	176,953
Special Education Preschool Grants PL99-457	84.173	0033-23-0986	_		·	7,97
Total Special Education Cluster			\$		\$	184,924
Education Stabilization Funds:						
* Elementary and Secondary School Emergency						
Relief Fund	84.425	5891-21-0565	\$	•	\$	299,420
* Elementary and Secondary School Emergency						
Relief Fund	84.425D	5880-21-0565		-		318,598
* Elementary and Secondary School Emergency						
Relief Fund	84.425D	5884-21-0565		.=):		371,183
Total Education Stabilization Funds			\$	-	\$	989,201
ESEA, Chapter I	84.010	0021-23-3385		-		127,237
Improving Teacher Quality State Grants	84.367	0147-23-3385		-		15,886
* Governor's Emergency Education Relief	84.425C	5896-21-0565		-		7,122
Rural Education Achievement	84.395	0006-23-3385		-		24,922
Student Support and Academic Enrichment	84.424	0204-23-0565		_		10,000
*ARP - Elementary and Secondary School						10,000
Emergency Relief	84.425U	0204-23-0565		_		-
TOTAL DEPARTMENT OF EDUCATION			\$	-	\$	1,359,291
DEPARTMENT OF AGRICULTURE						2 (20) 1-2- 90-000-
Pass-through New York State Department of Education:						
Child Nutrition Cluster:						
National School Lunch Program	10.555		\$	-	\$	271,884
National School Breakfast Program	10.553			-		83,829
Summer Food Service Program Government Surplus Program	10.559			*		9,487
Total Child Nutrition Cluster	10.550					12,179
TOTAL DEPARTMENT OF AGRICULTURE			\$		\$	377,379
			\$	<u> </u>	\$	377,379
TOTAL FEDERAL EXPENDITURES			\$	-	\$	1,736,670

<sup>\*</sup> Denotes major program.

#### Schedule of Expenditures of Federal Awards For the Year Ended 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 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 requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Costs Principles and Audit Requirements* (Uniform Guidance).

#### NOTE 2 – SUMMARY OF CERTAIN 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.

#### NOTE 3 - INDIRECT COST RATE

Indirect costs may be included in the reported expenditures to the extent they are included in the Federal financial reports used as the source for the data presented. The District's policy is not to charge Federal award programs with indirect costs, or to charge indirect costs to certain federal award programs, based upon a rate established by New York State, and the District has elected not to use the 10% de minimis indirect rate allowed under the Uniform Guidance applied to overall expenditures.

#### NOTE 4 - NON-CASH ASSISTANCE

The Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2023, the District received food commodities totaling \$12,179.

#### Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

#### SUMMARY OF AUDITOR'S RESULTS

- The Auditor's report expresses an unmodified opinion on the general-purpose financial statements of the McGraw Central School District.
- No reportable conditions were disclosed during the audit of the financial statements.
- No instances of noncompliance material to the financial statements of the McGraw Central School
  District, which would be required to be reported in accordance with Government Auditing Standards,
  were disclosed during the audit.
- No reportable conditions were disclosed during the audit of internal control over major federal award programs.
- The Auditor's report on compliance for the major federal award programs for the McGraw Central School District expresses an unmodified opinion on all major federal programs.
- There were no audit findings relative to the major federal award programs for McGraw Central School District.
- The program tested as major program included:

CFDA #	Project Title
84.425C	Governor's Emergency Education Relief
84.425D	Elementary & Secondary School Emergency Relief Fund
84.425U	ARP - Elementary & Secondary School Emergency Relief

- 8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
- The McGraw Central School District qualified as a high risk auditee.

#### SECTION 2 - FINANICAL STATEMENT FINDINGS

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS