

SALMON RIVER CENTRAL SCHOOL DISTRICT

Financial Statements and
Supplementary Information

June 30, 2023

SALMON RIVER CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Salmon River Central School District:

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 20 and the budgetary comparison and information on other post employment benefits, ERS and TRS pension plans on pages 65 through 68 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 District's basic financial statements. The accompanying information as listed in the table of contents and the schedule of expenditures of federal awards as required by Title 2 U.S. Code Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Education
Page 4 of 4

Other Reporting Required by *Government Auditing Standards*

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

Syracuse, New York
October 16, 2023



FustCharles LLP

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2023

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

SCHOOL DISTRICT OVERVIEW AND HIGHLIGHTS

The Salmon River Central School District is located in northern New York State on the Canadian Border. Centralized in 1953, the District provides a public education to approximately 1,400 students from the towns of Bangor, Bombay, Fort Covington and Westville in Franklin County, the town of Brasher in St. Lawrence County and the Saint Regis Mohawk Indian Reservation. It encompasses an area of approximately 128 square miles with an estimated population of 6,800.

The District is a mixture of residential and agricultural areas, with many of its residents commuting to Malone, Massena and Potsdam for employment. The District operates two (2) facilities: the Campus School (pre k-12th grade) located in the town of Fort Covington and the St. Regis Mohawk School (pre k - 5th grades) located in the town of Bombay. Approximately 59% of the School District population is comprised of students from families living on the St. Regis Mohawk Reservation and 66% of the student body is of Native American heritage. Salmon River is also unique in that education is provided to both Canadian and New York children from the Reservation via contracts with the State of New York to provide transportation and education for these students.

The St. Regis Mohawk School (SRMS) is owned by the State of New York, but operated by the District. As per the reservation school contract with the State, all expenses generated by the St. Regis Mohawk School are funded through State formula aid with the balance due billed to and paid for with special State purpose monies. This contract expires on June 30, 2030. The District currently obtains a revenue anticipation note (RAN) to cover the expenditures for the SRMS until New York State sends reimbursement. The amount currently due is \$1,042,282.

Native Americans have a choice of School Districts they can attend when the reservation borders more than one district. New York State pays tuition under an approved formula for these students to attend Salmon River Central Schools since they reside on tax exempt land of the School District. The tuition contract expires on June 30, 2030. The amount currently due is \$674,357.

New York State also pays 100% of the transportation costs for Native American students that choose to attend the Campus School. These costs are reimbursed based on the ratio of bus runs used for the Reservation area compared to the total number of bus runs. The ratio is approximately 65.85% for the 2022-2023 year. The transportation contract is an annual contract that renews automatically. The amount currently due the District is \$2,767,065.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

SCHOOL DISTRICT OVERVIEW AND HIGHLIGHTS, Continued

The funds generated from these contracts, in conjunction with State Aid, the State's School Tax Relief (STAR) program and our local school tax contributions provide the basis for the School District's financial structure. Access to State and Federal grants, along with Native American Aid, has assisted the District in maintaining a very reasonable five (5) year average tax rate per thousand dollars of \$10.29 on full property value.

The State has calculated our combined wealth measure to be 0.188. To put this number into perspective, 1.0 equals the average wealth for a District. This number continues to place us as the *absolute poorest school district in the State* as measured by our income and property wealth. Based on the 2022-23 State Aid Factors data, the State average property value and income behind each pupil was \$779,900 and \$323,800, respectively. Our corresponding figures were \$151,833 and \$57,476. As these figures clearly express, we are a District burdened with substantial poverty and a lack of wealth.

The School District employs approximately 445 full and part time professional and support staff. These employees are organized into three (3) collective bargaining units (teaching staff, support staff and administration). The teaching staffs' contract agreement expired on June 30, 2024. The administrators' contract negotiations will expire on June 30, 2026. The support staff contract will expire June 30, 2025.

Student enrollment declined this school year to 1,384. The reason for this decline in enrollment is due in part to the new immunization laws that were passed. Many students chose to home school or go to school in Canada rather than get the required immunizations that had previously been exempt due to religious beliefs. Enrollment projections based on data from an FEH BOCES study confirm continued steady enrollment for several years to come.

The voters approved a \$26.5M capital project in May 2019. The project was approved on June 2, 2020 by New York State and bids were opened in December 2021. The project began in April 2021 and was completed in June 2023. A field improvement project in the amount of \$7.4M was approved by voters in October 2021 and work began in September 2022. Work is scheduled to be completed September 2023. A fuel tank replacement project for \$1M was approved by the voters in May 2021 and began June 2023. The project is scheduled to be completed September 2023.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the School 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 School 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 School District's budget for the year.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

The following summarizes the major features of the School District's financial statements, including the portion of the School 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.

Major Features of the District-Wide and Fund Financial Statements			
		Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance.	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities' monies
Required Financial Statements	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures and Changes in Fund Balance	5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Deferred outflows of resources/liabilities/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 or available 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 the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

District-Wide Statements

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

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the School District's activities are shown as Governmental activities. Most of the School 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.

In the district-wide financial statements, the School District's funds are shown as Governmental activities. Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state and federal aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required to be established by State law and by bond covenants.
- The School 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).

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Fund Financial Statements, Continued

The District has two kinds of funds.

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance School District 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 and/or differences between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School 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 School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. The net assets reflect mainly reserved and unreserved fund balance. The School District's net assets also reflect its investment in capital assets less any related debt used to acquire those assets that is still outstanding. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The debt is paid through the use of state building aid, Native American aid and EXCEL aid. The remaining balance of unrestricted net assets may be used to meet the School District's ongoing activities. The current assets are shifting from cash to capital assets. This reflects the payments made for the capital project in progress.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

The following schedule summarizes the School District's net assets. The complete Statement of Net Assets can be found in the School District's basic financial statements.

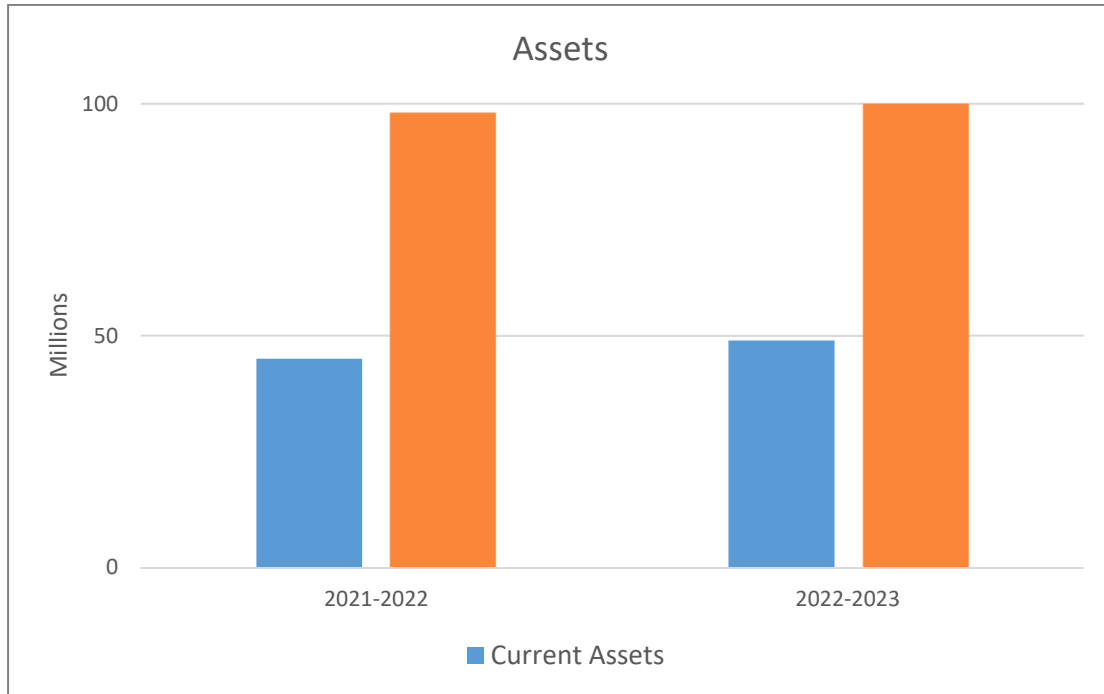
	<u>2021-2022</u>	<u>2022-2023</u>
Assets:		
Current and other assets	\$ 47,861,325	25,133,042
Capital assets, net	<u>98,809,760</u>	<u>107,239,744</u>
Total assets	146,671,085	132,372,786
Deferred outflows of resources	<u>41,167,002</u>	<u>37,821,960</u>
Total assets and deferred outflows of resources	<u>\$ 187,838,087</u>	<u>170,194,746</u>
Liabilities:		
Current liabilities	25,058,289	22,138,995
Long-term debt outstanding	<u>218,601,645</u>	<u>208,673,949</u>
Total liabilities	243,659,934	230,812,944
Deferred inflows of resources	<u>35,559,287</u>	<u>28,309,942</u>
Total liabilities and deferred inflows of resources	<u>279,219,221</u>	<u>259,122,886</u>
Net position:		
Invested in capital assets, net of related debt	63,100,505	74,757,965
Restricted	9,588,862	10,965,642
Unrestricted	<u>(164,068,501)</u>	<u>(174,651,747)</u>
Total net position	<u>\$ (91,381,134)</u>	<u>(88,928,140)</u>

In general, current assets are those assets that are available to satisfy current obligations and current liabilities are those liabilities that will be paid within one year. Current assets consist primarily of cash equivalents of \$14.3 million, and state and federal aid receivables of \$7.1 million.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

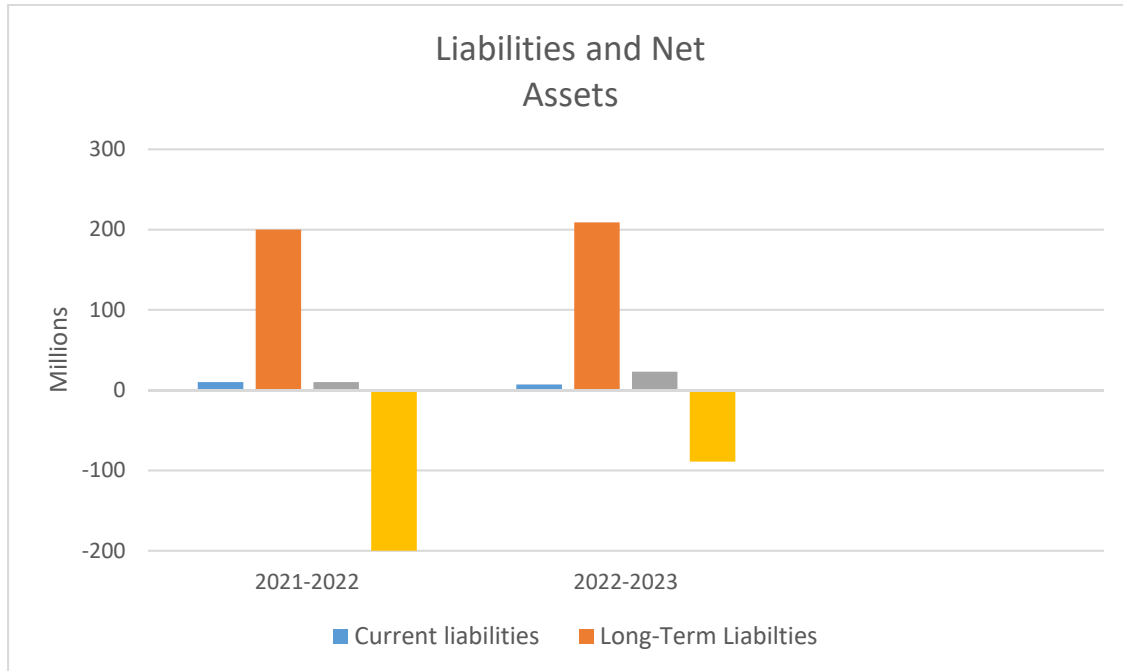


The change in net liabilities is due largely to the implementation of GASB 75 rules requiring Districts to show long-term employment benefits as a liability. This represents mainly the long term health insurance benefit for our retired and active employees. The impact to the statements this year for GASB 75 caused the unrestricted net assets to become negative as there are not enough assets available to cover the \$189 million in other post employment benefits liabilities. This is not uncommon given that the liability is not required to be fully funded.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued



Liabilities consist primarily of long-term debt of \$12.7 million, short-term payables of \$1.5 million, short-term bonds payable of \$2.9 million, and post-employment benefits of \$189 million.

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

The following schedule summarizes the School District's activities. The complete Statement of Activities can be found in the School District's basic financial statements.

	<u>2021-2022</u>	<u>2022-2023</u>
Revenues:		
Property and other tax items	\$ 1,974,640	1,971,989
Use of money and property	27,968	420,511
Sale of property and compensation for loss	-	-
Miscellaneous	642,439	898,890
State sources	32,711,842	37,892,144
Federal sources	4,915,224	5,957,581
	<hr/>	<hr/>
Total revenues	40,272,113	47,141,115
	<hr/>	<hr/>
Expenses:		
General support	9,377,771	10,042,580
Instruction	26,887,639	28,227,188
Pupil transportation	4,256,897	4,610,379
Debt service	968,698	1,183,702
Community service	16,729	15,534
Capital outlay - Mohawk School	-	-
Other expenditures	-	23,915
School lunch program - cost of food sales	496,644	584,825
	<hr/>	<hr/>
Total expenses	42,004,378	44,688,123
	<hr/>	<hr/>
Change in net assets	\$ (1,732,265)	2,452,992

The School District is heavily dependent on State, Federal and Native American aid for its funding. Together they account for 93% of our total revenue.

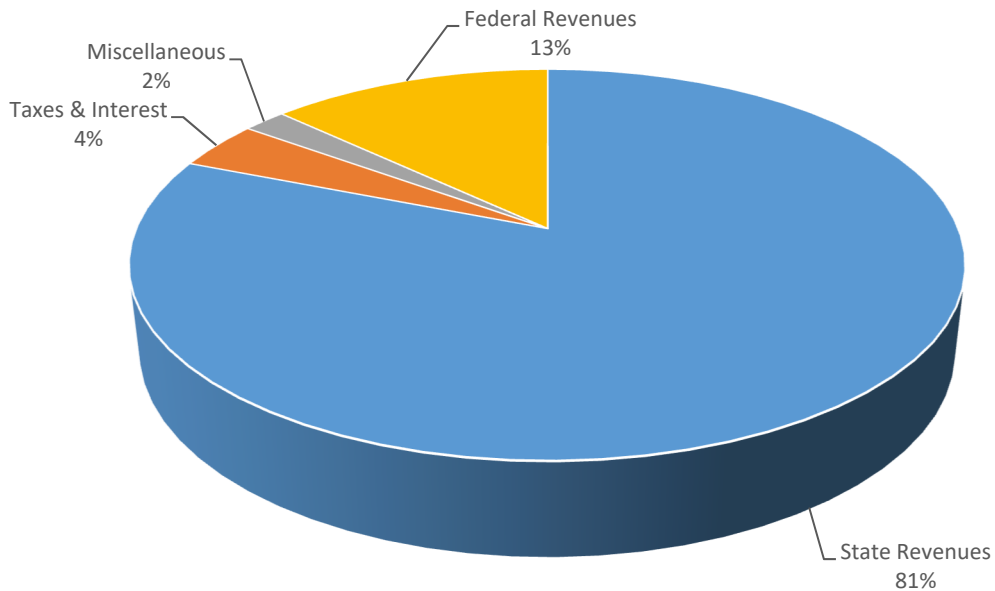
It should be noted that the district's tax levy contributes only 4% of our total revenues or \$1,971,989 with the STAR program. Our District has always made a strong effort to keep taxes at a reasonable level. In the 2022-23 year, the tax levy remained the same. The District did require a supermajority based on the 2% tax cap formula, which was approved by the voters. Residents will be eligible for the tax freeze incentives issued by NYS.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

Sources of Revenues for Fiscal Year 2022

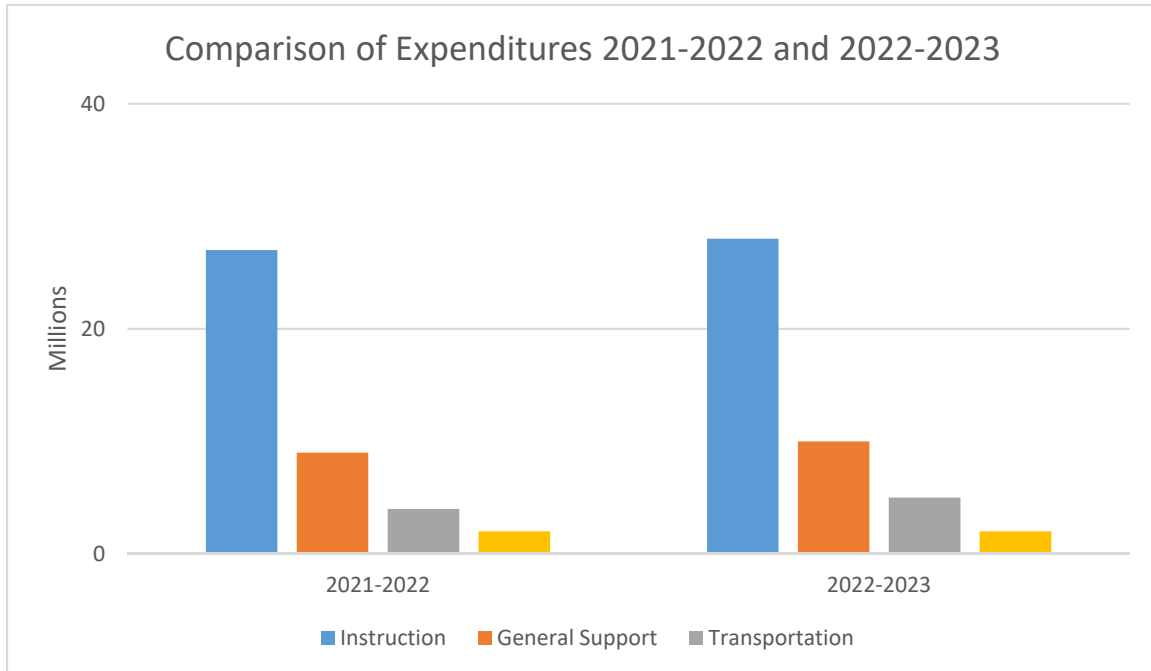


Our District's expenses are predominantly related to instruction, which represents 63% of our total costs. Also, like most districts, our rising employee benefits fees, increasing energy costs and under-funded school lunch program continue to be financial challenges to our budget. The District currently pays \$26,184 for a family health insurance plan and this is expected to continue to rise 6-8% per year. Within 5 years, the plan will cost over \$32,000 per family plan if there is no change in riders or employee contributions. Currently all employees are contributing to their health insurance plans. This will help reduce the overall cost of employee health insurance but more is needed to help with the burden health insurance is placing on an already tight budget.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued



To manage our future energy costs, the District included a geo thermal heating/cooling system in our building project. This system has allowed the District to add 100,000 square feet to the building without increasing the gallons of fuel used.

Our transportation department has switched to a 5 year bus replacement plan to ensure that the District has a safe fleet of buses and utilizes the 90% transportation aid that is received. Each year 4 buses will be replaced. Bonds are issued for the replacement of the buses and aid flows on a similar schedule to the debt payments.

The District has a locked-in bid price for fuel oil and purchases electricity through cooperative purchasing, but prices for these commodities fluctuate every year. The price of fuel is expected to remain steady next year.

The financial statements also include the activity of the Special Aid funds, which are comprised of a number of State and Federal grant programs and the school lunch fund, also known as the cafeteria fund.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

GENERAL FUND BUDGET OVERVIEW

It should be explained that the District's general fund is comprised of two (2) individual budgets. The first is approved by the voters in May and totals \$36,886,087. It covers the operation of the main campus school in preK–12th grade.

The second budget is for the operation of the St. Regis Mohawk Elementary School. This is a preK–5th grade building educating only Native American children living on the St. Regis Mohawk Reservation. This budget is negotiated annually with the State of New York and totaled \$11,141,710. The revenues to support this building/program are totally funded with state aid. Unfortunately, the formula aid that is attributable to the attendance of students at the St. Regis Mohawk School is very difficult to compute in a timely manner, causing local cash flow problems and making it difficult to accurately report fund balance. Each year, the District utilizes a Revenue Anticipation Note to cover spending in anticipation of the Native American aid for the Mohawk School.

This administration is challenged in its ability to accurately predict state aid. This is directly associated with estimating state tuition payments on eligible Native American students educated at the campus school. The District and State representatives are scheduled to review the tuition formula and pertinent data in an attempt to better identify a just and realistic amount for this service. As our percentage of Native American students increase, so will our difficulty to predict revenues from this source. We must also remain vigilant in our effort to make sure educational funding for Salmon River is both adequate and equitable for our unique District.

As the District completed the year, its governmental funds reported a General fund balance of \$17,013,813. This amount is above the 4% limit specified by Real Property Tax Law. However, as our salary and operating expenses increase along with the unpredictability of State Aid, the District feels it is necessary to continue to maintain strong reserves. The District has a long range plan to use limited amounts from our reserves in the coming years to offset the loss of the Foundation Aid increases promised by the State.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

ANALYSIS OF THE SCHOOL DISTRICT'S OTHER FUNDS

Capital Projects Fund

The voters approved a \$26.5M capital project in May 2019. The project was approved by New York State on June 2, 2021 and started in April 2022. The project was completed in June 2023. The voters approved a \$1M fuel tank replacement project in May 2021 and a \$7.4M athletic field project in October 2021. Both projects are underway and expected to be completed in September 2023.

School Lunch (Cafeteria) Fund

The school lunch program continues to be supported by funds from the general fund. Revenues generated from the National School Lunch Program and the District's lunch program is stable with healthy student participation, but does not meet expenses. It should be noted that labor, employees' retirement and health insurance costs continue to increase each year. The lack of financial resources in the community and our District's commitment to preparing quality food has limited this program's ability to be self-sustaining, but we are making several changes to bring the program close to self-sufficiency.

The cafeteria increased its deficit from \$520,578 in the previous year to \$776,997 this school year.

For the 2022-2023 school year, the universal free lunch program ended and the District returned to the pre-covid meal fee structure. The District has remained in the Universal Free Breakfast Program to help promote more children to eat breakfast in the morning when it is offered free of charge.

Special Aid Funds

The special aid fund provides the district with a variety of instructional programs supported by State and Federal grants. Title I and Title VI provide significant revenue for the district. These grants allow us to create programs that complement the district's educational objectives while allowing sensitivity to our culturally diverse student population.

The revenues for our Native American transportation contract are included in this fund as well. This contract with the State provides revenue to the District to cover the cost of transporting Native American students to and from the reservation. The amount of funds provided is meant to cover all expenses related to this service.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

ANALYSIS OF THE SCHOOL DISTRICT'S OTHER FUNDS, Continued

Special Aid Funds, Continued

During the 2022-2023 school year the District continued to spend the ESSER and ARP fund allocations the District received in excess of \$9M. These funds are set to expire in 2025-2026. These funds have been budgeted to add additional programs after school, over the summer and during the school day. When the funding ends many of the services will also end although some will be maintained through planned attrition. In future years it is projected that the special aid funds will begin to decline again for Title services as well as IDEA. When this happens, the general fund must pick up the differences because these programs cannot be cut. With the No Child Left Behind initiative, remediation programs are more important than ever. Federal and State Aid budgets are personnel driven like all of our budgets. With the record increases in fringe benefits, decreases will compound the general fund impact. Any decrease in grants equates to a much larger loss when contractual increases are figured in. Please note that the grant fiscal year generally runs from September to August, while the school's fiscal year runs from July to June.

Capital Assets

By the end of June 2023, the District invested approximately \$107,239,744 in a broad range of capital assets including school buildings, the bus garage, school buses, computers, audio-visual and classroom equipment. The District purchased 4 buses in the 2022-2023 school year. For this coming year, we will be purchasing another 4 new buses as well as 2 electric buses based on voter approval in May 2023. We have a 5 year bus replacement plan to bring the District fleet more up-to-date.

Long-Term Debt

The District's outstanding long-term debt as of June 30, 2023 was \$12,665,000. This represents a series of borrowings for the \$50 million capital project that started in 2009 and the \$36.5 million project that started in 2015. In 2009 and 2011, the District was able to secure Quality Zone Academy Bonds (QZABs) that offered the District refundable interest over the life of the bond. In essence, the District will pay approximately 1.25% interest on these bonds. In 2011, the District also secured a Quality School Construction Bond (QSCB) that offered the District with another low interest bond with a rate of .8%. These low interest bonds have helped minimize any local tax share for the capital project.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- As mentioned above, this District is very heavily dependent on State Aid. During state budget preparations for next year, Foundation Aid was capped at 3%. With the State continually decreasing aid and the property tax cap in place the District will have an extremely difficult time to maintain staffing and programming at the levels needed to educate our children properly. The District is currently supporting our programs by committing approximately 4% of our fund balance to support our current level of staffing. In previous years, we have reduced our staff by not replacing retired staff and cutting teaching positions. Providing quality education with a shrinking staff and growing student population is posing challenges to our ability to provide a sound basic education to our students living in poverty.
- With the addition of the ESSER and ARP funds the District will need to strategically plan for the use of these funds as well as the phase out of the funds over the next several years. This will be done through attrition and the District long range strategic plan.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

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Salmon River Central School
Fort Covington, New York 12937
(518) 358-6608
njock@srk12.org

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Net Position - Governmental Activities

June 30, 2023

Assets

Cash and cash equivalents:	
Unrestricted	\$ 3,321,781
Restricted	10,965,642
Receivables:	
Taxes	-
Other	1,915,413
Due from fiduciary funds	-
State and federal aid	7,145,411
Inventories	24,433
Capital assets, net	107,239,744
Lease assets, net	1,760,362
Total assets	<u>\$ 132,372,786</u>

Deferred Outflows of Resources

Other postemployment benefits	26,996,516
Pensions	10,825,444
Total deferred outflows of resources	<u>\$ 37,821,960</u>

Liabilities

Payables:	
Accounts payable	616,973
Accrued expenses	23,680
Due to other governments	276,556
Accrued interest	570,668
Payroll liabilities	38,067
Due to Teachers' Retirement System	1,707,196
Due to Employees' Retirement System	219,759
Notes payable:	20,000
Bond anticipation	15,299,275
Long-term liabilities:	
Due and payable within one year:	
Bonds payable	2,900,000
Compensated absences payable	376,375
Lease liabilities	90,446
Due and payable after one year:	
Bonds payable	12,665,000
Compensated absences payable	663,159
Other postemployment benefits payable	189,423,449
Net pension liability-proportionate share	5,922,341
Total liabilities	<u>\$ 230,812,944</u>

Deferred Inflows of Resources

Deferred premium on debt issuance	\$ 1,617,507
Other postemployment benefits	25,644,883
Pensions	1,047,552
Total deferred inflows of resources	<u>\$ 28,309,942</u>

Net Position

Net investment in capital assets	74,757,962
Restricted	10,965,642
Unrestricted (deficit)	(174,651,744)
Total net position	<u>\$ (88,928,140)</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Activities and Changes in Net Position - Governmental Activities

For the year ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net expense (revenue) and changes in net position</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	
General support	\$ 10,102,309	59,729	-	10,042,580
Indirect cost	-	-	-	-
Instruction	38,519,190	10,292,002	-	28,227,188
Pupil transportation	4,825,557	215,178	-	4,610,379
Community service	15,534	-	-	15,534
Debt service - interest	1,183,702	-	-	1,183,702
Capital outlay - Mohawk School	-	-	-	-
Other expenditures	23,914	-	-	23,915
School lunch program	808,466	129,919	93,722	584,825
Total functions and programs	<u>\$ 55,478,672</u>	<u>10,696,828</u>	<u>93,722</u>	<u>44,688,123</u>
General revenues:				
Real property taxes				1,658,226
Other tax items				313,763
Use of money and property				420,511
Sale of property and compensation for loss				-
Miscellaneous				846,372
State sources				37,892,144
Federal sources				5,957,581
Medicaid reimbursement				52,518
Total general revenues				<u>47,141,115</u>
Change in net position				<u>2,452,992</u>
Net position, beginning of year				<u>(91,381,132)</u>
Net position, end of year				<u>\$ (88,928,140)</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2023

<u>Assets</u>	<u>Major Governmental Funds</u>			<u>Total non-major governmental funds</u>	<u>Total governmental funds</u>
	<u>General</u>	<u>Special aid</u>	<u>Capital project main campus reconstruction</u>		
Cash:					
Unrestricted	\$ 743,992	136,714	2,441,075	-	3,321,781
Restricted	10,965,642	-	-	-	10,965,642
Receivables:					
Taxes	-	-	-	-	-
Other	1,915,319	-	-	94	1,915,413
Due from other funds	4,639,810	-	1,762,120	473,000	6,874,930
State and federal aid	2,452,587	4,454,728	-	238,096	7,145,411
Inventories	-	-	-	24,433	24,433
Overpayments and collections in advance	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Total assets	<u>\$ 20,717,350</u>	<u>4,591,442</u>	<u>4,203,195</u>	<u>735,623</u>	<u>30,247,610</u>
<u>Liabilities</u>					
Payables:					
Accounts payable	583,664	961	-	32,348	616,973
Accrued liabilities	23,680	-	-	-	23,680
Accrued interest	519,506	-	-	-	519,506
Due to other funds	473,000	4,453,767	-	1,948,163	6,874,930
Due to other governments	138,665	136,714	-	1,177	276,556
Due to Teacher's Retirement System	1,707,196	-	-	-	1,707,196
Due to Employees' Retirement System	219,759	-	-	-	219,759
Payroll liabilities	38,067	-	-	-	38,067
Deferred compensation	-	-	-	20,000	20,000
Notes payable:					
Bond anticipation	-	-	14,944,275	355,000	15,299,275
Revenue anticipation	-	-	-	-	-
Total liabilities	<u>3,703,537</u>	<u>4,591,442</u>	<u>14,944,275</u>	<u>2,356,688</u>	<u>25,595,942</u>
Fund balances (deficit):					
Non-spendable	-	-	-	24,433	24,433
Restricted:					
Workers' compensation reserve	1,361,367	-	-	-	1,361,367
Unemployment insurance reserve	539,615	-	-	-	539,615
Reserve for retirement contributions - ERS	3,976,691	-	-	-	3,976,691
Reserve for retirement contributions - TRS	762,678	-	-	-	762,678
Insurance reserve	1,759,956	-	-	-	1,759,956
Reserve for employee benefits and accrued liabilities	1,004,585	-	-	-	1,004,585
Capital reserve	1,560,750	-	-	-	1,560,750
Assigned:					
Assigned appropriate fund balances	560,717	-	-	-	560,717
Assigned unappropriated fund balance:					
School lunch	-	-	-	3,282,808	3,282,808
Capital project	-	-	-	-	-
General support	90,458	-	-	-	90,458
Instruction	29,532	-	-	-	29,532
Transportation	-	-	-	-	-
Unassigned fund balance (deficit)	<u>5,367,464</u>	<u>-</u>	<u>(10,741,080)</u>	<u>(4,928,306)</u>	<u>(10,301,922)</u>
Total fund balances (deficit)	<u>17,013,813</u>	<u>-</u>	<u>(10,741,080)</u>	<u>(1,621,065)</u>	<u>4,651,668</u>
Total liabilities and fund balances	<u>\$ 20,717,350</u>	<u>4,591,442</u>	<u>4,203,195</u>	<u>735,623</u>	<u>30,247,610</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

For the year ended June 30, 2023

	Major governmental funds			Total non-major governmental funds	Total governmental funds
	<u>General</u>	<u>Special aid</u>	<u>Capital project main campus reconstruction</u>		
Revenues:					
Real property taxes	\$ 1,658,226	-	-	-	1,658,226
Other tax items	313,763	-	-	-	313,763
Charges for services	5,478,704	-	-	-	5,478,704
Use of money and property	544,314	-	-	595	544,909
Sale of property and compensation for loss	159,414	-	-	-	159,414
Miscellaneous	786,095	44,138	-	-	830,233
Interfund revenues	951	-	-	-	951
State sources	34,933,403	4,021,612	-	3,757,661	42,712,676
Medicaid reimbursement	52,518	-	-	-	52,518
Federal sources	54,846	4,873,217	-	1,029,518	5,957,581
Surplus food	-	-	-	93,722	93,722
Sales - school lunch	-	-	-	129,919	129,919
Total revenues	<u>43,982,234</u>	<u>8,938,967</u>	<u>-</u>	<u>5,011,415</u>	<u>57,932,616</u>
Expenditures:					
General support	5,600,726	7,009	5,438,110	771,795	11,817,640
Indirect cost	-	951	-	-	951
Other expenditures	-	23,915	-	-	23,915
Instruction	19,128,020	6,134,100	-	-	25,262,120
Pupil transportation	923,868	2,853,002	-	495,269	4,272,139
Community service	9,000	-	-	-	9,000
Employee benefits	11,195,389	-	-	481,147	11,676,536
Debt service:					
Principal	4,066,278	-	-	-	4,066,278
Interest	1,337,011	-	-	-	1,337,011
Cost of sales	-	-	-	808,466	808,466
Capital outlay	-	-	-	5,048,472	5,048,472
Total expenditures	<u>42,260,292</u>	<u>9,018,977</u>	<u>5,438,110</u>	<u>7,605,149</u>	<u>64,322,528</u>
Excess (deficiency) of revenues over expenditures	<u>1,721,942</u>	<u>(80,010)</u>	<u>(5,438,110)</u>	<u>(2,593,734)</u>	<u>(6,389,912)</u>
Other financing sources (uses):					
Operating transfers in	4,731	80,010	-	776,997	861,738
Operating transfers (out)	(857,007)	-	-	(4,731)	(861,738)
Proceeds from debt	-	-	55,000	500,000	555,000
Total other financing sources (uses)	<u>(852,276)</u>	<u>80,010</u>	<u>55,000</u>	<u>1,272,266</u>	<u>555,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>869,666</u>	<u>-</u>	<u>(5,383,110)</u>	<u>(1,321,468)</u>	<u>(5,834,912)</u>
Fund balances, beginning of year	<u>16,144,147</u>	<u>-</u>	<u>(5,357,970)</u>	<u>(299,597)</u>	<u>10,486,580</u>
Fund balances, end of year	<u>\$ 17,013,813</u>	<u>-</u>	<u>(10,741,080)</u>	<u>(1,621,065)</u>	<u>4,651,668</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2023

	Private purpose <u>trusts</u>	<u>Custodial</u>
Assets:		
Cash	\$ 117,505	119,144
Due from other governments	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 117,505</u></u>	<u><u>119,144</u></u>
Liabilities:		
Due to governmental funds	-	-
Other liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
Net position:		
Restricted for other purposes	68,382	119,144
Non-restricted for other purposes	<u>49,123</u>	<u>-</u>
Total net position	<u>117,505</u>	<u>119,144</u>
Total liabilities and net position	<u><u>\$ 117,505</u></u>	<u><u>119,144</u></u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the year ended June 30, 2023

	Private purpose trusts	<u>Custodial</u>
Additions:		
Investment earnings	\$ 183	55
Extracurricular receipts	-	147,633
Gifts and contributions	-	-
	<hr/>	<hr/>
Total additions	\$ 183	147,688
	<hr/>	<hr/>
Deductions:		
Extracurricular disbursements	-	152,230
Scholarships and awards	375	-
	<hr/>	<hr/>
Total deductions	375	152,230
	<hr/>	<hr/>
Change in net position	(192)	(4,542)
Net position, beginning of year	117,697	123,686
	<hr/>	<hr/>
Net position, end of year	\$ 117,505	119,144
	<hr/>	<hr/>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position - Governmental Activities

June 30, 2023

<u>Assets</u>	Total governmental funds	Long-term assets, liabilities	Reclassifications and eliminations	Statement of net position totals
Cash	\$ 14,287,423	-	-	14,287,423
Taxes receivable	-	-	-	-
Other receivables	1,915,413	-	-	1,915,413
Due from other funds	6,874,930	-	(6,874,930)	-
State and federal aid	7,145,411	-	-	7,145,411
Inventories	24,433	-	-	24,433
Overpayments and collections in advance	-	-	-	-
Prepaid expenditures	-	-	-	-
Capital assets, net	-	107,239,744	-	107,239,744
Lease assets, net	-	1,760,362	-	1,760,362
Net pension asset-proportionate share	-	-	-	-
Total assets	30,247,610	109,000,106	(6,874,930)	132,372,786
<u>Deferred Outflows of Resources</u>				
Deferred gain on advance refunding of debt	-	-	-	-
Other postemployment benefits	-	26,996,516	-	26,996,516
Pensions	-	10,825,444	-	10,825,444
Total deferred outflows of resources	-	37,821,960	-	37,821,960
Total assets and deferred outflows of resources	\$ 30,247,610	146,822,066	(6,874,930)	170,194,746
<u>Liabilities</u>				
Accounts payable	616,973	-	-	616,973
Accrued liabilities	23,680	-	-	23,680
Due to other funds	6,874,930	-	(6,874,930)	-
Due to other governments	276,556	-	-	276,556
Accrued interest	519,506	51,162	-	570,668
Due to Teachers' Retirement System	1,707,196	-	-	1,707,196
Due to Employees' Retirement System	219,759	-	-	219,759
Payroll liabilities	38,067	-	-	38,067
Deferred compensation	20,000	-	-	20,000
Bond anticipation note	15,299,275	-	-	15,299,275
Compensated absences payable	-	1,039,534	-	1,039,534
Lease liabilities	-	90,446	-	90,446
Bonds payable	-	15,565,000	-	15,565,000
Other post-employment benefits	-	189,423,449	-	189,423,449
Net pension liability - proportionate share	-	5,922,341	-	5,922,341
Total liabilities	25,595,942	212,091,932	(6,874,930)	230,812,944
<u>Deferred Inflows of Resources</u>				
Deferred premium on debt issuance	-	1,617,507	-	1,617,507
Other post employment benefits	-	25,644,883	-	25,644,883
Pensions	-	1,047,552	-	1,047,552
Total deferred inflows of resources	-	28,309,942	-	28,309,942
Fund equity/net position	4,651,668	(93,579,808)	-	(88,928,140)
Total liabilities, deferred inflows of resources and fund equity/net position	\$ 30,247,610	146,822,066	(6,874,930)	170,194,746

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position - Governmental Activities

June 30, 2023

Total fund balances - governmental funds		\$	4,651,668
Amounts reported for governmental activities in the statement of net position are different because:			
Capital and lease assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds			
Governmental capital assets	\$	138,365,338	
Lease assets		3,289,369	
Less: accumulated depreciation		(31,125,594)	
Less: accumulated amortization		<u>(1,529,007)</u>	109,000,106
Interest payable used in governmental activities is not payable from current resources and therefore not reported in the governmental funds			
			(51,162)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds			
Bonds payable	\$	(15,565,000)	
Lease liabilities		(90,446)	
Compensated absences		<u>(1,039,534)</u>	(16,694,980)
Other post-employment benefits are not due and payable in the current period and therefore are not reported in the funds			
			(189,423,449)
Proportionate share of net pension liability are not financial resources and not due and payable in the current year and therefore, are not reported in the governmental funds			
Net pension liability			(5,922,341)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds			
Deferred outflows related to pensions	\$	10,825,444	
Deferred inflows related to pensions		<u>(1,047,552)</u>	9,777,892
Deferred outflows and inflows of resources related to other post-employment benefits are applicable to future periods and, therefore, are not reported in the governmental funds			
Deferred outflows related to other post-employment benefits	\$	26,996,516	
Deferred inflows related to other post-employment benefits		<u>(25,644,883)</u>	1,351,633
Deferred outflows and inflows of resources related to debt are applicable to future periods and, therefore, are not reported in the governmental funds			
Deferred premiums on debt issuance			<u>(1,617,507)</u>
Net position of governmental activities		\$	<u><u>(88,928,140)</u></u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Balances to Statement of Activities

June 30, 2023

	Total governmental funds	Long-term assets, liabilities	Reclassifications and eliminations	Statement of activities totals
<u>Revenues</u>				
Real property taxes	\$ 1,658,226	-	-	1,658,226
Other tax items	313,763	-	-	313,763
Charges for services	5,478,704	-	-	5,478,704
Use of money and property	544,909	-	-	544,909
Sale of property and compensation for loss	159,414	-	-	159,414
Miscellaneous	830,233	-	-	830,233
Interfund revenues	951	-	(951)	-
State sources	42,712,676	-	-	42,712,676
Medicaid reimbursement	52,518	-	-	52,518
Federal sources	5,957,581	-	-	5,957,581
Surplus food	93,722	-	-	93,722
Sales - school lunch and store	129,919	-	-	129,919
Total revenues	57,932,616	-	(951)	57,931,665
<u>Expenditures</u>				
General support	11,817,640	(3,395,495)	1,680,164	10,102,309
Indirect cost	951	-	(951)	-
Instruction	25,262,120	211,491	13,045,579	38,519,190
Pupil transportation	4,272,139	16,957	536,461	4,825,557
Community service	9,000	-	6,534	15,534
Employee benefits	11,676,536	9,915,717	(21,592,253)	-
Debt service	5,403,289	(4,219,587)	-	1,183,702
Unallocated depreciation	-	-	-	-
Cost of sales	808,466	-	-	808,466
Other expenditures	23,915	-	-	23,915
Capital outlay	5,048,472	(5,048,472)	-	-
Total expenditures	64,322,528	(2,519,389)	(6,324,466)	55,478,673
Excess (deficiency) of revenues over expenditures	(6,389,912)	2,519,389	6,323,515	2,452,992
<u>Other Financing Sources and Uses</u>				
Proceeds from debt	555,000	(500,000)	(55,000)	-
Operating transfers in	861,738	-	(861,738)	-
Operating transfers out	(861,738)	-	861,738	-
Total other financing sources (uses)	555,000	(500,000)	(55,000)	-
Net change in fund balances	\$ (5,834,912)	2,019,389	6,268,515	2,452,992

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Net Changes in Fund Balances to Statement of Activities

June 30, 2023

Net change in fund balances - total governmental funds		\$ (5,834,912)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimate useful lives:		
Expenditures for capital assets	11,029,628	
Expenditures for lease assets	654,022	
Less: current year depreciation	(2,530,363)	
Less: loss on disposal for capital assets	(69,281)	
Less: current year amortization	<u>(659,432)</u>	8,424,574
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Other costs related to debt issuance and retirement are expenditures in the governmental funds, but are deferred and amortized on the statement of net position		
Bond premium amortization	161,751	
Bond proceeds	(500,000)	
Repayment of bonds	<u>3,865,000</u>	3,526,751
Interest expense reported in the statement of activities does not require the use of current financial resources and is therefore not reported as an expenditure in governmental funds		(8,442)
Compensated absences in the statement of activities does not require the use of current financial resources and is therefore not reported as an expenditure in governmental funds		(62,777)
Other postemployment benefits in the statement of activities does not require the use of current resources and are therefore not reported as expenditures in the governmental funds		(2,309,080)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense		
Pension contribution expense	2,123,450	
Cost of benefits earned, net of employee contributions	<u>(3,406,572)</u>	<u>(1,283,122)</u>
Change in net position of governmental funds		<u>\$ 2,452,992</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

The financial statements of the Salmon River 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.

Certain significant accounting principles and policies utilized by the District are described below:

(a) Reporting Entity

The Salmon River 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 9 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.

i) Extraclassroom Activity Funds:

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture

The Salmon River Central School District is one of 11 component school districts in the Franklin-Essex-Hamilton BOCES. A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards are also 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.

(c) Basis of Presentation

i) District-Wide Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions.

Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Statement of Activities presents a comparison between program expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

ii) Fund Financial Statements:

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

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 and school store operations 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.

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

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:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. 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.

Custodial funds: 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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 90 days after the end of the fiscal year.

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

(e) Cash and Cash Equivalents and Investments

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 the 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.

Investments are stated at fair value.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(f) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and became a lien on August 10, 2022. Taxes are collected during the period September 1, 2022 to November 3, 2022.

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.

(g) Accounts Receivable

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

(h) Inventories

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

A reserve for inventories has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

(i) Due to/from Other Funds

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivable 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(i) Due to/from Other Funds, Continued

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 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

(j) Capital Assets

Capital assets are reported at historical cost if actual historical cost is available, or estimated historical cost if actual historical cost is not available. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization threshold</u>	<u>Depreciation method</u>	<u>Estimated useful life</u>
Buildings	\$ 15,000	Straight-line	50 years
Building improvements	15,000	Straight-line	20 years
Furniture and equipment	5,000	Straight-line	15 years
Vehicles	5,000	Straight-line	8 years

(k) Vested Employee Benefits

Compensated Absences

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

District employees 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(k) Vested Employee Benefits, Continued

Compensated Absences, Continued

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

(l) Other Benefits

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

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for 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 covered by the District. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(m) Budgetary Procedures and Budgetary Accounting

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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

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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(n) Unearned Revenue

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

(o) 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.

(p) Equity Classifications

District-wide statements:

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

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

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

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(p) Equity Classifications, Continued

Fund statements:

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$24,433.

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

Workers' Compensation Reserve

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

Unemployment Insurance

According to General Municipal Law §6-m, this reserve 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(p) Equity Classifications, Continued

Retirement Contributions

According to General Municipal Law §6-r, this reserve must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

Insurance Reserve Fund

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

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

Capital

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(p) Equity Classifications, Continued

Capital, Continued

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest action to remove or change the constraint.

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government delegates authority. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$119,990.

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund. NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance for 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 nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determine next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

(q) 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, 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(q) Accrued Liabilities and Long-Term Obligations, Continued

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

(r) 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. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the 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. Lastly is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has 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 System) and difference during the measurement periods 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 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.

Pension Obligations

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

Plan Description and Benefits Provided

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

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

At June 30, 2023, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to 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.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	4,504,415	1,417,926
District's portion of the Plan's total net pension liability	0.0210054%	0.073893%

For the year ended June 30, 2023, the District recognized pension expense of \$1,618,394 for ERS and the actuarial value of \$1,787,555 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:

	<u>Deferred outflows of resources</u>		<u>Deferred inflows of resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Difference between expected and actual experience	\$ 479,755	1,485,807	126,504	28,413
Change of assumptions	2,187,634	2,750,537	24,177	571,181
Net difference between projected and actual investment earnings	-	1,832,095	26,463	-
Changes in proportion and difference between the District's contributions and proportionate share of contributions	197,337	282,903	66,815	203,999
District's contributions subsequent to the measurement date	219,759	1,389,617	-	-
	<u>\$ 3,084,485</u>	<u>7,740,959</u>	<u>243,959</u>	<u>803,593</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

Pension Liabilities, Pension Expense, 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 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:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2023	\$ -	1,075,398
2024	630,677	540,582
2025	(205,972)	(222,673)
2026	941,341	3,638,786
2027	1,254,720	479,326
Thereafter	-	36,330

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.9%	6.95%
Salary scale	4.4%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System Experience	April 1, 2015 - March 31, 2020 System Experience
Inflation rate	2.9%	2.7%

Significant actuarial assumptions used in the valuations were as follows:

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale of MP2014, applied on a generational basis.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

Actuarial Assumptions, Continued

For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Asset type:		
Domestic equity	4.30%	6.50%
International equity	6.85%	7.20%
Global equity	-	-
Private equity	7.50%	6.90%
Real estate	4.60%	9.90%
Domestic fixed income securities	1.50%	6.20%
Global bonds	-	1.10%
High-yield bonds	-	0.60%
Bonds and mortgages	-	3.30%
Private debt	-	-
Real estate debt	-	5.30%
Cash equivalents	-	2.40%
Absolute return strategies	-	(0.30%)
Opportunistic/ARS Portfolio	5.38%	
Real assets	5.84%	
Cash	0.00%	
Credit	5.43%	

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

Discount Rate

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

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

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

		1% decrease <u>(4.9%)</u>	Current assumption <u>(5.9%)</u>	1% increase <u>(6.9%)</u>
<u>ERS</u>				
Employer's proportionate share of the net pension asset (liability)	\$	(10,885,238)	(4,504,415)	827,506
		1% decrease <u>(5.95%)</u>	Current assumption <u>(6.95%)</u>	1% increase <u>(7.95%)</u>
<u>TRS</u>				
Employer's proportionate share of the net pension asset (liability)	\$	(13,073,942)	(1,417,926)	8,384,707

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Valuation date	March 31, 2023	June 30, 2022
Employer's total pension liability	\$ 232,627,259	133,883,474
Plan net position	<u>211,183,223</u>	<u>131,964,582</u>
Employer's net pension liability	<u>\$ 21,444,036</u>	<u>1,918,892</u>
Ratio of the plan net position to the employers' total pension liability	90.78%	98.60%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$219,759.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023, represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$1,707,196.

(s) New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2023, the District implemented the following new standards issued by GASB. These standards had no significant impact on the District.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for fiscal years beginning after December 15, 2021

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(t) Future Changes in Accounting Standards

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for fiscal years beginning after June 15, 2022

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, effective for fiscal years beginning after June 15, 2022

GASB Statement No. 98, The Annual Comprehensive Financial Report, effective for fiscal years beginning after December 15, 2021

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

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

A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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 three broad categories. The amounts shown below represent:

i) Long-term revenue 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

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

Long-term debt transaction differences:

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

iii) 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 pension expense.

iv) 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.

(3) Stewardship, Compliance and Accountability

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(4) Custodial Credit and Concentration of Credit

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 not covered by depository insurance at year end. All balances were collateralized with securities held by the pledging financial institution, but not in the District's name. Bank balances totalled approximately \$14,287,423.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$10,965,642 within the governmental funds and \$187,526 in the fiduciary funds.

(5) Investments Pool

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. The District's total NYCLASS balance at June 30, 2023 was approximately \$5,112,000.

The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative can be obtained from the New York Cooperative Liquid Assets Securities System (NYCLASS).

(6) Participation in BOCES

During the year ended June 30, 2023, the District was billed \$5,134,186 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2023, the District did not issue serial bonds on behalf of BOCES.

The District's share of BOCES aid amounted to \$3,670,570.

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(7) Capital Assets

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

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements/ reclassifications</u>	<u>Ending balance</u>
Capital assets that are not depreciated:				
Land	\$ 118,242	-	-	118,242
Construction in progress	<u>15,503,695</u>	<u>5,048,472</u>	<u>(15,503,695)</u>	<u>5,048,472</u>
Total nondepreciable historical cost	<u>15,621,937</u>	<u>5,048,472</u>	<u>(15,503,695)</u>	<u>5,166,714</u>
Capital assets that are depreciated:				
Buildings	105,808,878	20,941,805	(20,485)	126,730,198
Machinery and equipment	<u>6,599,660</u>	<u>543,046</u>	<u>(674,280)</u>	<u>6,468,426</u>
Total depreciable historical cost	<u>112,408,538</u>	<u>21,484,851</u>	<u>(694,765)</u>	<u>133,198,624</u>
Less accumulated depreciation:				
Buildings	25,003,775	2,024,311	(13,148)	27,014,938
Machinery and equipment	<u>4,216,940</u>	<u>506,052</u>	<u>(612,336)</u>	<u>4,110,656</u>
Total accumulated depreciation	<u>29,220,715</u>	<u>2,530,363</u>	<u>(625,484)</u>	<u>31,125,594</u>
Total depreciated historical cost, net	<u>\$ 98,809,760</u>	<u>24,002,960</u>	<u>(15,572,976)</u>	<u>107,239,744</u>

Depreciation expense was charged to governmental activities as follows:

Administrative services	\$ 2,065,624
Regular instruction	11,563
Pupil transportation	<u>453,176</u>
	<u>\$ 2,530,363</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(8) Short-Term Debt

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

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

The District may issue Bond Anticipation Notes, 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.

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

	<u>Beginning balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending balance</u>
BAN Maturing 8/5/22 at 1.25%	15,000,000	-	15,000,000	-
BAN Maturing 8/24/23 at 3.75%	-	15,299,275	-	15,299,275

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

Interest paid	\$ 187,500
Less interest accrued in the prior year	(169,256)
Plus interest accrued in the current year	<u>519,506</u>
Total expense	\$ <u><u>537,750</u></u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(9) Long-Term Debt and Other Long-Term Liabilities

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

<u>Government activities</u>	<u>Beginning balance</u>	<u>Issued</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amount due within one year</u>
Serial Bonds 2008	\$ 245,000	-	120,000	125,000	125,000
QZABs 2009	2,015,000	-	1,015,000	1,000,000	1,000,000
QZABs 2011	1,020,000	-	1,020,000	-	-
QSCBs 2011	775,000	-	190,000	585,000	195,000
Serial bonds 2012	125,000	-	60,000	65,000	65,000
DASNY Bonds 2018	13,295,000	-	985,000	12,310,000	1,035,000
Bus Bond 2017	95,000	-	95,000	-	-
Bus Bond 2018	190,000	-	95,000	95,000	95,000
Bus Bond 2019	310,000	-	100,000	210,000	105,000
Bus Bond 2020	385,000	-	95,000	290,000	95,000
Bus Bond 2021	475,000	-	90,000	385,000	95,000
Bus Bond 2022	-	500,000	-	500,000	90,000
Total bonds payable	<u>18,930,000</u>	<u>500,000</u>	<u>3,865,000</u>	<u>15,565,000</u>	<u>2,900,000</u>
Other liabilities -					
Net pension liability					
Other post-benefit obligations					
Compensated absences	<u>976,757</u>	<u>62,777</u>	<u>-</u>	<u>1,039,534</u>	<u>376,375</u>
Total other liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total long-term liabilities	<u>\$ 19,906,757</u>	<u>562,777</u>	<u>3,865,000</u>	<u>16,604,534</u>	<u>3,276,375</u>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(9) Long-Term Debt, Continued

Existing serial and statutory bond obligations:

<u>Description of issue</u>	<u>Issue date</u>	<u>Final maturity</u>	<u>Interest rate</u>	<u>Outstanding June 30, 2023</u>
Serial bonds	2008	2024	4.30%	\$ 125,000
QZABs	2009	2024	1.25%	1,000,000
QSCBs	2011	2025	0.80%	585,000
Serial bonds	2012	2024	3.00%	65,000
DASNY bonds	2018	2033	5.00%	12,310,000
Bus Bond	2018	2023	3.13%	95,000
Bus Bond	2019	2024	1.63%	210,000
Bus Bond	2020	2025	0.70%	290,000
Bus Bond	2021	2026	1.25%	385,000
Bus Bond	2022	2027	3.50%	500,000
				<u>\$ 15,565,000</u>

The following is a summary of debt service requirements:

	<u>Serial Bonds</u>		<u>Other Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Fiscal year ended June 30:				
2024	\$ 2,420,000	639,225	480,000	40,135
2025	1,285,000	566,090	395,000	21,906
2026	1,345,000	510,030	295,000	14,647
2027	1,200,000	451,750	205,000	8,264
2028	1,260,000	391,750	105,000	2,625
2029 - 2033	<u>6,575,000</u>	<u>946,750</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,085,000</u>	<u>3,505,595</u>	<u>1,480,000</u>	<u>87,577</u>

Other debt consists of the energy performance debt and the bond and installment purchase obligation.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(9) Long-Term Debt, Continued

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

Interest paid	\$ 793,836
Amortized bond premium	(161,751)
Less interest accrued in the prior year	(42,720)
Plus interest accrued in the current year amortization of bond costs	<u>51,162</u>
Total expense	<u><u>\$ 640,527</u></u>

(10) Interfund Balances and Activity

	<u>Interfund receivable</u>	<u>Interfund payable</u>
General fund	\$ 4,639,810	473,000
Special aid fund	-	4,453,767
School lunch fund	-	186,043
Major capital projects fund	1,762,120	-
Non-major capital projects fund	<u>473,000</u>	<u>1,762,120</u>
Total government agencies	6,874,930	6,874,930
Fiduciary funds	<u>-</u>	<u>-</u>
Totals	<u><u>\$ 6,874,930</u></u>	<u><u>6,874,930</u></u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

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

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(11) Post-Employment (Health Insurance) Benefits

General information about the OPEB Plan

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

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

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

Retirees and survivors	278
Terminated vested employees	-
Active employees	<u>330</u>
	<u>608</u>

Total OPEB Liability

The District's total OPEB liability of \$189,423,449 was measured as of July 1, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary scale	3.50%
Discount rate	3.54%
Healthcare cost trend rates	8.00% for 2024, decreasing 1.00% per year through 2026 then varies to an ultimate rate of 3.94% for 2093+
Retirees' share of benefit-related costs	25%

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(11) Post-Employment (Health Insurance) Benefits, Continued

Total OPEB Liability, Continued

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

Mortality rates were based on the RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2020.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2020 to July 1, 2021.

Changes in the Total OPEB Liability

Balance at July 1, 2022	\$ 202,706,135
Service cost	8,078,382
Interest	4,458,607
Changes of benefit terms	-
Differences between expected and actual experience	2,464,915
Changes in assumptions or other inputs	(23,407,860)
Benefit payments	(4,876,730)
Net changes	(13,282,686)
Balance at July 1, 2023	\$ 189,423,449

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

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

	1% decrease (2.54%)	Discount Rate (3.54%)	1% increase (4.54%)
Total OPEB liability \$	226,911,108	189,423,449	160,086,856

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(11) Post-Employment (Health Insurance) Benefits, Continued

Changes in the Total OPEB Liability, Continued

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

	<u>1% decrease</u>	Current trend <u>rates</u>	<u>1% increase</u>
Total OPEB liability \$	157,057,625	189,423,449	231,980,549

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 \$6,937,203. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 2,052,031	4,390,972
Changes of assumptions or other inputs	20,316,362	21,253,911
Employer contributions subsequent to the measurement date	<u>4,628,123</u>	<u>-</u>
Total	<u>\$ 26,996,516</u>	<u>25,644,883</u>

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 June 30:	
2024	\$ (2,091,755)
2025	417,907
2026	4,654,023
2027	5,483,542
2028	3,283,465
Thereafter	<u>319,487</u>
	<u>\$ 12,066,669</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(12) Pension Plans

General information:

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

Provisions and administration:

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

Funding policies:

The Systems are noncontributory for employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976 and prior to January 1, 2010, employees contribute 3% to 3.5% with the exception of ERS Tier V and VI employees. Employees in the Systems more than ten years are no longer required to contribute. In addition, employee contributions under ERS Tier VI vary based on a sliding scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(12) Pension Plans, Continued

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

Year		<u>ERS</u>	<u>TRS</u>
June 30, 2023	\$	657,005	1,440,956
June 30, 2022		750,831	1,386,812
June 30, 2021		685,351	1,242,805

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

The State Legislature authorized local governments to make available retirement incentive programs. Nothing was charged to expenditures in the Governmental Funds in the current fiscal year.

(13) Risk Management

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

The District participates in the Franklin-Essex-Hamilton BOCES Workers' Compensation Insurance Consortium, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The School District has no liability as of June 30, 2023.

(14) Contingencies and Commitments

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(15) Fund Balances

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Funds Balance Sheet.

(16) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported revenues and expenses during the reporting period.

Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

(17) Subsequent Events

Subsequent events have been evaluated through October 16, 2023, which is the date the financial statements were available to be issued.

(18) Lease Assets and Liabilities

Lease liabilities are calculated at the present value of the remaining expected lease payments over the lease term. The lease assets are calculated based on the lease liabilities plus prepayments and ancillary costs to place the asset in use.

The District leases various computer equipment from BOCES. The leased assets at June 30, 2023 are as follows:

	<u>Beginning balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending balance</u>
Computer equipment	\$ 2,635,347	654,022	-	3,289,369
Less accumulated amortization - computer equipment	<u>723,297</u>	<u>805,710</u>	<u>-</u>	<u>1,529,007</u>
Total leased assets, net	<u>\$ 1,912,050</u>	<u>(151,688)</u>	<u>-</u>	<u>1,760,362</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(18) Lease Assets and Liabilities, Continued

Amortization of leased assets has been charged to governmental activities as regular instruction. Amortization is calculated over the shorter of the useful life of the asset or the lease term.

Lease liabilities at June 30, 2023 are as follows:

	<u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u>	<u>One year</u>
Lease liability by location:					
2018 Main Campus	75,276	-	59,979	15,297	15,297
2019 Main Campus	103,512	-	51,025	52,487	52,487
2018 Mohawk School	22,101	-	17,610	4,491	4,491
2019 Mohawk School	35,835	-	17,664	18,171	18,171
	<u>\$ 236,724</u>	<u>-</u>	<u>146,278</u>	<u>90,446</u>	<u>90,446</u>

The leases are payable quarterly with payments ranging from \$4,600 to \$15,400 per quarter.

2018 Main Campus	2018	2023	3.20%
2019 Main Campus	2019	2024	2.83%
2018 Mohawk School	2018	2023	3.20%
2019 Mohawk School	2019	2024	2.83%

Interest paid on lease payments for the current year totalled \$5,424.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund

For the year ended June 30, 2023

	Original budget	Final budget	Actual (budgetary basis)		Final budget variance with actual
Revenues:					
Local sources:					
Real property taxes	\$ 1,645,000	1,645,000	1,658,226		13,226
Other tax items	327,568	327,568	313,763		(13,805)
Charges for services	5,298,420	5,298,420	5,478,704		180,284
Use of money and property	146,942	146,942	544,314		397,372
Sale of property and compensation for loss	10,190	10,190	159,414		149,224
Miscellaneous	341,855	341,855	786,095		444,240
Interfund revenues	-	-	951		951
Total local sources	7,769,975	7,769,975	8,941,467		1,171,492
State sources	34,892,627	34,892,627	34,933,403		40,776
Federal sources	55,692	55,692	107,364		51,672
Total revenues	42,718,294	42,718,294	43,982,234		1,263,940
Other financing sources:					
Transfers from other funds	-	-	4,731		4,731
Total revenues and other financing sources	42,718,294	42,718,294	43,986,965		1,268,671
				Year-end encumbrances	Final budget variance with budgetary actual
Expenditures:					
General support:					
Board of Education	24,814	23,914	14,182	-	9,732
Central administration	237,000	247,979	245,478	-	2,501
Finance	380,834	409,698	390,359	15,975	3,364
Staff	259,000	314,278	314,257	-	21
Central services	3,834,904	4,043,646	3,928,540	74,483	40,623
Special items	709,219	710,883	707,910	-	2,973
Total general support	5,445,771	5,750,398	5,600,726	90,458	59,214
Instruction:					
Instruction, administration and improvement	1,205,500	1,323,187	1,311,952	-	11,235
Teaching - regular school	8,627,940	8,783,338	8,690,523	-	92,815
Programs for children with handicapping conditions	3,438,900	3,388,097	3,364,725	-	23,372
Occupational education	1,154,000	1,127,995	1,126,633	-	1,362
Teaching - special school	162,500	77,337	74,542	-	2,795
Instructional media	2,343,033	2,889,128	2,877,368	-	11,760
Pupil services	1,609,672	1,774,040	1,682,277	29,532	62,231
Total instruction	18,541,545	19,363,122	19,128,020	29,532	205,570
Pupil transportation	2,501,458	1,302,555	923,868	-	378,687
Community services	17,000	17,000	9,000	-	8,000
Employee benefits	12,013,681	11,202,519	11,195,389	-	7,130
Debt service	4,768,424	5,403,288	5,403,289	-	(1)
Total expenditures	43,287,879	43,038,882	42,260,292	119,990	658,600
Other financing uses:					
Operating transfers to other funds	525,000	897,886	857,007	-	40,879
Total expenditures and other financing uses	43,812,879	43,936,768	43,117,299	119,990	699,479
Net change in fund balances	\$ (1,094,585)	(1,218,474)	869,666		
Fund balances, beginning of year			16,144,147		
Fund balances, end of year			\$ 17,013,813		

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT**Schedule of Changes in Net Other Post Employment Benefit Liability**

For the year ended June 30, 2023

<u>Measurement date</u>	<u>7/1/2017</u>	<u>7/1/2018</u>	<u>7/1/2019</u>	<u>7/1/2020</u>	<u>7/1/2021</u>	<u>7/1/2022</u>
Service cost	\$ 7,513,744	5,721,190	5,762,669	5,455,308	8,066,089	8,078,382
Interest	5,208,337	5,922,825	5,791,171	5,490,099	4,358,342	4,458,607
Changes in benefit terms	-	(1,124,485)	-	(1,132,565)	(319,055)	-
Differences between expected and actual experience	-	(21,078,434)	-	(423,293)	-	2,464,915
Change in assumptions and other inputs	(25,825,204)	(750,345)	(219,706)	32,608,505	3,804,833	(23,407,860)
Benefit payments	<u>(3,232,739)</u>	<u>(3,427,435)</u>	<u>(3,797,495)</u>	<u>(3,821,494)</u>	<u>(4,696,031)</u>	<u>(4,876,730)</u>
Net changes in total OPEB liability	(16,335,862)	(14,736,684)	7,536,639	38,176,560	11,214,178	(13,282,686)
Total OPEB liability - beginning	<u>176,851,304</u>	<u>160,515,442</u>	<u>145,778,758</u>	<u>153,315,397</u>	<u>191,491,957</u>	<u>202,706,135</u>
Total OPEB liability - ending	\$ <u>160,515,442</u>	<u>145,778,758</u>	<u>153,315,397</u>	<u>191,491,957</u>	<u>202,706,135</u>	<u>189,423,449</u>
Covered payroll	\$ 16,871,862	17,384,311	18,455,124	18,429,421	19,136,152	29,068,387
Total OPEB as a percentage of covered payroll	951%	839%	831%	1039%	1059%	652%

10 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.

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of District's Proportionate Share of Net Pension Asset (Liability) - NYSLRS Pension Plan

June 30, 2023

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
Teachers' Retirement System (TRS)									
District's proportion of the net pension asset (liability)	0.071331%	0.072676%	0.076628%	0.072164%	0.074371%	0.076985%	0.074102%	0.076513%	0.073893%
District's proportion share of the net pension asset (liability)	7,945,807	7,549,718	(820,713)	548,518	1,344,821	2,000,079	(2,047,627)	13,258,916	(1,417,926)
District's covered payroll	10,328,000	10,537,000	10,917,000	11,815,000	11,436,000	12,114,000	12,850,000	12,577,000	14,145,242
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	<u>76.93%</u>	<u>71.65%</u>	<u>7.52%</u>	<u>4.64%</u>	<u>11.76%</u>	<u>16.51%</u>	<u>15.93%</u>	<u>105.42%</u>	<u>10.02%</u>
Plan fiduciary net position as a percentage of the total pension asset (liability)	111.48%	110.46%	99.01%	100.66%	101.53%	102.20%	97.80%	113.20%	98.60%
Employees' Retirement System (ERS)									
	<u>3/31/2015</u>	<u>3/31/2016</u>	<u>3/31/2017</u>	<u>3/31/2018</u>	<u>3/31/2019</u>	<u>3/31/2020</u>	<u>3/31/2021</u>	<u>3/31/2022</u>	<u>3/31/2023</u>
District's proportion of the net pension asset (liability)	0.014720%	0.014917%	0.015409%	0.015486%	0.015845%	0.016726%	0.017494%	0.017569%	0.021005%
District's proportion share of the net pension asset (liability)	497,261	2,394,270	1,447,871	499,800	1,122,690	4,429,247	17,419	(1,436,183)	(4,504,415)
District's covered payroll	3,796,000	3,759,000	4,019,000	4,241,000	4,384,000	4,682,000	5,040,000	5,220,000	6,883,000
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	<u>13.10%</u>	<u>63.69%</u>	<u>36.03%</u>	<u>11.78%</u>	<u>25.61%</u>	<u>94.60%</u>	<u>0.35%</u>	<u>27.51%</u>	<u>65.44%</u>
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.90%	90.70%	94.70%	98.24%	96.27%	86.39%	99.95%	103.65%	90.78%

10 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.

SALMON RIVER CENTRAL SCHOOL DISTRICTSchedule of District's Contributions - NYSLRS Pension Plan
(in thousands)

For the year ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Teachers' Retirement System (TRS)										
Contractually required contribution	\$ 1,441	1,387	1,242	1,483	1,291	1,421	1,649	1,980	1,783	1,299
Contribution in relation to the contractually required contribution	<u>1,441</u>	<u>1,387</u>	<u>1,242</u>	<u>1,483</u>	<u>1,291</u>	<u>1,421</u>	<u>1,649</u>	<u>1,980</u>	<u>1,783</u>	<u>1,299</u>
Contributions deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	14,145	12,987	13,369	12,850	12,114	11,436	11,815	10,917	10,537	10,328
Contributions as a percentage of covered payroll	10.2%	10.7%	9.3%	11.5%	10.7%	12.4%	14.0%	18.1%	16.9%	12.6%
Employees' Retirement System (ERS)										
Contractually required contribution	657	751	685	638	604	602	582	644	679	701
Contributions in relation to the contractually required contribution	<u>657</u>	<u>751</u>	<u>685</u>	<u>638</u>	<u>604</u>	<u>602</u>	<u>582</u>	<u>644</u>	<u>679</u>	<u>701</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	6,051	5,220	5,040	4,682	4,384	4,241	4,019	3,759	3,796	3,293
Contributions as a percentage of covered payroll	10.9%	14.4%	13.6%	13.6%	13.8%	14.2%	14.5%	17.1%	17.9%	21.3%

10 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.

SALMON RIVER CENTRAL SCHOOL DISTRICTSchedule of Change from Adopted Budget to Final Budget and the
Real Property Tax Limit - General Fund

June 30, 2023

Change from Adopted Budget to Final Budget

Adopted budget	\$ 33,625,827
Add: prior year's encumbrances	<u>123,889</u>
Original budget	33,749,716
Budget revision	<u>-</u>
Final budget	<u><u>\$ 33,749,716</u></u>

Section 1318 of Real Property Tax Law Calculation

2022-2023 voter approved expenditure budget	\$ 36,886,087
Maximum allowed 4% of 2022-2023 budget	<u>1,475,443</u>

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	680,707
Unassigned fund balance	<u>5,367,464</u>
Total unrestricted fund balance	<u>6,048,171</u>
Less:	
Appropriated fund balance	560,717
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	<u>119,990</u>
Total adjustments	<u>680,707</u>
General fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 5,367,464</u></u>
Annual percentage	<u><u>14.55%</u></u>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Project Expenditures - Capital Projects Fund

For the year ended June 30, 2023

<u>Project Title</u>	<u>Original appropriation</u>	<u>Revised appropriation</u>	<u>Prior year</u>	<u>Current year</u>	<u>Total</u>	<u>Unexpended balance</u>	<u>Proceeds of obligations</u>	<u>State aid</u>	<u>Local sources</u>	<u>Total</u>	<u>Transfers to general fund</u>	<u>Fund balance June 30, 2022</u>
Athletic Fields	\$ 7,400,000	7,400,000	-	4,577,545	4,577,545	2,822,455	-	3,254,004	-	3,254,004	-	(1,323,541)
Buses	500,000	500,000	-	495,269	495,269	4,731	500,000	-	-	500,000	4,731	-
Emergency Project - Fuel Tank	750,000	750,000	291,748	-	291,748	458,252	-	-	291,748	291,748	-	-
Fuel Tank Replacement	443,800	443,800	-	193,694	193,694	250,106	-	189,200	-	189,200	-	(4,494)
Fuel Tank Replacement Bus Garage	665,700	665,700	-	277,233	277,233	388,467	-	283,800	-	283,800	-	6,567
Main Campus Renovations	26,500,000	26,145,000	15,503,695	5,438,110	20,941,805	5,203,195	55,000	10,145,725	-	10,200,725	-	(10,741,080)
Main Campus Renovations	-	355,000	355,000	-	355,000	-	-	-	-	-	-	(355,000)
Total	\$ <u>36,259,500</u>	<u>36,259,500</u>	<u>16,150,443</u>	<u>10,981,851</u>	<u>27,132,294</u>	<u>9,127,206</u>	<u>555,000</u>	<u>13,872,729</u>	<u>291,748</u>	<u>14,719,477</u>	<u>4,731</u>	<u>(12,417,548)</u>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Revenues and Expenditures for the Mohawk School - General Fund

For the year ended June 30, 2023

Revenues:	
Charges for services	\$ 2,803
Use of money and property	1,578
Sale of property and compensation for loss	-
Miscellaneous	63,985
State sources	9,804,984
Federal sources	-
	<hr/>
Total revenues	9,873,350
	<hr/>
Expenditures:	
General support	1,526,217
Instruction	5,193,375
Community services	-
Employee benefits	2,923,691
Debt service	36,602
	<hr/>
Total expenditures	9,679,885
	<hr/>
Excess of revenues over expenditures	193,465
	<hr/>
Other financing sources and uses:	
Operating transfer in	-
Operating transfer out	(193,465)
	<hr/>
Total other sources and uses	(193,465)
	<hr/>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <hr/> <hr/> -

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT**Combined Balance Sheet - Non-Major Governmental Funds**

June 30, 2023

	<u>School lunch</u>	<u>Non-major capital projects</u>	<u>Total non-major funds</u>
Assets:			
Cash:			
Unrestricted	\$ -	-	-
Restricted	-	-	-
Receivables:			
Other	94	-	94
Due from other funds	-	473,000	473,000
State and federal aid	238,096	-	238,096
Inventories	24,433	-	24,433
Total assets	<u>\$ 262,623</u>	<u>473,000</u>	<u>735,623</u>
Liabilities:			
Payables:			
Accounts payable	-	32,348	32,348
Due to other funds	186,043	1,762,120	1,948,163
Due to other governments	1,177	-	1,177
Deferred compensation	20,000	-	20,000
Notes payable:			
Bond anticipation	-	355,000	355,000
Revenue anticipation	-	-	-
Total liabilities	<u>207,220</u>	<u>2,149,468</u>	<u>2,356,688</u>
Fund balances:			
Non-spendable	24,433	-	24,433
Restricted:			
Capital reserve	-	-	-
Assigned:			
Assigned appropriated fund balance	-	-	-
Assigned unappropriated fund balance	30,970	3,251,838	3,282,808
Unassigned fund balance	-	(4,928,306)	(4,928,306)
Total fund balances	<u>55,403</u>	<u>(1,676,468)</u>	<u>(1,621,065)</u>
Total liabilities and fund balances	<u>\$ 262,623</u>	<u>473,000</u>	<u>735,623</u>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICTCombined Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds

For the year ended June 30, 2023

	School food service	Capital project - capital outlay	Total non-major funds
Revenues:			
Use of money and property	\$ 595	-	595
Sale of property and compensation for loss	-	-	-
Miscellaneous	-	-	-
State sources	30,657	3,727,004	3,757,661
Federal sources	1,029,518	-	1,029,518
Surplus food	93,722	-	93,722
Sales - school lunch	129,919	-	129,919
Total revenues	<u>1,284,411</u>	<u>3,727,004</u>	<u>5,011,415</u>
Expenditures			
General support	771,795	-	771,795
Instruction	-	-	-
Pupil transportation	-	495,269	495,269
Employee benefits	481,147	-	481,147
Cost of sales	808,466	-	808,466
Capital outlay	-	5,048,472	5,048,472
Total expenditures	<u>2,061,408</u>	<u>5,543,741</u>	<u>7,605,149</u>
Deficiency of revenues over expenditures	<u>(776,997)</u>	<u>(1,816,737)</u>	<u>(2,593,734)</u>
Other financing sources and uses:			
Operating transfers in	776,997	-	776,997
Operating transfers out	-	(4,731)	(4,731)
Proceeds from debt	-	500,000	500,000
Total other sources and uses	<u>776,997</u>	<u>495,269</u>	<u>1,272,266</u>
Deficiency of revenues and other sources over expenditures and other uses	-	(1,321,468)	(1,321,468)
Fund balances - beginning of year	<u>55,403</u>	<u>(355,000)</u>	<u>(299,597)</u>
Fund balances - end of year	<u>\$ 55,403</u>	<u>(1,676,468)</u>	<u>(1,621,065)</u>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Investment in Capital Assets, Net of Related Debt

For the year ended June 30, 2023

Capital assets, net		\$ 107,239,744
Add:		
Unamortized deferred gain on advance refunding debt		<u>-</u>
Deduct:		
Bond anticipation notes expended	15,299,275	
Unamortized premium on bond issuance	1,617,507	
Short-term portion of bonds payable	2,900,000	
Long-term portion of bonds payable	<u>12,665,000</u>	<u>32,481,782</u>
Investment in capital assets, net of related debt		<u><u>\$ 74,757,962</u></u>

See accompanying independent auditor's report.



INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

To the Board of Education
Salmon River Central School District:

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Salmon River Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

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

Responsibilities of Management for the Financial Statement

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

To the Board of Education
Page 2 of 2

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Salmon River Central School District's internal control. Accordingly, no such opinion is expressed.

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

Syracuse, New York
October 16, 2023


FustCharles LLP

SALMON RIVER CENTRAL SCHOOL DISTRICT

Extra Classroom Activity Funds - Note to Financial Statements

June 30, 2023

(1) Significant Accounting Policies

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

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Extra Classroom Activity Funds - Statement of Assets, Liabilities and Net Position Arising from Cash Transactions

June 30, 2023

Assets:

Cash

\$ 119,144

Restricted net position:

Extraclassroom activity balances

\$ 119,144

See accompanying note to extra classroom activity funds.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Extra Classroom Activity Funds - Schedule of Cash Receipts, Disbursements and Ending Balances

Year ended June 30, 2023

<u>Activity</u>	<u>Beginning balance 7/1/2022</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending balance 6/30/2023</u>
Band club	\$ 2,652	2,087	2,727	2,012
CBWEP	16,098	1,679	8,376	9,401
Chorus	895	-	-	895
Drama Club	4,893	7,712	2,306	10,299
Class of 2023	14,417	17,701	32,118	-
Class of 2024	7,746	5,508	3,839	9,415
Class of 2025	1,759	1,647	1,160	2,246
Class of 2026	3,293	1,177	337	4,133
Class of 2027	1,950	24,993	15,596	11,347
Class of 2028	510	6,958	4,785	2,683
Class of 2029	-	11,589	9,444	2,145
FFA	7,944	4,838	5,501	7,281
French Club	1,638	197	820	1,015
Health Club	626	365	37	954
Mohawk Club	1,605	12,690	14,295	-
Jr. National Honor Society	1,471	2,553	2,948	1,076
National Honor Society	750	2,071	1,700	1,121
Spanish Club	3,012	1,816	1,800	3,028
Student Council	2,183	315	-	2,498
Student Council Mohawk School	3,622	851	647	3,826
Yearbook Club	4,292	7,201	8,845	2,648
Students Who Care	3,598	9,519	8,351	4,766
Varsity Club	38,732	24,219	26,596	36,355
Total	\$ 123,686	147,686	152,228	119,144

See accompanying note to extra classroom activity funds.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Provided to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Education:				
Passed-through NYS Education Department:				
Title I Grants to Local Education Agencies:				
Title 1 A&D	84.010A	0021-23-0925	-	\$ 922,615
Title 1 School Improvement	84.010	0011-23-2182	-	321,445
Title 1 School Improvement	84.010A	0011-22-4188	-	26,653
				<u>1,270,713</u>
Title II Part A	84.367A	0147-23-0925		71,897
Special Education Cluster:				
IDEA-Part B Section 619	84.173A	0033-23-0261		14,265
IDEA-Part B Section 611	84.027A	0032-23-0261		395,767
				<u>410,032</u>
Education Stabilization Fund:				
COVID-19 CRRSA-ESSER II	84.425D	5891-21-0925		1,300,562
COVID-19 ARP-ESSER III	84.425U	5880-21-0925		922,410
COVID-19 ARP-SLR Learning Loss	84.425U	5884-21-0925		232,843
COVID-19 ARP-SLR Summer Enrichment	84.425U	5882-21-0925		56,635
COVID-19 ARP-IDEA Part B Section 619		5533-22-0261		8,753
COVID-19 ARP-IDEA Part B Section 611		5532-22-0261		78,588
				<u>2,599,791</u>
Title IV Part A	84-424A	0204-23-0925		41,505
Title V Part B	84-358B	0006-23-0925		26,268
Title VI	84.060A	S060A220399		453,011
Total US. Department of Education			-	<u>4,873,217</u>
U.S. Department of Agriculture:				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555			93,722
Non-Cash Assistance subtotal				<u>93,722</u>
Cash Assistance:				
National School Lunch Program	10.555			576,490
School Breakfast Program	10.555			270,158
Snack Program for Children	10.555			56,790
Summer Food Service Program for Children	10.555			75,999
P-EBT Grant	10.555			1,256
Supply Chain Assistance	10.555			48,825
Cash Assistance subtotal				<u>1,029,518</u>
Total U.S. Dept. of Agriculture Child Nutrition Cluster			-	<u>1,123,240</u>
Total Federal Assistance Expenditures of Federal Awards			\$	<u>\$ 5,996,457</u>

See accompanying notes to schedule of expenditures of federal awards.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (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, for the year ended June 30, 2023. 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 in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by New York State. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. 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.



**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***

Board of Education
Salmon River 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 the Salmon River 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 Salmon River Central School District's basic financial statements and have issued our report thereon dated October 16, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Board of Education
Page 2 of 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salmon River Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Syracuse, New York
October 16, 2023


FustCharles LLP



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

Board of Education
Salmon River Central School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Salmon River Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Salmon River Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Salmon River Central School District's compliance with the compliance requirements referred to above.

Report on Compliance for Each Major Federal Program, Continued***Responsibilities of Management for Compliance***

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Salmon River Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Salmon River Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Salmon River Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

Report on Compliance for Each Major Federal Program, Continued***Auditor's Responsibilities for the Audit of Compliance, Continued***

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

Report on Internal Control over Compliance

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

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

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

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

Board of Education

Page 4 of 4

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salmon River Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Salmon River Central School District's basic financial statements. We issued our report thereon dated October 16, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Syracuse, New York
October 16, 2023


FustCharles LLP

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

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

Identification of major program:

Federal Assistance

Listing Number(s) Name of Federal Program or Cluster

U.S. Department of Education:

84.010 Title I Grants to Local Educational Agencies

84.425C, 84.425D,
84.425U Educational Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs, Continued

Section II - Financial Statement Findings

2023-001 Fund Balance

Criteria: New York State Real Property Tax Law requires school districts to maintain their unrestricted fund balance at or below 4 percent of the ensuing year's appropriations.

Condition: The portion of the District's fund balance subject to the New York State Real Property Tax Law limit exceeded the amount allowable.

Context: This is a repeat finding for the past several years. The unrestricted fund balance at June 30, 2022 is approximately \$3.99 million over the limit.

Effect: Funds were not used in a manner that benefitted taxpayers such as increasing legally adopted reserves, paying off debt and reducing property taxes.

Cause: The District adopted budgets with appropriations which exceeded the actual amounts needed.

Recommendation: We recommend that the District keep in mind the 4% rule when preparing future budgets.

Management's Response: See attached

Sections III - Federal Award Findings and Questioned Costs

None

SALMON RIVER CENTRAL SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

June 30, 2023

Note A- Findings - Financial Statement Audit

2022-001 Fund Balance

Status:

Note B - Findings - Major Federal Award Programs Audit

There were no prior year audit findings.



SALMON RIVER CENTRAL SCHOOL DISTRICT

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Dr. Stanley Harper
Superintendent

Natascha L. Jock
School Business
Executive

Angela A. Robert
Assistant Superintendent for
Curriculum and Instruction

Allen Gravell
Director of Special Education

Benjamin Barkley
High School Principal

Melissa Sevey
Middle School Principal

Danielle French
Elementary Principal

Alison Benedict
St. Regis Mohawk
School Principal

October 10, 2023

Management Responses

Finding Number: 2023-001

The Administration will continue to work with the Board of Education to prudently bring the District's fund balance into compliance with the Real Property Law 1318.

In the 2014-15 school year, the District received a one-time aid adjustment for the Native American Tuition. The District brought a miscalculation to the attention of NYS and worked for several years to have the formula corrected. In June 2014, NYS agreed to pay the District for the previous year with an amended formula. This resulted in the District adding \$5,124,072 to the fund balance due to the timing of the payments.

The District did not know the State was going to approve the formula change during the budgeting for the 2015-16 school year, so it was not included in the budget. During the year, the District did work to start replacing equipment and utilize one-time purchases to start bringing the fund balance back down.

Going forward, the tuition formula has resulted in increased tuition revenue each year. However, the District has been hesitant in adding too many staffing positions at once, given the uncertain nature of the tuition formula changes. The District has added a handful of positions into the budget each year to offset the increases in tuition. Since the additional positions only help to offset the annual tuition increases, the District continues to add allowable amounts each year into several reserves to set aside fund balance. Reserves for future capital projects, employee retirement costs, unemployment insurance costs and workers' compensation costs were created by the Board of Education and have lowered the unreserved fund balance.

While the District has worked to add positions each year, it has become increasingly difficult to fill the positions each year. This leaves vacancies for extended periods of time which saves the District money while adding to the growing fund balance. Also, the additional ARP funds provided to the District have covered some of the costs of these new positions. Therefore, in the 2022-2023 school year, the District did add \$869,666 to fund balance. However, when the ARP funds are depleted in the 2024-2025 school year, the District will have to absorb these positions back into the General Fund which will allow for the use of some of the excess fund balance.

Even with the creation of the reserves and the use of fund balance this year, the fund balance remains in excess of the 4% allowed by law. However, it should be noted that the District faces multiple future economic challenges. Our District is very heavily dependent on State Aid with 95% of revenues coming from State, Federal and Native American Aid. Rising health insurance rates and increasing personnel costs will also undoubtedly lead to increased program costs. Every year increasing unfunded mandates from NYS add to the burden of the budget with an inability to raise taxes due to the low tax base in our community. A 2% tax levy increase equates to approximately just over \$38,000 in revenue. It is the District's opinion that it is necessary given these factors to maintain an unreserved fund balance higher than 4%.

Implementation Date:

This will be implemented immediately with the development of the 2023-2024 budget process and each budget going forward to incorporate the use of additional fund balance annually as well as purchasing more non-recurring items. The anticipated completion date is 6/30/28.

Person Responsible for Implementation

Dr. Stanley Harper, Superintendent of Schools and Natascha Jock, School Business Executive

Signed:

A handwritten signature in blue ink, reading "Dr. Stanley Harper", is written over a horizontal line.

Dr. Stanley Harper
Superintendent of Schools

A handwritten date "10/10/2023" in blue ink is written over a horizontal line.

Date