

CARMEL
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2023

CARMEL CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

	Page
Introduction:	
Independent Auditor's Report	
Management's Discussion and Analysis	M1-M12
Basic Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	3
Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	4
Balance Sheet – Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	6
Statement of Fiduciary Net Position	7
Statement of Changes in Fiduciary Net Position	8
Notes to Financial Statements	9-48
Required Supplemental Information:	
Schedule of Revenues, Other Sources, Expenditures and Other Uses Compared to Budget - General Fund	49-50
Schedule of Changes in the Total OPEB Liability	51
Schedule of District's Proportionate Share of the Net Pension Asset/Liability	52
Schedule of District Contributions	53
Supplemental Information:	
Schedule of Change From Original Budget to Final Budget - General Fund	54
Schedule of Real Property Tax Law Limit - General Fund	54
Schedule of Project Expenditures - Capital Projects Fund	55
Schedule of Investment in Capital and Intangible Assets, net of Related Debt	56
Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements performed in accordance with <i>Government Auditing Standards</i>	57-58

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Carmel Central School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Carmel 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 Carmel Central School District's basic financial statements as listed in the table of contents.

Opinions

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 fiduciary funds of the Carmel Central School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Carmel Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Carmel Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

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 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the basic financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic 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 basic 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 Carmel Central School District's internal control. Accordingly, no such opinion is expressed.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Carmel Central School District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of changes in the total OPEB liability, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M12 and 49-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Carmel Central School District's basic financial statements as a whole. The other supplementary information comprises the additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, on our consideration of the Carmel Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Carmel Central School District's internal control over financial reporting and compliance.

Raymond G. Preusser, CPA, P.C.

Claverack, New York
November 3, 2023

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

This section of Carmel Central School District's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the School District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Districtwide net assets decreased from (\$220,959,039) to (\$245,019,433) from 2022 to 2023 due to the changes in the net pension assets to net pension liabilities for the retirement systems.

At year end, the District's governmental funds reported a combined fund balance of \$24,807,130, an increase of \$2,614,143 from the prior year.

In an effort to address the financial challenges and "learning loss" brought on by the COVID-19 Pandemic, the State provided funding through the Federal ARP Grant in the amount of \$3,046,449 and the Federal CRSSA Grant in the amount of \$2,665,701. Funds from these Grants were used to provide technology enhancements, address learning loss, implement after school comprehension programs, summer enrichment, and provide additional funds for Special Education Programs.

As a result of conservative budgeting, reducing the amount of money appropriated to reduce the tax levy from \$2.2 million for the 2021-22 budget to \$1.1 million for the 2022-23 budget, and restricting expenditures, due to the District operating on a contingency budget in 2021-22, the District was able to increase Reserves by approximately \$4 million. In addition, as a result of new NYS Legislation, the District created an Insurance Reserve, that can be used to help mitigate health insurance costs, and funded the Reserve with \$1.5 million.

The District has continued their conservative approach to budgeting and maintained this \$1.1 million appropriation for the 2023-2024 budget with discussions during the budget process to reduce this number to \$0. As a result of these processes, the District was able to increase Reserves for school year ending in 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts—management's discussion and analysis (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 financial statements that provide both long-term and short-term information about the School District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District's finances, reporting the District's operations in more detail than the statements.

The governmental funds statements tell how general district services like instruction or school lunch were financed in the short term as well as what remains for future spending.

Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including students of the District and scholarship trust funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The figure shown below summarizes the major features of the School District's financial statements.

Major Features of Carmel Central School District's Districtwide and Fund Financial Statements

	Districtwide Statements	Fund Statements	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District government (except fiduciary funds)	The activities of the School District that are not fiduciary such as School Lunch and Capital spending	Instances where the School District is the trustee or agent for someone else's resources, such as scholarships
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

Our auditor has provided assurance in his independent auditor's report, that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part in the financial statements.

DISTRICTWIDE FINANCIAL STATEMENTS

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time,

increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

All of the District's services are reported in the districtwide financial statements as governmental activities, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds.

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District establishes other funds to control and 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). All of the funds of the District can be divided into two categories; governmental funds, and fiduciary funds.

- **Governmental funds:** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for

their intended purposes and by those to whom the assets belong. The District excludes these activities from the districtwide financial statements because it cannot use these assets to finance its operations.

DISTRICTWIDE FINANCIAL ANALYSIS

Carmel Central School District's Net Position June 30, 2023 and 2022

	Governmental Activities		Variance Increase (Decrease)
	2023	2022	
Current Assets	\$ 37,127,315	\$ 34,172,184	\$ 2,955,131
Capital & Intangible Assets	62,578,780	63,803,631	(1,224,851)
Net Pension Asset	-	59,892,672	(59,892,672)
Total Assets	99,706,095	157,868,487	(58,162,392)
Deferred Outflows of Resources	96,227,666	104,216,404	(7,988,738)
Total Assets and Outflows of Resources	195,933,761	262,084,891	(66,151,130)
Current Liabilities	12,564,462	11,194,920	1,369,542
Noncurrent Liabilities	42,709,777	44,915,250	(2,205,473)
Total OPEB Obligation	315,895,184	317,402,832	(1,507,648)
Net Pension Liability	15,454,703	-	15,454,703
Total Liabilities	386,624,126	373,513,002	13,111,124
Deferred Inflows of Resources	54,329,068	108,830,928	(54,501,860)
Total Liabilities and Inflows of Resources	440,953,194	482,343,930	(41,390,736)
Net Position:			
Investment in capital & intangible assets	28,105,799	38,841,273	(10,735,474)
Restricted	14,090,511	12,480,007	1,610,504
Unrestricted (Deficit)	(287,215,743)	(271,580,319)	(15,635,424)
Total Net Position	<u>\$ (245,019,433)</u>	<u>\$ (220,259,039)</u>	<u>\$ (24,760,394)</u>

Maintaining adequate fund balance (reserved and unappropriated) has several internal benefits. Fund balance can provide for cash flow needs until major revenues are received (thereby reducing or eliminating the need for cash flow borrowing), provide funds to leverage state and federal grants, and provide for various contingency expenses.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, and equipment); less any related outstanding debt

used to acquire those assets. The District uses these capital assets to provide educational services. Consequently, these assets are not available for future spending. Although the 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. Capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used (e.g. capital projects, debt service and other specified purposes). The remaining balance of unrestricted net position may be used to meet the District's ongoing obligation to provide educational services.

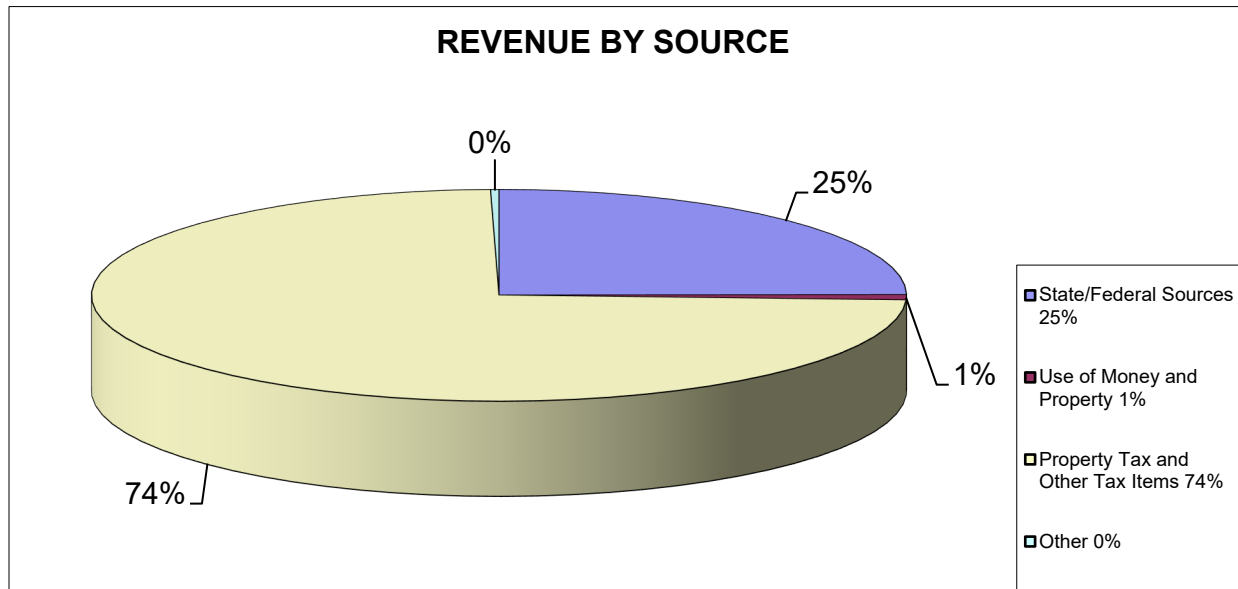
**Carmel Central School District's
Changes in Net Position
For the Years Ended June 30, 2023 and 2022**

The following charts provide the percentage breakdown of all revenues by source and

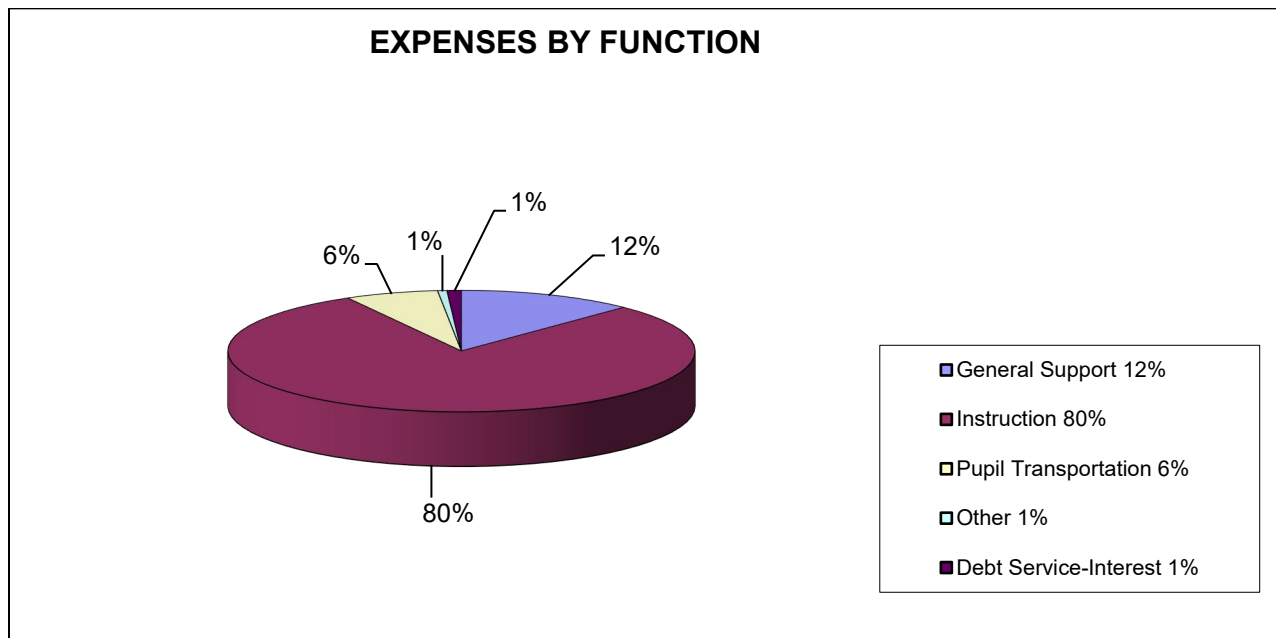
	Governmental Activities		Variance Increase (Decrease)
	2023	2022	
<u>Revenues:</u>			
Program Revenues:			
Charges for Services	\$ 1,784,368	\$ 1,089,749	\$ 694,619
Operating Grants and Contributions	5,526,392	8,207,569	(2,681,177)
Total Program Revenues	<u>\$ 7,310,760</u>	<u>\$ 9,297,318</u>	<u>\$ (1,986,558)</u>
General Revenues:			
Real Property Taxes	\$ 92,125,823	\$ 90,730,195	\$ 1,395,628
Other Tax Items	7,482,099	7,901,401	(419,302)
Use of Money and Property	1,080,779	39,910	1,040,869
Sale of Property and Compensation	205,495	89,263	116,232
Miscellaneous	243,673	307,198	(63,525)
State Sources	33,460,553	29,692,372	3,768,181
Federal Sources	134,796	144,862	(10,066)
Premium on Obligations	-	1,378,489	(1,378,489)
Total General Revenues	<u>134,733,218</u>	<u>130,283,690</u>	<u>4,449,528</u>
<u>Expenses:</u>			
Instruction	127,063,459	113,914,934	13,148,525
Support Services:			
General Support	19,504,300	16,891,764	2,612,536
Pupil Transportation	10,322,133	9,527,956	794,177
Community Service	325,452	304,872	20,580
Debt Service-Interest	1,580,782	829,226	751,556
Amortization- Leases	908,790	577,414	331,376
Fiscal Agent Fees	-	334,978	(334,978)
School Lunch	(211,304)	(663,869)	452,565
Total Expenses	<u>159,493,612</u>	<u>141,717,275</u>	<u>17,776,337</u>
Change in Net Position	<u>\$ (24,760,394)</u>	<u>\$ (11,433,585)</u>	<u>\$ (13,326,809)</u>

all expenses by function for the entire District.

**Districtwide Revenues by Source
For the Year Ended June 30, 2023**



**Districtwide Expenses by Function
For the Year Ended June 30, 2023**



FUND FINANCIAL ANALYSIS (DISTRICT'S FUNDS)

The District's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of \$24,807,130 which is above last year's total of \$2,614,143. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2023 and 2022.

	Fund Balance 2023	Fund Balance 2022	Variance Increase (Decrease)
General	\$ 20,056,409	\$ 19,252,651	\$ 803,758
School Lunch	586,908	414,979	171,929
Special Aid	142,246	150,949	(8,703)
Debt Service	1,830,179	658,952	1,171,227
Capital	2,191,388	1,715,456	475,932
Totals	<u>\$ 24,807,130</u>	<u>\$ 22,192,987</u>	<u>\$ 2,614,143</u>

General Fund

The tables that follow will illustrate the financial activities and balance of the general fund.

<u>Revenues:</u>	2023	2022	Variance Increase (Decrease)
Taxes and Other Tax Items	\$ 99,607,922	\$ 98,631,596	\$ 976,326
Use of Money and Property	994,554	37,584	956,970
State/Federal Sources	33,521,775	29,837,234	3,684,541
Other	1,172,565	1,071,438	101,127
Operating Transfers In	-	-	-
Totals	<u>\$ 135,296,816</u>	<u>\$ 129,577,852</u>	<u>\$5,718,964</u>

<u>Expenditures and Other Uses:</u>	2023	2022	Variance Increase (Decrease)
General Support	\$ 13,697,853	\$ 11,573,876	\$ 2,123,977
Instruction	69,203,273	66,140,663	3,062,610
Pupil Transportation	6,324,126	5,450,013	874,113
Community Service	325,452	304,872	20,580
Employee Benefits	37,728,771	36,858,581	870,190
Debt Service	5,329,656	5,773,970	(444,314)
Operating Transfers Out	1,883,927	485,170	1,398,757
Total Expenses and Other Uses	<u>\$ 134,493,058</u>	<u>\$ 126,587,145</u>	<u>\$ 7,905,913</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The original budget was amended to include encumbrances carried-over from the prior year of \$950,682, an adjustment to encumbrances of \$56,989, and settlements in the amount of \$50,000 from fund balance, as well as increases for employee benefits of \$1,068,751, Tax Certiorari of \$661,224 and voter approved Capital Improvements of \$1,500,000 using reserves. Additional increases include \$5,785 from NYS grants, \$136,583 from insurance recoveries, and donations to the District in the amount of \$3,000.

CAPITAL ASSETS

The District's capital assets (net of accumulated depreciation) as of June 30, 2023 are as follows:

<u>Asset Description</u>	<u>Amount</u>
Land	\$ 5,084,179
Construction in Progress	540,700
Buildings and Improvements	51,850,417
Machinery and Equipment	887,359
Vehicles & Buses	3,475,473
Total	<u><u>\$ 61,838,128</u></u>

The total decrease in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$1,965,503.

DEBT

The District had total debt including serial bonds in the amount of \$374,059,684, as of June 30, 2023.

<u>Debt Description</u>	<u>Amount</u>
Bonds	\$ 23,760,000
Other Debt - EPC	8,766,365
Other Debt - Buses Lease-Purchase	1,205,964
Leases Payable	740,652
OPEB Obligations	315,895,184
Workers' Compensation	1,538,650
Net Pension Liability-Proportionate Share	15,454,703
Compensated Absences	6,698,146
Total	<u>\$ 374,059,664</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2023, the District's general obligation debt was significantly lower than its total debt limit. The District has a bond rating of Aa3.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly impact its financial health in the future.

State Aid

One challenge always facing the District is the state's economy and its effect on state aid funding levels. Economic slowdowns could have an effect in revenue forecasts having to be revised downward and could cause the District to scale down the educational program offerings or seek additional resources. On a positive note, over the next couple of years the District expects to receive significant increases in State Aid as a result of the State making a commitment to fully fund the Foundation Aid category of State Aid. For the 2023-2024 school year the District was awarded a healthy increase of over \$4 million in Foundation Aid. As a result of the completed Capital Projects the District also expects to receive an increase in the Building Aid category.

Property Tax Cap

Besides the impact of the State Aid funding for the School District, the Property Tax Cap Law has a significant impact on the revenues of the District. In June of 2011, the New York State Legislature passed a Property Tax Cap Law, which began with the 2012 – 2013 school year budget. The legislation provides a calculation for a tax levy limit, which caps the amount of revenues the District can raise through the levy of taxes. In the circumstance of a defeat of an original budget with a tax levy increase calculated in accordance with the legislation and a resubmitted/revised budget defeat, the Board of Education is mandated by this legislation to adopt a budget that levies a tax no greater than that of the prior year; a zero percent tax levy increase. For the 2021-2022 school year the district operated under a contingent budget with no increase in the tax levy from the previous year.

Under the Tax Cap Legislation, the District would have been allowed to increase the proposed tax levy for the 2022-23 budget by 3.57%. The Board of Education decided to only increase the proposed 2022-23 tax levy by 0.97%. While the voters approved the 2022-23 budget, the lower tax levy limit could have a future impact on the District's finances as each succeeding year's tax levy is determined by using the preceding tax levy as the base from which any increase is applied.

In a similar fashion, for the 2023-2024 budget, the tax levy could have been increased by 2.64% but the Board of Education decided to only propose an increase of 1.86%. Again, the voters approved the 2023-2024 budget at the lower levy limit, but this could have a future impact on the District's finances and the District recognizes that awards in Foundation Aid for subsequent years may not be as significant.

Facilities

The district-wide roof replacement project that has been completed should help to significantly reduce roof repair and maintenance costs that have grown rapidly over the past few years.

In the 2014-2015 school year the District established a Capital Reserve Fund. The District has continued to fund this reserve each year to offset future capital expenditures for facilities. The current balance of this reserve is \$1,900,000.

In May 2023, District voters approved the use of \$1,500,000.00 from the Capital Reserve to be used for two District projects: \$1 million for VoIP for a new phone system Districtwide and \$500,000 for a new water storage tank at Goerge Fischer Middle School. The phone system in the District has been failing for years, creating a safety and security hazard for the buildings when they are left with no phone communications. The water tank at GFMS has been listed to be replaced on the BCS for several years but was never acted upon. The water tank could fail at any time rendering the building inoperable for a portion of time.

Transportation

In the past, the District purchased school buses via an annual budget appropriation and then kept the vehicles in the fleet for up to 20 years. Due to the average age of the fleet and its related maintenance costs, the Board of Education decided to change its acquisition program for the large buses (66 passenger) from purchasing and owning the vehicles to a 5-year leasing program. An anticipated first-year lease payment for 16 large buses was included in the 2022-23 voter authorized budget. A budget appropriation for the purchase of small buses (vans and suburbans) was included in the 2022-23 voter authorized budget and the District will continue to purchase and own the small vehicles. The first round of 16 buses were delivered and funded in the Spring of 2023. For the 2023-2024 budget, voters authorized the continuance of the program with a Fall 2023 anticipated delivery date and funding of 12 large buses.

Phase 2 of the Bond Referendum authorized by the voters in March 2019 included the purchase of vacant land, construction of a new state of the art bus maintenance facility, construction of a bus wash station and developing a bus parking lot. Due to projected cost overruns in the Project, the Board of Education decided to abandon Phase 2 of the Referendum. During the 2022-2023 school year, the District issued an RFP for Real Estate Brokerage Services to market and sell the land and provide due diligence to the voters. The RFP was awarded, and the property is currently under contract for sale with Morrow Equipment. Additionally, during the 2022-2023 school year the Board of Education took action and repealed the unused portion of the Bonds from the March 2019 which totaled over \$7 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in those finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

John P. Fink
Assistant Superintendent for Business
81 South Street, PO BOX 296
Patterson, New York 12563

CARMEL CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION

June 30, 2023

ASSETS

Unrestricted cash	\$ 18,104,438	
Restricted cash	13,971,941	
Accounts receivables, net	183,804	
State and federal aid receivable	4,578,951	
Due from other governments	238,040	
Inventories	50,141	
Intangible lease assets, net	740,652	
Capital assets, net	61,838,128	
Total Assets		<u>\$ 99,706,095</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred refunding of debt	\$ 73,080	
Pensions	39,250,740	
OPEB-GASB#75	56,903,846	
Total Deferred Outflows of Resources		<u>\$ 96,227,666</u>

LIABILITIES

Current Liabilities:

Accounts payable	\$ 2,259,395	
Accrued liabilities	3,440,785	
Due to fiduciary funds	2,360	
Due to other governments	1,990	
Due to teachers' retirement system	6,104,101	
Due to employees' retirement system	550,279	
Payroll liabilities	160,952	
Unearned revenue	44,600	

Long-Term Liabilities:

Due and payable within one year

Bonds payable	2,630,000	
Leases payable	430,382	
Other debt payable	1,375,111	

Due and payable after one year

Bonds payable	21,130,000	
Leases payable	310,270	
Other debt payable	8,597,218	
Workers' compensation liability	1,538,650	
Compensated absences payable	6,698,146	
Other postemployment benefits payable	315,895,184	
Net pension liability- proportionate share	15,454,703	
Total Liabilities		<u>\$ 386,624,126</u>

DEFERRED INFLOWS OF RESOURCES

Premium on advanced refunding	289,230	
Pensions	3,252,875	
OPEB-GASB#75	50,786,963	
Total Deferred Inflows of Resources		<u>\$ 54,329,068</u>

NET POSITION

Net Investment in Capital Assets	28,105,799	
Restricted	14,090,511	
Unrestricted (deficit)	(287,215,743)	
Total Net Position		<u>\$ (245,019,433)</u>

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For Year Ended June 30, 2023

			Program Revenues		Net (Expense)
	Expenses	Expenses Allocation	Charges for Services	Operating Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	\$ 13,543,232	\$ 5,961,068	\$ -	\$ -	\$ (19,504,300)
Instruction	73,391,247	58,658,435	723,397	4,262,826	(127,063,459)
Pupil transportation	5,379,837	5,065,593	-	123,297	(10,322,133)
Community service	325,452	-	-	-	(325,452)
Employee benefits	65,379,379	(65,379,379)	-	-	-
Debt service-Interest	1,580,782	-	-	-	(1,580,782)
Depreciation	4,646,518	(4,646,518)	-	-	-
Amortization- leases	554,391	-	-	-	(554,391)
Amortization- lease purchase buses	354,399	-	-	-	(354,399)
School lunch program	1,649,135	340,801	1,060,971	1,140,269	211,304
Total Functions and Programs	<u>\$ 166,804,372</u>	<u>\$ -</u>	<u>\$ 1,784,368</u>	<u>\$ 5,526,392</u>	<u>(159,493,612)</u>
GENERAL REVENUES					
Real property taxes					92,125,823
Other tax items					7,482,099
Use of money and property					1,080,779
Sale of property and compensation for loss					205,495
Miscellaneous					243,673
State sources					33,460,553
Federal sources					134,796
Premium on obligations					-
Total General Revenues					<u>134,733,218</u>
Change in Net Position					(24,760,394)
Total Net Position - Beginning of year					<u>(220,259,039)</u>
Total Net Position - End of year					<u>\$ (245,019,433)</u>

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2023

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted cash	\$ 18,104,438	\$ -	\$ -	\$ 18,104,438
Restricted cash	13,971,941	-	-	13,971,941
Accounts receivables, net	183,804	-	-	183,804
Due from other funds	3,380,004	-	(3,380,004)	-
Due from other governments	238,040	-	-	238,040
State and federal aid receivable	4,578,951	-	-	4,578,951
Inventories	50,141	-	-	50,141
Intangible lease asset, net	-	740,652	-	740,652
Capital assets, (net)	-	61,838,128	-	61,838,128
Total Assets	\$ 40,507,319	\$ 62,578,780	\$ (3,380,004)	\$ 99,706,095
DEFERRED OUTFLOW OF RESOURCES				
Defeasance loss	\$ -	\$ 73,080	\$ -	\$ 73,080
Pensions	-	39,250,740	-	39,250,740
OPEB-GASB#75	-	56,903,846	-	56,903,846
Total Deferred Outflows of Resources	\$ -	\$ 96,227,666	\$ -	\$ 96,227,666
LIABILITIES				
Accounts payable	\$ 2,259,395	\$ -	\$ -	\$ 2,259,395
Accrued liabilities	3,196,508	244,277	-	3,440,785
Bond anticipation notes payable	-	-	-	-
Bonds payable	-	23,760,000	-	23,760,000
Other debt payable	-	9,972,329	-	9,972,329
Leases payable	-	740,652	-	740,652
Due to other funds	3,382,364	-	(3,382,364)	-
Due to fiduciary funds	-	-	2,360	2,360
Due to other governments	1,990	-	-	1,990
Due to teachers' retirement system	6,104,101	-	-	6,104,101
Due to employees' retirement system	550,279	-	-	550,279
Other postemployment benefits payable	-	315,895,184	-	315,895,184
Payroll liabilities	160,952	-	-	160,952
Compensated absences	-	6,698,146	-	6,698,146
Workers' compensation liability	-	1,538,650	-	1,538,650
Unearned revenues	44,600	-	-	44,600
Net pension liability- proportionate share	-	15,454,703	-	15,454,703
Total Liabilities	\$ 15,700,189	\$ 374,303,941	\$ (3,380,004)	\$ 386,624,126
DEFERRED INFLOWS OF RESOURCES				
Premium on advanced refunding	\$ -	\$ 289,230	\$ -	\$ 289,230
Pensions	-	3,252,875	-	3,252,875
OPEB-GASB#75	-	50,786,963	-	50,786,963
Total Deferred Inflows of Resources	\$ -	\$ 54,329,068	\$ -	\$ 54,329,068
FUND BALANCE/NET POSITION				
Total Fund Balance\Net Position	\$ 24,807,130	\$ (269,826,563)	\$ -	\$ (245,019,433)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 40,507,319	\$ 158,806,446	\$ (3,380,004)	\$ 195,933,761

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For Year Ended June 30, 2023

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 92,125,823	\$ -	\$ -	\$ -	\$ 92,125,823
Other tax items	7,482,099	-	-	-	7,482,099
Charges for services	738,420	-	-	-	738,420
Use of money and property	1,080,779	-	-	-	1,080,779
Sale of property and compensation for loss	205,495	-	-	-	205,495
Miscellaneous	270,433	-	-	-	270,433
State sources	34,169,223	-	-	-	34,169,223
Federal sources	4,937,495	-	-	-	4,937,495
Sales - school lunch	1,034,211	-	-	-	1,034,211
Total Revenues	142,043,978	-	-	-	142,043,978
EXPENDITURES\EXPENSES					
General support	13,746,784	-	(41,234)	(162,318)	13,543,232
Instruction	73,408,966	292,656	(6,100)	(304,275)	73,391,247
Pupil transportation	6,447,423	-	(979,788)	(87,798)	5,379,837
Community service	325,452	-	-	-	325,452
Employee benefits	38,428,889	26,950,490	-	-	65,379,379
Debt service-Principal	3,717,934	-	-	(3,717,934)	-
-Interest	1,611,722	(30,940)	-	-	1,580,782
School lunch program	1,738,165	-	(89,030)	-	1,649,135
Capital outlay	1,564,863	-	(1,564,863)	-	-
Amortization- leases	-	-	554,391	-	554,391
Amortization- lease purchase buses	-	-	354,399	-	354,399
Depreciation and loss on disposal	-	-	4,646,518	-	4,646,518
Total Expenditures	140,990,198	27,212,206	2,874,293	(4,272,325)	166,804,372
Excess (Deficiency) of Revenues Over Expenditures	1,053,780	(27,212,206)	(2,874,293)	4,272,325	(24,760,394)
OTHER SOURCES AND USES					
Proceeds from debt	1,560,363	-	-	(1,560,363)	-
Operating transfers in	2,977,069	(2,977,069)	-	-	-
Operating transfers (out)	(2,977,069)	2,977,069	-	-	-
Total Other Sources (Uses)	1,560,363	-	-	(1,560,363)	-
Net Change for the Year	\$ 2,614,143	\$ (27,212,206)	\$ (2,874,293)	\$ 2,711,962	\$ (24,760,394)

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30, 2023

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	\$ 16,567,600	\$ 1,000	\$ 838,976	\$ -	\$ 696,862	\$ 18,104,438
Restricted cash	12,141,762	-	-	1,830,179	-	13,971,941
State and federal aid receivable	2,654,471	1,918,881	5,599	-	-	4,578,951
Other receivables, net	182,691	-	1,113	-	-	183,804
Due from other funds	1,880,004	-	-	-	1,500,000	3,380,004
Due from other governments	238,040	-	-	-	-	238,040
Inventories	-	-	50,141	-	-	50,141
Total Assets	<u>\$ 33,664,568</u>	<u>\$ 1,919,881</u>	<u>\$ 895,829</u>	<u>\$ 1,830,179</u>	<u>\$ 2,196,862</u>	<u>\$ 40,507,319</u>
LIABILITIES						
Accounts payable	\$ 2,091,969	\$ 165,947	\$ 1,479	\$ -	\$ -	\$ 2,259,395
Accrued liabilities	3,196,508	-	-	-	-	3,196,508
Due to teachers' retirement system	6,104,101	-	-	-	-	6,104,101
Due to employees' retirement system	550,279	-	-	-	-	550,279
Due to other funds	1,502,360	1,611,688	262,842	-	5,474	3,382,364
Due to other governments	1,990	-	-	-	-	1,990
Payroll liabilities	160,952	-	-	-	-	160,952
Unearned revenue	-	-	44,600	-	-	44,600
Total Liabilities	<u>13,608,159</u>	<u>1,777,635</u>	<u>308,921</u>	<u>-</u>	<u>5,474</u>	<u>15,700,189</u>
FUND BALANCES						
Non-spendable	-	-	50,141	-	-	50,141
Restricted	12,141,762	-	114,231	1,830,179	4,339	14,090,511
Assigned	2,276,658	142,246	422,536	-	2,187,049	5,028,489
Unassigned	5,637,989	-	-	-	-	5,637,989
Total Fund Balances	<u>20,056,409</u>	<u>142,246</u>	<u>586,908</u>	<u>1,830,179</u>	<u>2,191,388</u>	<u>24,807,130</u>
Total Liabilities and Fund Balances	<u>\$ 33,664,568</u>	<u>\$ 1,919,881</u>	<u>\$ 895,829</u>	<u>\$ 1,830,179</u>	<u>\$ 2,196,862</u>	<u>\$ 40,507,319</u>

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
For Year Ended June 30, 2023

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 92,125,823	\$ -	\$ -	\$ -	\$ -	\$ 92,125,823
Other tax items	7,482,099	-	-	-	-	7,482,099
Charges for services	723,397	15,023	-	-	-	738,420
Use of money and property	994,554	-	8,140	78,085	-	1,080,779
Sale of property and compensation for loss	205,495	-	-	-	-	205,495
Miscellaneous	243,673	-	26,760	-	-	270,433
State sources	33,386,979	680,019	28,651	-	73,574	34,169,223
Federal sources	134,796	3,691,081	1,111,618	-	-	4,937,495
Sales	-	-	1,034,211	-	-	1,034,211
Total Revenues	135,296,816	4,386,123	2,209,380	78,085	73,574	142,043,978
EXPENDITURES						
General support	13,697,853	48,931	-	-	-	13,746,784
Instruction	69,203,273	4,205,693	-	-	-	73,408,966
Pupil transportation	6,324,126	123,297	-	-	-	6,447,423
Community service	325,452	-	-	-	-	325,452
Employee benefits	37,728,771	389,716	310,402	-	-	38,428,889
Debt service-principal	3,717,934	-	-	-	-	3,717,934
-interest	1,611,722	-	-	-	-	1,611,722
Cost of sales	-	-	1,738,165	-	-	1,738,165
Capital outlay	-	-	-	-	1,564,863	1,564,863
Total Expenditures	132,609,131	4,767,637	2,048,567	-	1,564,863	140,990,198
Excess (Deficiency) of Revenues Over Expenditures	2,687,685	(381,514)	160,813	78,085	(1,491,289)	1,053,780
OTHER SOURCES AND USES						
Proceeds from debt	-	-	-	-	1,560,363	1,560,363
Operating transfers in	-	372,811	11,116	1,093,142	1,500,000	2,977,069
Operating transfers (out)	(1,883,927)	-	-	-	(1,093,142)	(2,977,069)
Total Other Sources (Uses)	(1,883,927)	372,811	11,116	1,093,142	1,967,221	1,560,363
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	803,758	(8,703)	171,929	1,171,227	475,932	2,614,143
Fund Balance - Beginning of year	19,252,651	150,949	414,979	658,952	1,715,456	22,192,987
Fund Balance- End of year	\$ 20,056,409	\$ 142,246	\$ 586,908	\$ 1,830,179	\$ 2,191,388	\$ 24,807,130

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Unrestricted cash	\$ 100,448	\$ 2,524	\$ 196,183
Due from other funds	-	2,360	-
Due from other Government	-	13,336	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 100,448</u></u>	<u><u>\$ 18,220</u></u>	<u><u>\$ 196,183</u></u>
 LIABILITIES			
Other liabilities	\$ -	\$ 18,220	\$ -
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u>18,220</u>	<u> </u>
 NET POSITION			
Reserved for scholarships	100,448	-	-
Individuals, Organizations and Other governments	<u> </u>	<u> </u>	<u>196,183</u>
	<u> </u>	<u> </u>	<u> </u>
Total Net Position	<u><u>\$ 100,448</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 196,183</u></u>

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For Year Ended June 30, 2023

	Private Purpose Trusts	Custodial Funds	Extracurricular Activity Funds
ADDITIONS			
Contributions	\$ 23,754	\$ 83,609	\$ -
Unclassified	-	-	277,765
Total Additions	<u>23,754</u>	<u>83,609</u>	<u>277,765</u>
DEDUCTIONS			
Scholarships and awards	30,510	-	-
Other custodial activities	-	83,609	275,759
Total Deductions	<u>30,510</u>	<u>83,609</u>	<u>275,759</u>
Net Increase (Decrease) in Fiduciary Net Position	(6,756)	-	2,006
Net Position - Beginning of year	<u>107,204</u>	<u>-</u>	<u>194,177</u>
Net Position - End of year	<u><u>\$ 100,448</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 196,183</u></u>

See auditor's report. See notes to financial statements.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. **Summary of Significant Accounting Policies**

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

A. **Reporting Entity**

The Carmel 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 7 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 School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

The Extraclassroom Activity Funds

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

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

B. Joint Venture

The Carmel Central School District is one of 19 component school districts in the Putnam/Northern Westchester Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

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

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which their students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2023, the Carmel Central School District was billed \$8,817,164 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,860,664. Financial statements for BOCES are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

The Districtwide 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,

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

1. Districtwide Statements (Continued)

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 Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

2. Fund Financial Statements

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

The District reports the following funds:

a. Major Governmental Funds

- (1) 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.
- (2) Special Aid Fund** – These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

CARMEL CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

a. Major Governmental Funds (Continued)

- (3) School Lunch Fund** – Used to account for transactions of the District’s lunch and breakfast programs.
- (4) Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.
- (5) Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

b. Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the districtwide 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:

- (1) 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.
- (2) 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.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

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

The districtwide 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. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, 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 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 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. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. 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 become a lien on August 16. Taxes are collected during the period September 1 to October 31st.

Uncollected real property taxes are subsequently enforced by the County of Putnam. An amount representing uncollected real property taxes is transmitted to the County for enforcement and is paid by the County to the District no later than the forthcoming April 1.

G. 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 the associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

H. Interfund Transactions

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

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

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

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

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

J. Receivables

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

K. Inventories and Prepaid Items

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 that approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

A portion of fund balance has been classified as nonspendable to indicate that inventory and prepaid expenditures do not constitute an available spendable resource.

L. Other Assets/Restricted Assets

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

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

L. Other Assets/Restricted Assets (Continued)

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

M. Capital Assets

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Site Improvements	\$ 5,000	20
Buildings and Improvements	\$ 5,000	20-50
Furniture and Equipment	\$ 5,000	5-15
Vehicles	\$ 5,000	8

N. 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.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

N. Compensated Absences (Continued)

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vested method and an accrual for that liability is included in the Districtwide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available resources. These amounts are expensed on a pay-as-you-go basis.

O. Accrued Liabilities and Long-Term Obligations

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

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

P. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to the loss on defeasance of debt amortized over the life of the bond issue.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability 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, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The third item is related to the amortization of the premium received on the advanced refunding of bonds.

R. Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claim to the resources.

S. Other Benefits

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

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

CARMEL CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

T. Short-Term Debt

The School District may issue Revenue and Tax Anticipation Notes in anticipation of 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 revenue anticipation and tax anticipation notes represent a liability that will be extinguished using expendable, available resources of the fund.

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

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

U. Equity Classifications

1. Districtwide Statements

In the districtwide statements there are three classes of net position:

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

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), 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.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **Summary of Significant Accounting Policies (Continued)**

U. **Equity Classifications (Continued)**

2. **Fund Statements**

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$50,141.

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

1. **Encumbrances**

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

2. **Employee Benefit Accrued Liability**

This reserve is used to set aside 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. This reserve is accounted for in the General Fund.

3. **Tax Certiorari**

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

4. Capital

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

5. Insurance

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased; life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). This 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.

6. Employee Retirement Contributions

This reserve is used for future employee's retirement obligations. 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.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

Restricted fund balance includes the following:

General Fund:

Employee Benefit Accrued Liability	\$ 4,290,771
Capital Reserve	1,900,000
Tax Certiorari	2,450,991
Insurance	1,500,000
Retirement Contributions	2,000,000
School Lunch Fund	114,231
Capital Fund	4,339
Debt Service Fund	1,830,179
Total restricted funds	<u>\$ 14,090,511</u>

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

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

Assigned – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as **Assigned Fund Balance** in the General Fund. Encumbrances reported in the General Fund amounted to \$1,176,658 and the appropriated fund balance amounted to \$1,100,000.

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

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 of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

Order of Use of Fund Balance:

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

V. New Accounting Standards

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

GASB has issued Statement 91, Conduit Debt Obligations, effective for the year ending June 30, 2023.

GASB has issued Statement 96, Subscription-based Information technology Arrangements, effective for the year ending June 30, 2023.

W. Future Changes in Accounting Standards

GASB has issued Statement 100, Accounting Changes and Error Corrections, effective after year ending June 30, 2023.

GASB has issued Statement 101, Compensated Absences, effective for the year ending December 15, 2023.

The school district will evaluate the impact that these pronouncements may have on its financial statements and will implement them as applicable and when material.

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements

Due to differences in the measurement focus and basis of accounting used in the governmental fund statements and the districtwide 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.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

1. 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.

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

a. 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.

b. 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.

c. 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.

d. Pension differences:

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

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually of their useful lives.

Original cost of capital assets	\$ 122,907,644
Accumulated depreciation	<u>61,069,516</u>
Capital assets, net	<u>\$ 61,838,128</u>

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds and other debt payable	<u>\$ 32,526,365</u>
Leases payable	<u>\$ 740,652</u>
Lease-Purchase Buses	<u>\$ 1,205,964</u>
OPEB obligations	<u>\$315,895,184</u>
Compensated Absences	<u>\$ 6,698,146</u>
Workers' Compensation	<u>\$ 1,538,650</u>
Net pension liability-proportionate share	<u>\$ 15,454,703</u>

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$4,646,518 was more than capital expenditures of \$2,591,985 in the current year.

Repayment of bond and lease principal of \$4,272,325 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities decreased by \$30,940.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. Cash and Investments

A. Deposits

The Carmel Central School District's investment policies are governed by State statutes. The Carmel Central School District's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are: obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District's custodial bank in the School District's name.

The District did not have any investments at year end or during the year.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. Cash and Investments (Continued)

B. Investment Pool

The School District participates in two multi-municipal cooperation investment pool agreements pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2023, the School District held \$7,379,864 in investments consisting of various investments in securities issued by the United States and its agencies. The investments are highly liquid and considered to be cash equivalents. The investment pool is categorically exempt from the New York State collateralization requirements.

IV. Interfund Transaction

Interfund balances at June 30, 2023 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,880,004	\$ 1,502,360	\$ -	\$ 1,883,927
Special Aid Fund	-	1,611,688	372,811	-
Capital Fund	1,500,000	5,474	1,500,000	1,093,142
School Lunch Fund	-	262,842	11,116	-
Debt Service Fund	-	-	1,093,142	-
Total governmental activities	3,380,004	3,382,364	\$ 2,977,069	\$ 2,977,069
Fiduciary Agency Fund	2,360	-		
Totals	\$ 3,382,364	\$ 3,382,364		

The District typically transfers from the General Fund to the Special Aid Fund to pay its' share of the Summer Handicapped Program.

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

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

V. Capital Assets

A summary of changes in general fixed assets follows:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
<u>Capital assets-not depreciated:</u>				
Land	\$ 5,084,179	\$ -	\$ -	\$ 5,084,179
Construction in progress	2,144,709	-	1,604,009	540,700
Total capital assets-not depreciated:	7,228,888	-	1,604,009	5,624,879
<u>Other capital assets:</u>				
Buildings and improvements	103,534,017	1,608,509	-	105,142,526
Machinery and equipment	2,441,233	136,364	17,412	2,560,185
Buses	8,037,924	2,540,151	998,022	9,580,053
Total other capital assets:	114,013,174	4,285,024	1,015,434	117,282,764
<u>Less accumulated depreciation:</u>				
Buildings and improvements	49,293,041	3,999,068	-	53,292,109
Machinery and equipment	1,502,398	187,840	17,412	1,672,826
Buses	6,642,992	459,610	998,022	6,104,580
Total accumulated depreciation	57,438,431	4,646,518	1,015,434	61,069,515
Other capital assets, net	56,574,743	(361,494)	-	56,213,249
Total	<u>\$ 63,803,631</u>	<u>\$ (361,494)</u>	<u>\$ 1,604,009</u>	<u>\$ 61,838,128</u>

Depreciation and loss on disposal expense for the period was allocated in the Statement of Activities as follows:

General Support	\$ 101,980
Instruction	4,077,261
Transportation	436,878
School Lunch	30,399
	<u>\$4,646,518</u>

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans

1. General Information

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

2. Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. 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.nystsr.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.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

Funding Policies:

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

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Contributions

	ERS	TRS
2023	\$1,731,151	\$5,786,526
2022	\$2,370,718	\$5,534,059
2021	\$2,221,916	\$5,027,813

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

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

	ERS	TRS
Measurement date	31-Mar-23	30-Jun-22
Net pension liability/(asset)	\$9,437,403	\$6,017,300
District's portion of the Plan's total net pension liability	0.0440095%	0.3135820%
Change in proportion since the prior measurement date	-0.0001851%	-0.0111900%

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

For the year ended June 30, 2023, the District's recognized pension expense of \$3,537,393 for ERS and \$7,795,431 for TRS. On June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$1,005,157	\$6,305,368	\$265,038	\$120,576
Changes of assumptions	4,583,412	11,672,544	50,655	2,423,939
Net difference between projected and actual earnings on pension plan investments	0	7,774,922	55,444	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	633,901	998,746	197,237	139,986
District's contributions subsequent to the measurement date	550,279	5,726,411	0	0
Total	<u>\$6,772,749</u>	<u>\$32,477,991</u>	<u>\$568,374</u>	<u>\$2,684,501</u>

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	\$ -	\$ 4,660,712
2024	\$1,415,944	2,539,902
2025	(\$378,665)	(776,562)
2026	\$2,025,568	15,434,801
2027	\$2,621,249	2,053,644
Thereafter	\$0	154,583

CARMEL CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

4. 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 updated procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<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	4.40%	1.95%-5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.9%	2.40%
COLA's	1.5%	1.30%

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

For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

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 weighing 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:

Measurement date	ERS	TRS
	March 31, 2023	June 30, 2022
<u>Asset Type</u>	<u>%</u>	<u>%</u>
Domestic Equities	4.30%	6.50%
International Equities	6.85%	7.20%
Global equities	0.00%	6.90%
Private Equity	7.50%	9.90%
Real Estate Equity	4.60%	6.20%
Domestic fixed income securities	0.00%	1.10%
Global bonds	0.00%	0.60%
Private debt	0.00%	5.30%
Absolute return strategies	5.38%	0.00%
Real estate debt	0.00%	2.40%
Cash Equivalents	0.00%	-0.30%
High yield fixed income securities	0.00%	3.30%
Real assets	5.84%	0.00%

5. 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.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

6. 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 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate :

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.9%)
Employer's proportionate share Of the net pension (asset) liability	\$22,806,155	\$9,437,403	(\$1,733,745)
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share Of the net pension (asset) liability	\$55,482,325	\$6,017,300	(\$35,582,462)

7. Pension Plan Fiduciary Net Position

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ 232,627,259	\$ 133,883,474,000
Plan Fiduciary Net Position	211,183,223	131,964,582,000
Employers' net pension liability/(asset)	21,444,036	1,918,892,000
Plan fiduciary net position as a percentage of total pension (asset)/liability	90.7800%	98.6000%

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

8. 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 \$550,279.

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 \$6,104,101.

CARMEL CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Long-Term Debt Obligations

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

1. Long-Term Debt Interest

Interest paid	\$ 1,611,722
Less interest accrued in the prior year	(248,514)
Plus, interest accrued in the current year	244,277
Amortization of premium on advanced refunding	(41,318)
Amortization of defeasance loss	14,615
Total expense	<u>\$1,580,782</u>

2. Changes

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023	Due Within One Year
Serial Bonds	\$ 26,060,000	\$ -	\$ 2,300,000	\$ 23,760,000	\$ 2,630,000
Other Debt - EPC	9,829,900	-	1,063,535	8,766,365	\$ 1,090,945
Leases Payable	1,030,174	264,869	554,391	740,652	\$ 430,382
Lease-Purchase Buses	-	1,560,363	354,399	1,205,964	\$ 284,166
Compensated					
Absences	6,405,490	292,656	-	6,698,146	
Workers' Compensation	1,589,686	-	51,036	1,538,650	
OPEB Obligations	317,402,832	-	1,507,648	315,895,184	
Net Pension Liability- Proportionate Share	-	15,454,703	-	15,454,703	
Totals	<u>\$ 362,318,082</u>	<u>\$ 17,572,591</u>	<u>\$ 5,831,009</u>	<u>\$ 374,059,664</u>	

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately. In addition, \$4,290,771 of compensated absences have been reserved by the District.

CARMEL CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Long-Term Debt Obligations (Continued)

3. Maturity

a. The following is a summary of the debt issued:

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2023
Advanced refunding	2022	2030	4.00%	\$ 3,080,000
Advanced refunding	2014	2027	4.000%	5,575,000
Construction	2022	2037	5.000%	15,105,000
EPC	2013	2026	2.634%	1,772,865
EPC	2015	2032	2.520%	1,311,000
EPC	2020	2035	2.33%	5,682,500
Total				<u>\$ 32,526,365</u>

b. The following is a summary of maturing principal debt service requirements:

	Year	Principal	Interest	Total
Serial Bonds:	2024	\$ 3,720,945	\$ 1,238,338	\$ 4,959,283
	2025	3,837,945	1,123,433	4,961,378
	2026	3,951,550	1,000,847	4,952,397
	2027	3,047,421	866,764	3,914,185
	2028	1,890,890	758,437	2,649,327
	2029 and thereafter	16,077,613	3,406,536	19,484,149
	Total	<u>\$ 32,526,364</u>	<u>\$ 8,394,355</u>	<u>\$ 40,920,719</u>

Prior-Year Defeasance of Debt

In prior years, certain general obligation bonds were defeased by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the liability for the defeased bonds and the trust account assets are not included in the financial statements.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Long-Term Debt Obligations (Continued)

4. Operating Leases

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Total Lease Liability	Balance June 30, 2023
Postage machine	2023	5 years	\$ 6,885	\$ 34,440	\$ 18,359
Copiers	2020	4 years	155,433	621,732	207,244
Bus radios	2018	6 years	43,668	262,008	21,834
Transp Equip	2020	4 years	44,130	132,390	3,677
Technology	2019-2020	4 years	111,385	445,540	-
Technology	2020-2023	4 years	111,449	445,796	111,449
Technology	2023-2023	4 years	31,089	124,356	62,178
Technology	2023-2023	4 years	33,798	135,192	67,596
Technology	2022	4 years	16,554	264,869	<u>248,315</u>
					<u>\$ 740,652</u>

The District leases various equipment from BOCES and several other vendors for use throughout the District. All leases are for a term of 4 to 6 years.

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

Operating Leases:	Year	Principal
	2024	\$ 430,382
	2025	189,800
	2026	70,807
	2027	49,663
	2028	-
	Total	<u>\$ 740,652</u>

5. Lease-Purchase Buses

The District entered into a lease purchase agreement on April 4, 2023 for 16 large school buses. The District started making annual payments of \$361,065 which includes principal and interest in 2023.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits

A. 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, dental, vision 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:

Inactive members or beneficiaries currently receiving benefit payments	583
Inactive members entitled to but not yet receiving benefit payments	-
Active members	<u>552</u>
Total membership	1,135

B. Total OPEB Liability

The District's total OPEB liability of \$315,895,184 was measured as of June 30, 2023 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:

CARMEL CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

B. Total OPEB Liability (Continued)

Inflation	2.50%
Salary Increases	varies by years of service (1.8% to 10%)
Discount Rate	4.13%
Healthcare Cost Trend Rates	Actual rate increases from 2021 to 2022, decreasing gradually to an ultimate rate of 4.04% by 2075

The discount rate has been updated based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2023.

Mortality rates for Active employees were based on Pub-2010 General Employees Headcount-Weighted table projected fully generationally using MP-2021 for employees participating in NYS ERS, Pub-2010 Teachers Employees Headcount-Weighted table for NYS TRS participating employees and Pub-2010 Teacher Retirees Headcount-weighted table for retirees.

The payroll growth used in the June 30, 2023, valuation was based on the New York State TRS assumptions first used in the June 30, 2015 valuation and or ERS assumptions effective on April 1, 2020.

C. Changes in the Total OPEB Liability

Balance on June 30, 2022	<u>\$317,402,832</u>
<u>Changes for the Year</u>	
Service cost	9,706,873
Interest	11,417,943
Changes of benefit terms	-
Differences between expected and actual experience	16,985,858
Changes in assumptions or other inputs	(30,400,271)
Benefit payments	<u>(9,218,051)</u>
Net Changes	<u>(1,507,648)</u>
Balance on June 30, 2023	<u>\$ 315,895,184</u>

CARMEL CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 4.13% in 2023.

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 (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

	(3.13%) 1% Decrease	(4.13%) Discount Rate	(5.13%) 1% Increase
Total OPEB Liability	<u>\$ 369,944,901</u>	<u>\$ 315,895,184</u>	<u>\$ 272,592,436</u>

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:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 263,722,377</u>	<u>\$ 315,895,184</u>	<u>\$ 383,197,232</u>

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

D. 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 \$23,503,826. On June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$34,249,606	(\$2,140,272)
Changes of assumptions or other inputs	<u>22,654,240</u>	<u>(48,646,691)</u>
Total	<u>\$56,903,846</u>	<u>(\$50,786,963)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 9,275,013
2025	(6,344,728)
2026	(6,088,415)
2027	-
2028	-

IX. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

CARMEL CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Commitments and Contingencies (Continued)

A. Risk Financing and Related Insurance (Continued)

2. Non-Risk, Risk Retained

The Carmel Central School District established a self-insured plan for risk associated with employee health and accident insurance coverage. The School District pays a monthly premium to the plan. The Plan provides coverage for its members up to \$225,000 per insured event. The Carmel Central School District plan obtains independent coverage for insured events in excess of the \$225,000. The School District's liability for open claims is approximately \$3,196,508. This liability is reported in the General Fund.

3. Grants

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

4. Non-Pool, Risk Retained

The Carmel Central School District has chosen to participate in a self-insured plan, the Putnam/Northern Westchester Cooperative Self-Insurance Plan, for risks associated with workmen's compensation and employer's liability, which is accounted for in the School District's General Fund. The Plan is funded by contributions by the participants in proportion to their claims experience. The Cooperative Plan has purchased excess insurance policies for all participants, to cover catastrophic losses.

5. Litigation

There are currently pending tax certiorari proceedings, the results of which could require the payments of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time.

There is a complaint filed with the New York State Division of Human Rights (DHR) by a parent alleging that her child, an elementary school student, is a victim of sex-based and disability-based bullying and harassment by other students. No specific monetary relief has been requested. The matter has been assigned by the District's insurance carrier.

CARMEL CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Commitments and Contingencies (Continued)

A. Risk Financing and Related Insurance (Continued)

5. Litigation (Continued)

In December of 2021, a sexual harassment complaint was filed by a teacher against the District and another District teacher with the DHR. On July 24, 2023, the DHR issued a probable cause determination, and the matter will proceed to a hearing before an administrative law judge at some point in the future. This matter has been assigned by the District's insurance carrier. The District is also providing a defense to the teacher named as the respondent in the complaint.

The District was also named as a defendant, along with the Town of Kent, in a complaint filed in New York State Supreme Court, Putnam County, by the former owner of real property that is presently owned by the District. The plaintiff seeks to recoup funds deposited in escrow with the Town of Kent in connection with stormwater and wetlands management work that had been performed by the plaintiff on the property. The firm is representing the District in this matter, and we believe that a settlement resolution will be agreed upon in the near future. In any event, an unfavorable result in the litigation would not appear to have an adverse material effect on the District's financial position.

In the Spring of 2023, an attorney representing several present or former students served the District with notices of claim alleging that the students had experienced various incidents of racism while enrolled with the District, which have caused emotional distress, and for which they seek monetary damages.

X. Tax Abatements

The County of Putnam enters into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$110,474. The District received payments in Lieu of Tax (PILOT) payment totaling \$5,906.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Other Disclosures

**A. Summary of Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position**

Total governmental fund balance	\$ 24,807,130
Capital assets (net)	61,838,128
Intangible assets, net	740,652
Deferred outflows of resources	96,227,666
Bonds payable	(23,760,000)
Leases payable	(740,652)
Accrued interest payable	(244,277)
Deferred inflows of resources	(54,329,068)
Compensated absences	(6,698,146)
OPEB obligations	(315,895,184)
Workers' compensation liability	(1,538,650)
Net pension liability-proportionate share	(15,454,703)
Other debt payable	(9,972,329)
Total net position	<u>\$ (245,019,433)</u>

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Other Disclosures (Continued)

B. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Net changes in fund balance – total governmental funds	\$2,614,143
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	2,591,985
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(4,646,518)
Amortization of leases is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities.	(908,790)
Proceeds from debt are recognized as revenue in the Governmental funds, but not in the Statement of Activities	(1,560,363)
Repayments of Long-term Debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position	4,272,325
Amortization of premium on advanced refunding and defeasance loss.	26,703
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2022/23 results in less expense.	4,237
(Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers' Retirement System	(2,092,749)
Employees' Retirement System	(1,726,733)
Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
OPEB obligations	(23,093,014)
Compensated absences	(292,656)
Workers' compensation	<u>51,036</u>
Change in Net Position – Governmental Activities	<u>(\$24,760,394)</u>

CARMEL CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XII. Stewardship, Compliance and Accountability

A. Budgetary Procedures and Budgetary Accounting

1. Budgets

The voters of the District defeated the proposed appropriation budget; consequently, the Board of Education adopted a contingency budget, which includes appropriations for teacher's salaries and other ordinary contingent expenses. Under a contingency budget, the District's tax levy may not be greater than the tax levied for the prior school year. However, the administrative component of a contingency budget, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of that percentage of the prior year's budget, or that percentage in the last defeated budget.

Appropriations are adopted at the program line-item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations lapse at the fiscal year end 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.

The General Fund budget was increased to reflect the use of reserves in the amount of \$3,336,955, donations in the amount of \$3,000, grants in the amount of \$5,785, insurance recoveries in the amount of \$136,583 and carryover encumbrances in the amount of \$950,682.

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.

Special Aid Fund and School Lunch Fund have not been included because they do not have legally authorized budgets.

CARMEL CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XII. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Procedures and Budgetary Accounting (Continued)

2. 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 reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time as the liability is incurred or the commitment is paid.

XIII. Subsequent Events

The District entered into a four year contract with the Southern Westchester BOCES to furnish computer services in an amount not to exceed \$800,000 that will come in to effect during the 2023-2024 school year.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND
For Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	\$ 99,550,752	\$ 92,174,219	\$ 92,125,823	\$ (48,396)
Real property tax items	55,000	7,431,533	7,482,099	50,567
Charges for services	697,000	697,000	723,397	26,397
Use of money and property	550,546	550,546	994,554	444,008
Sale of property and compensation for loss	29,000 300	165,583 300	202,495 3,000	36,911 2,700
Miscellaneous	170,000	173,000	243,673	70,673
Total Local Sources	101,052,598	101,192,181	101,775,041	582,860
State Sources	32,396,589	32,396,589	33,386,979	990,390
Federal Sources	100,000	105,785	134,796	29,011
Total Revenues	133,549,187	133,694,555	135,296,816	1,602,261
Other Financing Sources				
Operating transfers in	125,000	125,000	-	(125,000)
Total Revenue and Other Financing Sources	133,674,187	133,819,555	135,296,816	\$ 1,477,261
Appropriated Reserves	-	4,287,646		
Appropriated Fund Balance	1,100,000	1,100,000		
Total Revenues, Other Financing Sources, Appropriated Reserves and Fund Balance	\$ 134,774,187	\$ 139,207,202		

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-
GENERAL FUND
For Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of education	\$ 50,600	\$ 65,135	\$ 54,257	\$ 2,272	\$ 8,606
Central administration	349,220	360,981	355,546	1,461	3,974
Finance	1,444,822	1,452,208	1,397,353	22,614	32,241
Staff	761,277	991,441	963,151	5,183	23,106
Central services	8,986,937	8,905,919	8,414,557	168,877	322,485
Special items	1,527,419	2,521,965	2,512,988	-	8,976
Total General Support	13,120,275	14,297,648	13,697,853	200,407	399,388
Instructional					
Instruction, administration and improvement	3,163,167	3,255,621	3,149,246	19,127	87,247
Teaching - regular school	39,202,229	38,704,786	37,979,814	32,647	692,325
Programs for children with handicapping conditions	17,360,158	17,712,834	16,788,464	534,022	390,348
Occupational education	1,619,548	1,637,498	1,627,992	1,790	7,716
Teaching - special school	1,194,535	1,313,255	1,241,828	9,858	61,570
Instructional media	2,042,317	1,936,267	1,825,966	7,856	102,445
Pupil services	6,915,909	6,728,005	6,589,964	29,624	108,417
Total Instructional	71,497,863	71,288,265	69,203,273	634,924	1,450,068
Pupil transportation	6,514,660	6,749,193	6,324,126	249,451	175,616
Employee benefits	38,396,157	39,255,578	37,728,771	58,361	1,468,446
Community service	365,000	371,713	325,452	33,515	12,747
Debt service					
Principal	3,864,755	3,734,154	3,717,934	-	16,220
Interest	1,015,477	1,626,722	1,611,722	-	15,000
Total Expenditures	134,774,187	137,323,274	132,609,131	1,176,658	3,537,485
OTHER FINANCING USES					
Operating transfers out	-	1,883,928	1,883,927	-	1
Total Expenditures and Other Uses	\$ 134,774,187	\$ 139,207,202	134,493,058	\$ 1,176,658	\$ 3,537,486
Net change in fund balance			803,758		
Fund balance- Beginning			19,252,651		
Fund balance- Ending			<u>\$20,056,409</u>		

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
For Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service Cost at end of year	\$ 9,706,873	\$ 12,821,931	\$ 12,242,548	\$ 7,430,498	\$ 6,484,417
Interest	11,417,943	7,205,418	7,115,536	4,589,646	7,589,650
Changes of benefit terms	-	813,536	-	(1,596,847)	-
Difference between expected and actual experience	16,985,858	16,056,537	(4,280,544)	29,869,691	-
Changes of assumptions or other inputs	(30,400,271)	(36,489,713)	2,742,647	63,848,749	11,610,253
Benefit payments	(9,218,051)	(7,494,169)	(6,083,329)	(6,321,554)	(6,701,668)
Net change in Total OPEB Liability	(1,507,648)	(7,086,460)	11,736,858	100,820,183	18,982,652
Total OPEB Liability- beginning	317,402,832	324,489,292	312,752,434	211,932,251	192,949,599
Total OPEB Liability- ending	<u>\$ 315,895,184</u>	<u>\$ 317,402,832</u>	<u>\$ 324,489,292</u>	<u>\$ 312,752,434</u>	<u>\$ 211,932,251</u>
Covered-employee payroll	62,307,875	61,469,053	69,742,183	58,036,736	58,637,701
Total OPEB Liability as a percentage of covered-employee payroll	507.00%	516.40%	465.30%	538.90%	361.40%

See paragraph on required supplementary information included in auditor's report

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
June 30, 2023

	<u>Teachers' Retirement System</u>					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District 's proportion of the net pension asset	.313582%	.324772%	.320380%	.325633%	.332620%	.333311%
District's proportionate share of the net pension (asset)/liability	\$ 6,017,300	\$(56,279,948)	\$ 8,852,963	\$ (8,459,961)	\$(6,014,641)	\$(2,533,497)
District's covered-employee payroll	\$ 55,650,257	\$ 55,767,093	\$ 55,543,507	\$ 54,699,560	\$54,670,142	\$ 54,180,014
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	10.81%	100.90%	15.94%	15.47%	11.00%	4.67%
Plan fiduciary net position as a percentage of the total pension liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%
	<u>Employees' Retirement System</u>					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District 's proportion of the net pension liability	.0440095%	.0441946%	.0457040%	.0479888%	.0478997%	.0482044%
District's proportionate share of the net pension liability/(asset)	\$ 9,437,403	\$ (3,612,724)	\$ 45,509	\$ 12,707,722	\$ 3,393,839	\$ 1,555,770
District's covered-employee payroll	\$ 15,175,223	\$ 14,809,683	\$ 15,382,990	\$ 14,967,573	\$14,653,291	\$ 14,094,144
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	62.19%	24.39%	0.30%	84.90%	23.16%	11.03%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
June 30, 2023

	<u>Teachers' Retirement System</u>					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 5,726,411	\$ 5,465,175	\$ 5,293,296	\$ 4,846,381	\$ 5,805,969	\$ 5,558,380
Contributions in relation to the contractually required contribution	<u>5,726,411</u>	<u>5,465,175</u>	<u>5,293,296</u>	<u>4,846,381</u>	<u>5,805,969</u>	<u>5,558,380</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 55,650,257</u>	<u>\$ 55,767,093</u>	<u>\$ 55,543,507</u>	<u>\$ 54,699,560</u>	<u>\$ 54,670,142</u>	<u>\$ 54,180,014</u>
Contributions as a percentage of covered employee payroll	10.29%	9.8%	9.53%	8.9%	10.6%	10.3%

	<u>Employees' Retirement System</u>					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,731,151	\$ 2,370,718	\$ 2,221,916	\$ 2,161,039	\$ 2,155,303	\$ 2,153,957
Contributions in relation to the contractually required contribution	<u>1,731,151</u>	<u>2,370,718</u>	<u>2,221,916</u>	<u>2,161,039</u>	<u>2,155,303</u>	<u>2,153,957</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 15,175,223</u>	<u>\$ 14,809,683</u>	<u>\$ 15,382,990</u>	<u>\$ 14,697,573</u>	<u>\$ 14,653,291</u>	<u>\$ 14,094,144</u>
Contributions as a percentage of covered employee payroll	11.4%	16.0%	14.44%	14.4%	14.7%	15.3%

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND
THE REAL PROPERTY TAX LIMIT
For Year Ended June 30, 2023

CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET

Original Budget \$ 134,774,187

Additions:

Prior year's encumbrances	\$	950,682	
Budget revision - Donations		3,000	
- NYS Grants		5,785	
- Insurance Recovery		136,583	
- Adjustment to Encumbrance		56,989	
- Settlements		50,000	
- Transfer from Capital Reserve		1,500,000	
- Transfer from Tax Certiorari Reserve		661,224	
- Transfer from Employee Benefit Reserve		1,068,751	
			4,433,015

Final Budget \$ 139,207,202

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 Voter-approved Expenditure Budget	<u>\$ 140,949,698</u>
Maximum allowed (4% of 2023-2024 Budget)	<u>\$ 5,637,988</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	2,276,658
Unassigned fund balance	<u>5,637,988</u>
Total unrestricted fund balance	<u>\$ 7,914,646</u>

Less:

Appropriated fund balance	1,100,000
Encumbrances included in committed and assigned fund balance	<u>1,176,658</u>
Total adjustments	<u>\$ 2,276,658</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 5,637,988</u></u>
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Actual percentage	4.00%
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* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (originally Issued November 2010), the portion of General Fund Fund Balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
For Year Ended June 30, 2023

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2023
			Prior Years	Current Year	Total		Local Sources	Proceeds of Obligations	Total	
2014 Capital Project	\$ 203,619	\$ 203,619	\$ 177,819	\$ -	\$ 177,819	\$ 25,800	\$ 203,619	\$ -	\$ 203,619	\$ 25,800
2015-16 Capital Outlay	200,000	200,000	167,952	-	167,952	32,048	200,000	-	200,000	32,048
2016-17 Capital Outlay	200,000	200,000	195,970	-	195,970	4,030	200,000	-	200,000	4,030
2017-18 Capital Outlay	290,000	290,000	260,117	-	260,117	29,883	290,000	-	290,000	29,883
Outdoor Classroom	25,000	25,000	20,661	-	20,661	4,339	25,000	-	25,000	4,339
NYS Smart Bond Phase I	1,306,189	1,306,149	1,267,335	-	1,267,335	38,814	1,267,335	-	1,267,335	-
NYS Smart Bond Phase II	1,121,081	1,121,081	745,222	-	745,222	375,859	745,222	-	745,222	-
2019 Transport & Alterations	27,549,140	18,828,684	17,731,042	1,097,642	18,828,684	-	3,238,684	15,590,000	18,828,684	-
EPC	6,406,850	6,406,850	6,406,850	-	6,406,850	-	-	6,406,850	6,406,850	-
Scoreboard	72,400	72,400	65,078	-	65,078	7,322	72,400	-	72,400	7,322
Leases	1,030,174	1,295,043	1,295,043	-	1,295,043	-	-	1,295,043	1,295,043	-
2018-19 Capital Outlay	270,000	270,000	251,048	-	251,048	18,952	270,000	-	270,000	18,952
2019-20 Capital Outlay	247,600	247,600	67,412	-	67,412	180,188	247,600	-	247,600	180,188
2020-21 Capital Outlay	104,816	104,816	81,174	-	81,174	23,642	104,816	-	104,816	23,642
2020-21 Capital Outlay	365,184	365,184	-	-	-	365,184	365,184	-	365,184	365,184
2022-23 Bus Lease-Purchase	1,560,363	1,560,363	-	1,560,363	1,560,363	-	-	1,560,363	1,560,363	-
2022-23 District Wide Voip	500,000	500,000	-	-	-	500,000	500,000	-	500,000	500,000
2022-23 GFMS Water Tank	1,000,000	1,000,000	-	-	-	1,000,000	1,000,000	-	1,000,000	1,000,000
Totals	<u>\$ 42,452,416</u>	<u>\$ 33,996,789</u>	<u>\$ 28,732,723</u>	<u>\$ 2,658,005</u>	<u>\$ 31,390,728</u>	<u>\$ 2,606,061</u>	<u>\$ 8,729,860</u>	<u>\$ 24,852,256</u>	<u>\$ 33,582,116</u>	<u>\$ 2,191,388</u>

See paragraph on required supplementary information included in auditor's report.

CARMEL CENTRAL SCHOOL DISTRICT
SCHEDULE OF INVESTMENT IN CAPITAL AND INTANGIBLE ASSETS, NET OF RELATED
DEBT
FOR THE YEAR ENDED JUNE 30, 2023

Capital assets, net	\$ 61,838,128	
Intangible assets, net	<u>740,652</u>	<u>62,578,780</u>
Deduct:		
Short-term portion of bonds payable	\$ 2,630,000	
Long-term portion of bonds payable	21,130,000	
Short-term portion of other debt payable	1,090,945	
Long-term portion of other debt payable	7,675,420	
Short-term portion of lease purchase payable	284,166	
Long-term portion of lease purchase payable	921,798	
Short-term portion of leases payable	430,382	
Long-term portion of leases payable	<u>310,270</u>	<u>\$ 34,472,981</u>
Net investment in capital and intangible assets		<u><u>\$ 28,105,799</u></u>

See paragraph on required supplementary information included in auditor's report.

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

To the Board of Education of the
Carmel Central School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Carmel Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated November 3, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Carmel Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Raymond G. Preusser, CPA, P.C.

Claverack, New York
November 3, 2023