

**Katonah-Lewisboro Union Free
School District, New York**

Financial Statements and
Supplementary Information

Year Ended June 30, 2022

Katonah-Lewisboro Union Free School District, New York

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Katonah-Lewisboro Union Free School District, New York

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Independent Auditors' Report

**The Board of Education of the
Katonah-Lewisboro Union Free School District, New York**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Katonah-Lewisboro Union Free School District, New York ("School District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 29, 2022

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Katonah-Lewisboro Union Free School District, New York

Management's Discussion and Analysis ("MD&A") June 30, 2022

Introduction

Our discussion and analysis of the Katonah-Lewisboro Union Free School District, New York's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2022. It should be read in conjunction with the basic financial statements, which immediately follows this section, to enhance understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021-2022 are as follows:

- New York State Law limits the amount of committed, assigned and unassigned fund balance, exclusive of encumbrances and amounts designated for the subsequent year's budget that can be retained by the General Fund to 4% of the ensuing year's budget. At the end of the current fiscal year, this amount for the General Fund was \$4,416,786, or 3.81%.
- As of the close of the current fiscal year, the School Districts governmental fund financial statements report a combined ending fund balance of \$29,154,955, an increase of \$1,404,925 from the prior year. This increase was the result of an increase in Capital Projects Fund of \$1.7 million and offset by a decrease in the General Fund of \$.5 million.
- The School District has been able to assign (designate) \$3,200,000 of unrestricted fund balance to be returned to the taxpayers for the 2022-2023 school year. Inclusive within this \$3,200,000 is \$750,000 of reserves utilized. The amount of reserves previously utilized during the 2021-2022 fiscal year was also \$750,000.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at the close of its most recent fiscal year by \$235,523,614. This represented an increase of \$10,746,378 for the year ended June 30, 2022.
- For the year ended June 30, 2022, the School District's OPEB liability of \$261,318,078 is reflected on the district-wide Statement of Net Position and impacts the total net position calculation. More detailed information about the School District's OPEB obligations reported in accordance with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", is presented in Note 3D in the notes to the financial statements.
- The district-wide financial statements for the year ended June 30, 2022 are also significantly impacted by the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*." This pronouncement established accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). Under this standard, cost-sharing

employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At June 30, 2022, the School District reported in its Statement of Net Position an asset for its proportionate share of the ERS net pension asset of \$2,567,231 and an asset of \$45,211,951 for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in Note 3D in the notes to financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains combining and individual fund statements and schedules in addition to the basic financial statements.

District-Wide Financial Statements

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

- The *statement of net position* presents information on all of the School District's assets, liabilities and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The *statement of activities* presents information showing how the School District's net position 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.
- The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, other, interest and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows*

and outflows of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains five individual governmental funds; General Fund, Capital Projects Fund, Special Aid Fund, School Lunch Fund and Special Purpose Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Special Aid Fund and Capital Projects Fund, which are considered to be major funds. Data for the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The financial statements for the governmental funds can be found in the basic financial statements section of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit liabilities, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the Katonah-Lewisboro Union Free School District, New York, liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources by \$235,523,614 at the close of the current fiscal year.

Statement of Net Position

	June 30,	
	2022	2021
Current Assets	\$ 85,976,108	\$ 35,994,035
Capital Assets, net	<u>66,966,117</u>	<u>70,917,200</u>
Total Assets	<u>152,942,225</u>	<u>106,911,235</u>
Deferred Outflows of Resources	<u>89,184,968</u>	<u>115,962,862</u>
Current Liabilities	8,903,195	10,665,370
Long-term Liabilities	<u>273,964,157</u>	<u>341,596,774</u>
Total Liabilities	<u>282,867,352</u>	<u>352,262,144</u>
Deferred Inflows of Resources	<u>194,783,455</u>	<u>116,881,945</u>
Net Position		
Net Investment in Capital Assets	57,305,509	58,749,956
Restricted	17,201,616	15,693,379
Unrestricted	<u>(310,030,739)</u>	<u>(320,713,327)</u>
Total Net Position	<u><u>\$ (235,523,614)</u></u>	<u><u>\$ (246,269,992)</u></u>

A large component of the School District's net position (\$57,305,509) reflects its investment in capital assets, less any related debt that is still outstanding that was used to acquire those assets. The School District uses these capital assets to provide services to students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions listed above constitute \$17,201,616 of net position and are comprised of amounts restricted for specific purposes, i.e., payments of tax certiorari claims, capital projects, debt service, retirement contributions, etc. There is a negative balance of unrestricted net position of \$310,030,739 primarily a result of the recognition of the OPEB liabilities. Overall, net position increased by \$10,746,378 mostly as a result in the change in OPEB and pension assets and liabilities.

Changes in Net Position

	June 30,	
	2022	2021
REVENUES		
Program Revenues		
Charges for Services	\$ 773,952	\$ 374,084
Operating Grants and Contributions	3,255,925	1,958,492
Capital Grants and Contributions	3,892	7,122
Total Program Revenues	4,033,769	2,339,698
General Revenues		
Real Property Taxes	94,484,821	92,027,417
Other Tax Items	5,215,183	5,894,787
Non-Property Taxes	1,703,758	1,713,543
Unrestricted Use of Money and Property	90,960	316,625
Sale of Property and Compensation for Loss	45,957	56,461
Unrestricted State Aid	8,290,616	8,380,030
Unrestricted Federal Aid	-	103,837
Miscellaneous	591,361	982,719
Total General Revenues	110,422,656	109,475,419
Total Revenues	114,456,425	111,815,117
PROGRAM EXPENSES		
General Support	20,302,724	20,726,633
Instruction	75,499,519	96,514,764
Pupil Transportation	6,230,404	6,586,927
Community services	19,856	-
Cost of Food Sales	1,338,175	574,360
Other	90,887	65,045
Interest	228,482	262,307
Total Expenses	103,710,047	124,730,036
Change in Net Position	10,746,378	(12,914,919)
NET POSITION		
Beginning, as reported	(246,269,992)	(233,411,468)
Cumulative Effect of Change in Accounting Principle	-	56,395
Net Position-Beginning, as restated	(246,269,992)	(233,355,073)
Ending	\$ (235,523,614)	\$ (246,269,992)

The following are the major changes in Net Position:

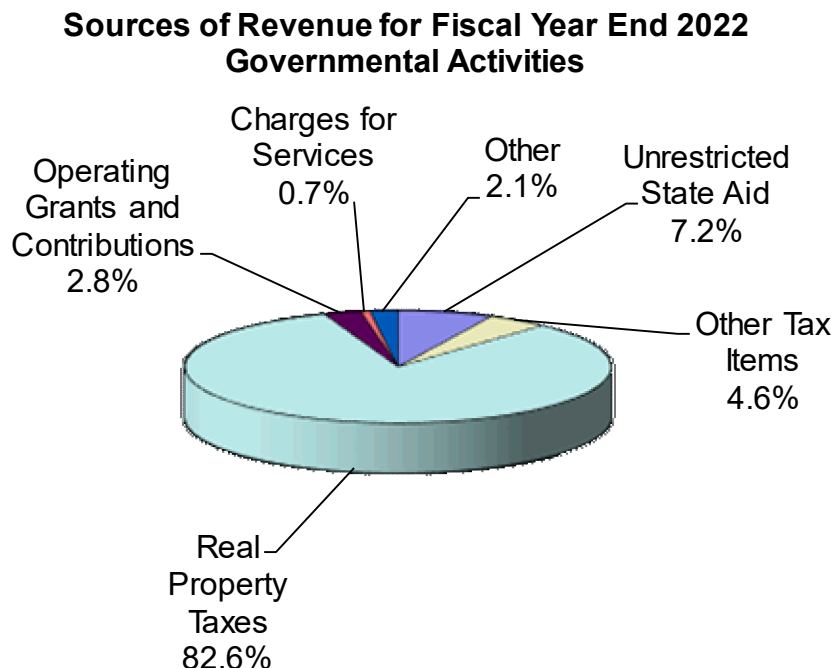
Revenues:

- Real Property Taxes increased by \$2,457,404 based on the adopted budget.
- Operating Grants and Contributions increased by \$1,297,433 due to increased State and Federal aid used to support District programs.
- Other tax items include reimbursements received under the School Tax Relief Reimbursement Program ("STAR"). The STAR program provides tax relief to homeowners through State reimbursement to the School District. Other tax items decreased by \$679,604 because new home owners are reimbursed by the State directly in lieu of a credit on tax bills.
- Charges for services increased by \$399,868 due to increases in food sales to students.

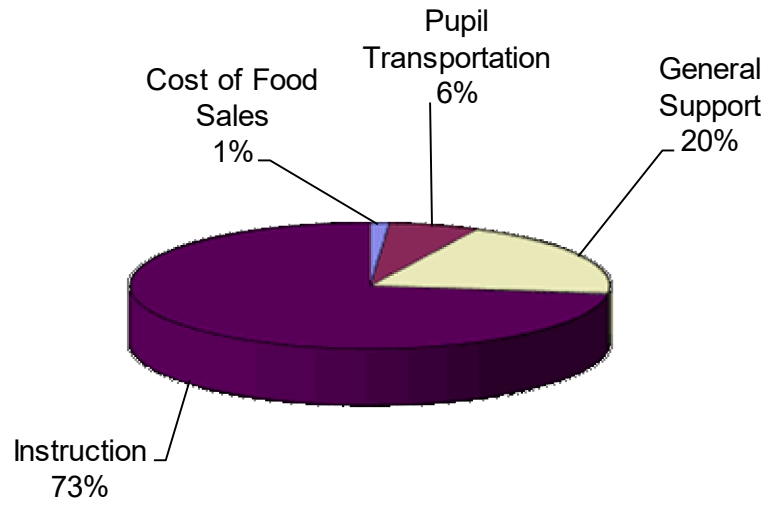
Expenses:

Overall expenses decreased by \$21,019,989 from the prior year. This decrease was primarily due to decreases in OPEB and pension expense, offset by increases in operating expenses in the District's governmental funds. The decrease in OPEB expense is mainly the result of changes in the discount rate used in computing the liability. The District uses the AA municipal bond rate for this purpose. The decrease in pension expense is mainly the result of investment gains achieved by ERS and TRS.

The School District relies upon real property taxes as its primary revenue source. The School District's instruction costs account for 73% of its expenses.



Expenses for Fiscal Year End 2022 Governmental Activities



Financial Analysis of the School District's Funds

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

Governmental Funds

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a School District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$29,154,955, an increase of \$1,404,925 from the prior year. The \$29,154,955 fund balance consists of the following:

Nonspendable -

	Inventories	\$ 11,002
	Advances	<u>81,979</u>
Total Nonspendable		<u>92,981</u>

Restricted:

	Tax Certiorari	1,999,956
	Unemployment Benefits	356,394
Unemployment Benefits - for subsequent year's expenditures		25,000
	Employee Benefit Accrued Liability	1,522,855
Employee Benefit Accrued Liability - for subsequent year's expenditures		238,000
	Retirement Contributions	6,196,944
Retirement Contributions - for subsequent year's expenditures		477,000
	Liability Claims	1,435,500
	Future Capital Projects	1,540,074
	Capital Projects	4,768,853
	Debt Service	289,209
Debt Service - for subsequent year's expenditures		10,000
	Special Purposes	<u>136,016</u>
Total Restricted		<u>18,995,801</u>

Assigned:

Purchases On Order:

	General Government Support	2,212,689
	Instruction	675,023
	Pupil Transportation	<u>1,388</u>
		2,889,100

Subsequent year's expenditures from-
General Fund

	<u>2,450,000</u>
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School Lunch Fund

	<u>310,287</u>
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Total Assigned

	<u>5,649,387</u>
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Unassigned -

	General Fund	<u>4,416,786</u>
Total Fund Balances		<u><u>\$ 29,154,955</u></u>

The General Fund is the primary operating fund of the School District. Revenues and other financing sources were more than the final budget by \$1,078,789, or .98%. Expenditures excluding other financing uses, inclusive of encumbrances, were \$3,036,740 less than the final budget. This favorable variance was achieved by controlling expenditures and unanticipated delays in filling vacant positions and associated employee benefits.

Capital Assets

At June 30, 2022, the School District had \$66,966,117 net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30,	
	2022	2021
Land	\$ 4,274,693	\$ 4,274,693
Buildings and Improvements	47,947,843	50,294,567
Land improvements	4,672,701	5,144,894
Machinery and Equipment	6,917,939	8,123,819
Construction-in-Progress	3,152,941	3,079,227
Total Capital Assets, net of accumulated depreciation	<u>\$ 66,966,117</u>	<u>\$ 70,917,200</u>

More detailed information about the School District's capital assets is presented in note 3B in the notes to financial statements.

Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

	June 30,	
	2022	2021
Bonds Payable	\$ 4,836,425	\$ 6,958,845
Energy Performance Contract Debt	4,911,429	5,316,232
Claims	-	-
Compensated Absences	2,898,225	3,047,876
Net Pension Liability - ERS	-	33,346
Net Pension Liability - TRS	-	7,270,505
Other Post Employment Benefit Liability	261,318,078	321,364,773
Total	<u>\$ 273,964,157</u>	<u>\$ 343,991,577</u>

More detailed information about the School District's long-term liabilities is presented in Note 3D in the notes to financial statements.

Future Considerations

The Katonah-Lewisboro Union Free School District ended fiscal year 2022 financially strong. The School District designated \$2,450,000 for return to the taxpayers. In these times of major economic uncertainty, the future financial stability of the School District is not without challenges. The School District strives to maintain its longstanding commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The School District administration continues to provide the resources necessary to meet the needs of the students, while carefully controlling expenditures to assure tax levy increases are kept to a minimum and well spent. New York State school districts operate within a state-imposed property tax cap, which limits a school district's ability to increase their tax revenue based on a calculation of the lesser of 2% or Consumer Price Index. Over the past several years the School District has experienced increases in the cost of health insurance. The rate of increase associated with health insurance far exceeds the consumer price index utilized in the NYS tax cap calculation. The continued increase in the cost of health insurance is single most impactful expenditure increase in the budget. It makes the process of developing a tax cap compliance budget challenging.

Each year the district considers the New York State Retirement Systems relative to what the employer contribution rate will be for the upcoming school year. In 2014-15 school year, the employer contribution rate (for the Teachers Retirement System) was at a 25 year high of 17.53% of wages paid. In 2021-22 the rate was 9.80% and for the 2022-23 school year the rate increased to 10.29%. These rates are dependent upon a series of different financial factors and actuarial assumptions. Should the recent trend of the employer contribution rates continue to increase a tax cap compliant budget will become more and more difficult to manage.

In 2021-22 the district convened a Facilities Committee which included community members representing every town and school building. The committee gave careful consideration to a proposed capital improvement project ensuring that, even as we request approval for funding to undertake necessary capital improvements, the impact to taxpayers be modest. Mindful of our entire community, we developed a fiscally responsible proposal focused on projects that have greatest potential impact for our students, staff, and community. On Tuesday, October 18, 2022, the community will vote on a \$49.5 million bond referendum to fund capital improvement projects in our schools.

On September 7, 2022, Moody's Investors Service issued its "Annual Comment on Katonah-Lewisboro UFSD". In the "Credit Overview" portion of the report the analyst wrote, "Katonah-Lewisboro UFSD has an excellent credit position. Its Aa1 rating is stronger than the median rating of Aa3 for US school districts. The key credit factors include a very strong wealth and income profile, a sizable tax base and a robust financial position. It also reflects a negligible debt burden and a mid-ranged pension liability".

In summary, the School District is poised to withstand a number of years of financial challenges. School District administration expects to continue this policy of diligent fiscal planning to ensure continued long-term budgetary health and stability.

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 the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Katonah-Lewisboro Union Free School District
Attention: Danelle Placella
Assistant Superintendent for Business
60 North Salem Road
Cross River, NY 10518

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Katonah-Lewisboro Union Free School District, New YorkStatement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 35,151,536
Receivables	
Accounts	76,339
State and Federal aid	1,430,168
Due from other governments	1,527,881
Inventories	11,002
Net pension asset - ERS	2,567,231
Net pension asset - TRS	45,211,951
Capital assets	
Not being depreciated	7,427,634
Being depreciated, net	59,538,483
Total Assets	<u>152,942,225</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding bonds	53,916
Pension related	32,238,869
OPEB related	56,892,183
Total Deferred outflows of Resources	<u>89,184,968</u>
LIABILITIES	
Accounts payable	1,351,230
Accrued liabilities	373,355
Deposits payable	767,288
Due to other governments	833,582
Due to retirement systems	5,161,154
Unearned revenues	392,504
Accrued interest payable	24,082
Non-current liabilities	
Due within one year	2,754,895
Due in more than one year	271,209,262
Total Liabilities	<u>282,867,352</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	59,216,594
OPEB related	135,566,861
Total Deferred inflows of Resources	<u>194,783,455</u>
NET POSITION	
Net investment in capital assets	57,305,509
Restricted	
Capital projects	4,735,523
Tax certiorari	1,999,956
Unemployment benefits	381,394
Debt service	299,209
Retirement contributions	6,673,944
Liability claims	1,435,500
Future capital projects	1,540,074
Special purposes	136,016
Unrestricted	(310,030,739)
Total Net Position	<u>\$ (235,523,614)</u>

The notes to the financial statements are an integral part of this statement.

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Katonah-Lewisboro Union Free School District, New York

 Statement of Activities
 Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 20,302,724	\$ 187,094	\$ 103,926	\$ -	\$ (20,011,704)
Instruction	75,499,519	296,484	1,891,641	3,892	(73,307,502)
Pupil transportation	6,230,404	-	-	-	(6,230,404)
Community services	19,856	-	-	-	(19,856)
Cost of food sales	1,338,175	290,374	1,166,437	-	118,636
Other	90,887	-	93,921	-	3,034
Interest	228,482	-	-	-	(228,482)
Total Governmental Activities	\$ 103,710,047	\$ 773,952	\$ 3,255,925	\$ 3,892	(99,676,278)
General revenues					
Real property taxes					94,484,821
Other tax items					
School tax relief reimbursement					5,215,183
Non-property taxes					
Non-property tax distribution from County					1,703,758
Unrestricted use of money and property					90,960
Sale of property and compensation for loss					45,957
Unrestricted State aid					8,290,616
Miscellaneous					587,885
Insurance recoveries					3,476
Total General Revenues					110,422,656
Change in Net Position					10,746,378
Net Position - Beginning					(246,269,992)
Net Position - Ending					\$ (235,523,614)

The notes to the financial statements are an integral part of this statement.

Katonah-Lewisboro Union Free School District, New York

Balance Sheet
Governmental Funds
June 30, 2022

	General	Capital Projects	Special Aid
ASSETS			
Cash and equivalents	\$ 30,160,601	\$ 4,521,592	\$ 27,536
Receivables			
Accounts	75,328	-	-
State and Federal aid	488,201	3,790	732,700
Due from other governments	1,389,466	-	138,415
Due from other funds	275,362	264,092	-
Advances to other funds	81,979	-	-
Inventories	-	-	-
Total Assets	<u>\$ 32,470,937</u>	<u>\$ 4,789,474</u>	<u>\$ 898,651</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,113,127	\$ 20,621	\$ 119,401
Accrued liabilities	373,355	-	-
Deposits payable	767,288	-	-
Due to other funds	-	-	539,988
Advances from other funds	-	-	81,979
Due to other governments	833,514	-	-
Due to retirement systems	5,161,154	-	-
Unearned revenues	130,844	-	157,283
Total Liabilities	<u>8,379,282</u>	<u>20,621</u>	<u>898,651</u>
Deferred inflows of resources			
Unavailable revenues	<u>162,858</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,542,140</u>	<u>20,621</u>	<u>898,651</u>
Fund balances			
Nonspendable	81,979	-	-
Restricted	14,090,932	4,768,853	-
Assigned	5,339,100	-	-
Unassigned	4,416,786	-	-
Total Fund Balances	<u>23,928,797</u>	<u>4,768,853</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 32,470,937</u>	<u>\$ 4,789,474</u>	<u>\$ 898,651</u>

The notes to the financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ 441,807	\$ 35,151,536
1,011	76,339
205,477	1,430,168
-	1,527,881
5,847	545,301
-	81,979
11,002	11,002
<u>\$ 665,144</u>	<u>\$ 38,824,206</u>
\$ 98,081	\$ 1,351,230
-	373,355
-	767,288
5,313	545,301
-	81,979
68	833,582
-	5,161,154
104,377	392,504
<u>207,839</u>	<u>9,506,393</u>
-	162,858
<u>207,839</u>	<u>9,669,251</u>
11,002	92,981
136,016	18,995,801
310,287	5,649,387
-	4,416,786
<u>457,305</u>	<u>29,154,955</u>
<u>\$ 665,144</u>	<u>\$ 38,824,206</u>

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Katonah-Lewisboro Union Free School District, New YorkReconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2017

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Total Fund Balances - Governmental Funds	\$ 29,154,955
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	7,427,634
Capital assets - depreciable	157,279,793
Accumulated depreciation	(97,741,310)
	66,966,117
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	32,238,869
Deferred outflows - OPEB related	56,892,183
Deferred inflows - pension related	(59,216,594)
Deferred inflows - OPEB related	(135,566,861)
	(105,652,403)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are either deferred or not reported in the funds.	
Net pension asset - TRS	45,211,951
Net pension asset - ERS	2,567,231
	47,779,182
Revenue that were reported in the statement of activities that do not provide current financial resources are not reported as revenues in the fund	
Deferred revenues - State Aid	162,858
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(24,082)
General obligation bonds payable	(4,610,000)
Energy performance contract debt payable	(4,911,429)
Compensated absences	(2,898,225)
Total OPEB liability	(261,318,078)
	(273,761,814)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred charge on refunding bonds	53,916
Premium on general obligation bonds	(226,425)
	(172,509)
Net Position of Governmental Activities	\$ (235,523,614)

The notes to the financial statements are an integral part of this statement.

Katonah-Lewisboro Union Free School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

	General	Capital Projects	Special Aid
REVENUES			
Real property taxes	\$ 94,484,821	\$ -	\$ -
Other tax items	5,215,183	-	-
Non-property taxes	1,703,758	-	-
Charges for services	296,484	-	-
Use of money and property	278,054	-	-
Sale of property and compensation for loss	45,957	-	-
State aid	8,503,746	3,892	684,432
Federal aid	-	-	847,423
Food sales	-	-	-
Miscellaneous	605,145	-	70,464
Total Revenues	111,133,148	3,892	1,602,319
EXPENDITURES			
Current			
General support	15,353,414	-	103,926
Instruction	57,017,827	-	1,532,851
Pupil transportation	4,361,532	-	77,931
Community services	13,151	-	-
Employee benefits	29,554,780	-	56,536
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	2,394,803	-	-
Interest	309,465	-	-
Capital outlay	-	683,364	-
Total Expenditures	109,004,972	683,364	1,771,244
Excess (Deficiency) of Rev- enues Over Expenditures	2,128,176	(679,472)	(168,925)
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	3,476	-	-
Transfers in	-	2,421,975	168,925
Transfers out	(2,590,900)	-	-
Total Other Financing Sources (Uses)	(2,587,424)	2,421,975	168,925
Net Change in Fund Balances	(459,248)	1,742,503	-
FUND BALANCES			
Beginning of Year	24,388,045	3,026,350	-
End of Year	\$ 23,928,797	\$ 4,768,853	\$ -

The notes to the financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 94,484,821
-	5,215,183
-	1,703,758
-	296,484
32	278,086
-	45,957
14,592	9,206,662
1,142,570	1,989,993
290,374	290,374
103,164	778,773
<u>1,550,732</u>	<u>114,290,091</u>
-	15,457,340
-	58,550,678
-	4,439,463
-	13,151
-	29,611,316
1,338,175	1,338,175
90,887	90,887
-	2,394,803
-	309,465
-	683,364
<u>1,429,062</u>	<u>112,888,642</u>
<u>121,670</u>	<u>1,401,449</u>
-	3,476
-	2,590,900
-	(2,590,900)
<u>-</u>	<u>3,476</u>
121,670	1,404,925
<u>335,635</u>	<u>27,750,030</u>
<u>\$ 457,305</u>	<u>\$ 29,154,955</u>

Katonah-Lewisboro Union Free School District, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2022

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 1,404,925</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Capital outlay expenditures	1,095,568
Depreciation/amortization expense	<u>(5,046,651)</u>
	<u>(3,951,083)</u>
Revenues that were reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Deferred revenues - state aid	<u>162,858</u>
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized on the statement of activities.	
Principal paid on general obligation bonds	1,990,000
Principal paid on energy performance contract	<u>404,803</u>
	<u>2,394,803</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	2,480
Compensated absences	149,651
Changes in pension liabilities and related deferred outflows and inflows of resources	7,863,033
Changes in OPEB liabilities and related deferred outflows and inflows of resources	2,641,208
Amortization of premium and loss on refunding bonds	<u>78,503</u>
	<u>10,734,875</u>
Change in Net Position of Governmental Activities	<u><u>\$ 10,746,378</u></u>

The notes to the financial statements are an integral part of this statement.

Katonah-Lewisboro Union Free School District, New York

Statement of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual

General Fund

Year Ended June 30, 2022

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 94,485,210	\$ 94,485,210	\$ 94,484,821	\$ (389)
Other tax items	5,215,183	5,215,183	5,215,183	-
Non-property taxes	1,250,000	1,250,000	1,703,758	453,758
Charges for services	265,000	265,695	296,484	30,789
Use of money and property	285,000	285,000	278,054	(6,946)
Sale of property and compensation for loss	-	-	45,957	45,957
State aid	8,292,487	8,292,487	8,503,746	211,259
Miscellaneous	235,000	249,260	605,145	355,885
Total Revenues	110,027,880	110,042,835	111,133,148	1,090,313
EXPENDITURES				
Current				
General support	15,100,276	18,101,837	15,353,414	2,748,423
Instruction	60,834,972	59,260,459	57,017,827	2,242,632
Pupil transportation	4,701,456	4,537,546	4,361,532	176,014
Community services	21,000	21,000	13,151	7,849
Employee benefits	32,475,860	30,305,702	29,554,780	750,922
Debt service				
Principal	2,394,803	2,394,803	2,394,803	-
Interest	309,465	309,465	309,465	-
Total Expenditures	115,837,832	114,930,812	109,004,972	5,925,840
Excess (Deficiency) of Revenues Over Expenditures	(5,809,952)	(4,887,977)	2,128,176	7,016,153
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	15,000	15,000	3,476	(11,524)
Transfers out	(1,670,000)	(2,591,975)	(2,590,900)	1,075
Total Other Financing Sources (Uses)	(1,655,000)	(2,576,975)	(2,587,424)	(10,449)
Net Change in Fund Balances	(7,464,952)	(7,464,952)	(459,248)	7,005,704
FUND BALANCES				
Beginning of Year	7,464,952	7,464,952	24,388,045	16,923,093
End of Year	\$ -	\$ -	\$ 23,928,797	\$ 23,928,797

The notes to the financial statements are an integral part of this statement.

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Note 1 - Summary of Significant Accounting Policies

The Katonah-Lewisboro Union Free School District, New York ("School District"), as presently constituted, was established in 1952 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the School District, b) organizations for which the School District is financially accountable and c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Putnam-Northern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by the ratio which the component school district's value of taxable properties in effect at the time of adoption bears to the total full value of taxable properties of all component school districts within BOCES as defined by Education Law. Copies of BOCES' financial statement can be requested from Putnam-Northern Westchester BOCES, 200 BOCES Drive, Yorktown Heights, New York 10598.

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

While separate district-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for

Note 1 - Summary of Significant Accounting Policies (Continued)

capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or local funds. The major revenues of this fund are State and Federal aid.

The following represents the School District's non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast, lunch and milk programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with grantor or contributor stipulations. Among the activities included in the Special Purpose Fund are extraclassroom activity funds.

- b. Fiduciary Fund (Not Included in District-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the School District on behalf of others. In accordance with the provisions of GASB Statement No. 84, "*Fiduciary Activities*", the School District had no such activity to report in this fund category.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The 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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Fiduciary Fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues

Note 1 - Summary of Significant Accounting Policies (Continued)

from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liabilities and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

The School District utilizes a pooled investment concept for all governmental funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, *"Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3"*, directs that deposits be disclosed as exposed to custodial credit

Note 1 - Summary of Significant Accounting Policies (Continued)

risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2022.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable in September and January. The Towns of Bedford, Lewisboro, North Salem and Pound Ridge, which are included in the levy, are responsible for the billing and collection of the taxes. The Towns guarantee the full payment of the School District warrant and assumes responsibility for uncollected taxes.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Advances From/To Other Funds - Advances from/to other funds represent loans to other funds, which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by nonspendable fund balance in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

Inventories - Inventories in the School Lunch Fund consist of food and supplies and are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at a stated value, which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets which include property, plant and equipment, and are reported in the governmental activities column in the district-wide financial statements. Capital assets are

Note 1 - Summary of Significant Accounting Policies (Continued)

defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Building Improvements	15-50
Land Improvements	20
Machinery and Equipment	5-20

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenue - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenues in fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has recorded unearned revenues of \$130,844 in the General Fund for miscellaneous amounts that do not meet the revenue recognition criteria, \$157,283 in the Special Aid Fund for miscellaneous revenue and federal aid received in advance and \$104,377 in the School Lunch Fund for advance lunch payments and federal aid received in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District reported deferred amounts on refunding bonds results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the shorter of the life of the refunded or refunding debt.

The School District also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities in the district-wide financial statements. These amounts are detailed in the discussion of the School District's pension and other postemployment benefit liabilities in Note 3D.

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation or sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68"*.

Other Postemployment Benefit Liability ("OPEB") - In addition to providing pension benefits, the School District provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*.

Net Position - Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of

Note 1 - Summary of Significant Accounting Policies (Continued)

resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the School District includes restricted for capital projects, debt service, tax certiorari, unemployment, retirement contribution, liability claims and special purposes.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The School Board is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the School Board removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or delegated to the Assistant Superintendent for Business for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes

Note 1 - Summary of Significant Accounting Policies (Continued)

all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 29, 2022.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for the General fund.
- g) Budgets for the General fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch or Special Purpose funds since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

Note 2 - Stewardship, Compliance and Accountability (Continued)

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

C. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index ("CPI").

Under the Tax Levy Limitation Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

D. New Accounting Pronouncement

GASB Statement No. 87, "Leases", established a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of GASB Statement No. 87 are effective for the School District's fiscal year ended June 30, 2022. The School District has completed its evaluation of the financial impact of GASB Statement No. 87 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

Katonah-Lewisboro Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2022

Note 3 - Detailed Notes on All Funds**A. Due From/To and Advances To/From Other Funds**

The balances reflected as due from/to other funds and advances from/to other funds at June 30, 2022 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Advances From/To</u>
General	\$ 275,362	\$ -	\$ 81,979
Capital Projects	264,092	-	-
Special Aid	-	539,988	(81,979)
Non-Major Governmental	5,847	5,313	-
	<u>\$ 545,301</u>	<u>\$ 545,301</u>	<u>\$ -</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

B. Capital Assets

Changes in the School District's capital assets are as follows:

<u>Class</u>	<u>Balance July 01, 2021</u>	<u>Reclassifications</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Capital Assets, not being depreciated					
Land	\$ 4,274,693	\$ -	\$ -	\$ -	\$ 4,274,693
Construction-in-Progress	3,079,227	-	683,364	609,650	3,152,941
Total Capital Assets not being depreciated	<u>\$ 7,353,920</u>	<u>\$ -</u>	<u>\$ 683,364</u>	<u>\$ 609,650</u>	<u>\$ 7,427,634</u>
Capital Assets, being depreciated					
Buildings and Building Improvements	\$ 125,044,962	\$ 1,125,109	\$ -	\$ -	\$ 126,170,071
Land Improvements	12,609,056	(22,609)	-	-	12,586,447
Machinery and Equipment	19,385,157	(1,102,500)	1,021,854	781,236	18,523,275
Total Capital Assets, being depreciated	<u>157,039,175</u>	<u>-</u>	<u>1,021,854</u>	<u>781,236</u>	<u>157,279,793</u>
Less Accumulated Depreciation for					
Buildings and Building Improvements	74,750,395	-	3,471,833	-	78,222,228
Land Improvements	7,464,162	-	449,584	-	7,913,746
Machinery and Equipment	11,261,338	-	1,125,234	781,236	11,605,336
Total Accumulated Depreciation	<u>93,475,895</u>	<u>-</u>	<u>5,046,651</u>	<u>781,236</u>	<u>97,741,310</u>
Total Capital Assets, being depreciated, net	<u>\$ 63,563,280</u>	<u>\$ -</u>	<u>\$ (4,024,797)</u>	<u>\$ -</u>	<u>\$ 59,538,483</u>
Capital Assets, net	<u>\$ 70,917,200</u>	<u>-</u>	<u>\$ (3,341,433)</u>	<u>\$ 609,650</u>	<u>\$ 66,966,117</u>

Katonah-Lewisboro Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2022

Note 3 - Detailed Notes on All Funds (Continued)

Depreciation/Amortization expense was charged to School District functions and programs as follows:

General Support	\$ 3,399,974
Instruction	1,181,836
Pupil Transportation	<u>464,841</u>
Total Depreciation Expense	<u>\$ 5,046,651</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2022 were as follows:

	General Fund
Payroll and employee benefits	<u>\$ 373,355</u>

D. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2022:

	Balance July 01, 2021	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2022	Due Within One-Year
General Obligation Bonds Payable	\$ 6,600,000	\$ -	\$ 1,990,000	\$ 4,610,000	\$ 2,050,000
Plus - Unamortized premium on bonds	<u>358,845</u>	<u>-</u>	<u>132,420</u>	<u>226,425</u>	<u>-</u>
	<u>6,958,845</u>	<u>-</u>	<u>2,122,420</u>	<u>4,836,425</u>	<u>2,050,000</u>
Energy Performance Contract Debt	<u>5,316,232</u>	<u>-</u>	<u>404,803</u>	<u>4,911,429</u>	<u>414,895</u>
Compensated Absences	3,047,876	155,349	305,000	2,898,225	290,000
Net Pension Liability - ERS	33,346	-	33,346	-	-
Net Pension Liability - TRS	7,270,505	-	7,270,505	-	-
Other Postemployment Benefit Liability	<u>321,364,773</u>	<u>17,490,877</u>	<u>77,537,572</u>	<u>261,318,078</u>	<u>-</u>
	<u>331,716,500</u>	<u>17,646,226</u>	<u>85,146,423</u>	<u>264,216,303</u>	<u>290,000</u>
Total Long-Term Liabilities	<u>\$ 343,991,577</u>	<u>\$ 17,646,226</u>	<u>\$ 87,673,646</u>	<u>\$ 273,964,157</u>	<u>\$ 2,754,895</u>

Each governmental fund's liability for general obligation bonds, energy performance contract debt, compensated absences, net pension liabilities and other postemployment benefit liability is liquidated by the General Fund.

Katonah-Lewisboro Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2022

Note 3 - Detailed Notes on All Funds (Continued)**General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2022 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2022
Refunding Bonds	2012	\$ 6,295,000	November, 2023	2.125 %	1,350,000
Refunding Bonds - Series A	2016	7,370,000	November, 2023	4.000	2,105,000
Refunding Bonds - Series B	2016	1,540,000	November, 2023	3.000	420,000
Serial Bond	2017	1,374,986	November, 2026	2.500	735,000
					<u>\$ 4,610,000</u>

Interest expenditures of \$179,950 were recorded in the fund financial statements in the General Fund. Interest expense of \$99,468 was recorded in the district-wide financial statements.

Energy Performance Contract Debt Payable

The School District, in November 2014, entered into a \$7,454,228 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over eighteen years, with semi-annual installments of \$267,159 through November 2032. Payments include interest ranging from 2.3736% to 3.44%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. The balance due at June 30, 2022 was \$4,911,429.

Interest expenditures of \$129,515 were recorded in the fund financial statements in the General Fund. Interest expense of \$129,014 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded and energy performance contract debt as of June 30, 2022 including interest payments of \$872,166 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 2,050,000	\$ 111,219	\$ 414,895	\$ 119,423	\$ 2,464,895	\$ 230,642
2024	2,110,000	44,913	425,242	109,076	2,535,242	153,989
2025	145,000	9,438	435,852	98,466	580,852	107,904
2026	150,000	5,750	446,732	87,585	596,732	93,335
2027	155,000	1,938	457,887	76,431	612,887	78,369
2028-2032	-	-	2,466,946	204,645	2,466,946	204,645
2033	-	-	263,875	3,282	263,875	3,282
	<u>\$ 4,610,000</u>	<u>\$ 173,258</u>	<u>\$ 4,911,429</u>	<u>\$ 698,908</u>	<u>\$ 9,521,429</u>	<u>\$ 872,166</u>

Note 3 - Detailed Notes on All Funds (Continued)

The above general obligation bonds and energy performance contract debt are direct borrowings of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Legal Debt Margin

The School District is subject to legal limitations on the amount of debt that it may issue. The School District's legal debt margin is 10% of the most recent full valuation of taxable real property.

Compensated Absences

Civil service employees may accumulate an unlimited number of days for sick and personal leave. Upon retirement, those employees with at least five years of service with the District will be paid an allowance computed at .5 times the number of accumulated leave days (in hours) multiplied by the employee's current hourly rate. The maximum number of days of accumulated leave that may be applied to the formula is the hourly equivalent of 400 days. Retiring teachers, hired prior to July 1, 1995, and administrators, appointed prior to June 1, 1994, who, at the time of retirement, have completed one semester following their tenure appointment, will be paid an allowance computed at .5 times the number of days of accumulated leave times 1/200th of his/her annual salary. Teachers working less than a "Full Time Equivalent" (FTE) will receive payment in proportion to their FTE. The maximum number of days of accumulated leave that may be applied to the formula is 400. Teachers commencing their employment after July 1, 1995, and administrators, appointed after June 1, 1994, are no longer able to accumulate leave for the purpose of payment at retirement.

Vacation leave is generally taken within the year earned. However, certain 12-month civil service employees and administrators, upon separation of service from the District, will be compensated for unused vacation time up to a maximum of 23 days.

Pension Plans

New York State and Local Retirement System and Teachers' Retirement System

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, 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 School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS 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/about_us/financial_statements_index.php or obtained

Note 3 - Detailed Notes on All Funds (Continued)

by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2022 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	25.2 %
	3 A14	18.3
	4 A15	18.3
	5 A15	15.3
	6 A15	10.7
TRS	1-6	9.8 %

At June 30, 2022, the School District reported the following for its proportionate share of the net pension asset for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Net pension asset	\$ (2,567,231)	\$ (45,211,951)
School Districts' proportion of the net pension asset	0.0314050 %	0.260903 %
Change in proportion since the prior measurement date	(0.0020837) %	(0.0022090) %

Katonah-Lewisboro Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2022

Note 3 - Detailed Notes on All Funds (Continued)

The net pension asset was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS and the total pension liability used to calculate the net pension asset were determined by actuarial valuations as of those dates. The School District's proportion of the net pension asset for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2022, the School District recognized its proportionate share of pension expense in the district-wide financial statements of (\$1,579,752), (\$421,058 for ERS and (\$2,000,810) for TRS). Pension expenditures for ERS of \$1,867,900 and \$3,228 were recorded in the fund financial statements and were charged to the General and Special Aid, respectively. Pension expenditures for TRS of \$4,394,668 and \$17,485 were reported in the fund financial statements and were charged to the General and Special Aid funds, respectively.

At June 30, 2022, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 194,420	\$ 252,174	\$ 6,231,988	\$ 234,895
Changes of assumptions	4,284,420	72,295	14,871,156	2,633,463
Net difference between projected and actual earnings on pension plan investments	-	8,406,605	-	47,318,985
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,053,188	298,177	813,847	-
School District contributions subsequent to the measurement date	395,319	-	4,394,531	-
	<u>\$ 5,927,347</u>	<u>\$ 9,029,251</u>	<u>\$ 26,311,522</u>	<u>\$ 50,187,343</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 6,426,408	\$ 487,069		
Changes of assumptions	19,155,576	2,705,758		
Net difference between projected and actual earnings on pension plan investments	-	55,725,590		
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,867,035	298,177		
School District contributions subsequent to the measurement date	4,789,850	-		
	<u>\$ 32,238,869</u>	<u>\$ 59,216,594</u>		

Katonah-Lewisboro Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2022

Note 3 - Detailed Notes on All Funds (Continued)

\$395,319 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the plan's year ended March 31, 2023. The \$4,394,531 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>March 31, ERS</u>	<u>June 30, TRS</u>
2022	\$ -	\$ (5,554,562)
2023	(383,158)	(6,620,421)
2024	(711,870)	(8,469,263)
2025	(2,029,594)	(11,334,267)
2026	(372,601)	2,189,454
Thereafter	-	1,518,707
	<u>\$ (3,497,223)</u>	<u>\$ (28,270,352)</u>

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Investment rate of return	5.9% *	6.95% *
Salary scale	4.4%	1.95%-5.18%
Inflation rate	2.7%	2.4%
Cost of living adjustments	1.4%	1.3%

*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

Note 3 - Detailed Notes on All Funds (Continued)

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2022		TRS June 30, 2021	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	3.30 %	33 %	6.8 %
International Equity	15	5.85	16	7.6
Private Equity	10	6.50	8	10.0
Real Estate	9	5.00	11	6.5
Domestic Fixed Income Securities	-	-	16	1.3
Global Bonds	-	-	2	0.8
High Yield Bonds	-	-	1	3.8
Global Equities	-	-	4	7.1
Private Debt	-	-	1	5.9
Real Estate Debt	-	-	7	3.3
Opportunistic Portfolio/ARS Portfolio	3	4.10	-	-
Credit	4	3.78	-	-
Real Assets	3	5.80	-	-

The real rate of return is net of the long-term inflation assumption of 2.7% for ERS and 2.4% for TRS.

Katonah-Lewisboro Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2022

Note 3 - Detailed Notes on All Funds (Continued)

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 determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 6,608,024</u>	<u>\$ (2,567,231)</u>	<u>\$ (10,241,888)</u>
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension asset	<u>\$ (4,744,335)</u>	<u>\$ (45,211,951)</u>	<u>\$ (79,222,046)</u>

The components of the collective net pension asset as of the March 31, 2022 ERS measurement date and the June 30, 2021 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 223,874,888,000	\$ 130,819,415,417
Fiduciary net position	<u>232,049,473,000</u>	<u>148,148,457,363</u>
Employers' net pension liability	<u>\$ (8,174,585,000)</u>	<u>\$ (17,329,041,946)</u>
Fiduciary net position as a percentage of total pension liability	<u>103.65%</u>	<u>113.2%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period April 1, 2022 through June 30, 2022 based on

Note 3 - Detailed Notes on All Funds (Continued)

paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2022 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2022 were \$395,319 to ERS and \$4,765,835 to TRS (including employee contributions of \$371,304).

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Other Postemployment Benefit Liability ("OPEB")

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing postemployment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive participants currently receiving benefit payments	512
Active participants	<u>538</u>
	<u><u>1,050</u></u>

The School District's total OPEB liability of \$261,318,078 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020.

Katonah-Lewisboro Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2022

Note 3 - Detailed Notes on All Funds (Continued)

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	2.0%
Discount rate	3.69%
Healthcare cost trend rates	6.75% for 2023, decreasing 0.25% per year to an ultimate rate of 3.784% for 2075 and later years
Retirees' share of benefit-related costs	Varies depending on applicable retirement year and bargaining unit

The discount rate was based on the Fidelity GO AA 20 Year Municipal Bond Index as of June 30, 2022.

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

The School District's change in the total OPEB liability for the year ended June 30, 2022 is as follows:

Total OPEB Liability - Beginning of Year	\$	321,364,773
Service cost		11,175,021
Interest		6,315,856
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		(70,359,658)
Benefit payments		<u>(7,177,914)</u>
Total OPEB Liability - End of Year	\$	<u><u>261,318,078</u></u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.69%) or 1 percentage point higher (4.69%) than the current discount rate:

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB Liability	<u>\$ 304,706,032</u>	<u>\$ 261,318,078</u>	<u>\$ 226,334,522</u>

Katonah-Lewisboro Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2022

Note 3 - Detailed Notes on All Funds (Continued)

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.75% decreasing to 2.784%) or 1 percentage point higher (7.75% decreasing to 4.784%) than the current healthcare cost trend rates:

	1% Decrease (5.750 decreasing to 2.784%)	Current Healthcare Cost Trend Rates (6.750 decreasing to 3.784%)	1% Increase (7.750 decreasing to 4.784%)
Total OPEB Liability	<u>\$ 218,988,452</u>	<u>\$ 261,318,078</u>	<u>\$ 315,332,049</u>

For the year ended June 30, 2022, the School District recognized OPEB expense of \$4,536,706 in the district-wide financial statements. At June 30, 2022, the School 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
Changes of assumptions or other inputs	\$ 50,269,016	\$ 60,119,590
Differences between expected and actual experience	<u>6,623,167</u>	<u>75,447,271</u>
	<u>\$ 56,892,183</u>	<u>\$ 135,566,861</u>

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

Year Ended June 30,	
2023	\$ (12,717,739)
2024	(14,716,636)
2025	(25,069,928)
2026	(20,007,487)
2027	(6,162,888)
Thereafter	<u>-</u>
	<u>\$ (78,674,678)</u>

Note 3 - Detailed Notes on All Funds (Continued)**E. Revenues and Expenditures****Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

Transfers Out	Transfers in		Total
	Capital Projects Fund	Special Aid Fund	
General Fund	\$ 2,421,975	\$ 168,925	\$ 2,590,900

Transfers are used to 1) move funds from the operating funds to the Capital Projects Fund for voter approved projects and 2) move amounts earmarked in the operating funds to fulfill commitments for Special Aid Fund expenditures.

F. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, less unexpended bond proceeds and unrestricted interest earnings.

Restricted for Tax Certiorari - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

Restricted for Retirement Contribution - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Liability Claims - the component of net position that reports the amounts set aside to be used for liability claims in accordance with Education Law.

Restricted for Future Capital Projects - the component of net position that has been established pursuant to General Municipal Law to set aside funds to be used for future capital projects.

Restricted for Special Purposes - the component of net position that has been established to set aside funds to be used for extraclassroom activities and other purposes with constraints placed on their use by either external parties and/or statute.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Katonah-Lewisboro Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2022

Note 3 - Detailed Notes on All Funds (Continued)

G. Fund Balances

	2022		
	General Fund	Capital Projects Fund	Non-Major Governmental Funds
			Total
Nonspendable:			
Inventories	\$ -	\$ -	\$ 11,002
Advances	81,979	-	-
	81,979	-	11,002
			92,981
Restricted:			
Tax certiorari	1,999,956	-	-
Unemployment benefits	356,394	-	-
Unemployment benefits - for subsequent year's expenditures	25,000	-	-
Employee benefit accrued liability	1,522,855	-	-
Employee benefit accrued liability - for subsequent year's expenditures	238,000	-	-
ERS retirement contributions	2,796,117	-	-
ERS retirement contributions - for subsequent year's expenditures	477,000	-	-
TRS retirement contributions	3,400,827	-	-
Liability claims	1,435,500	-	-
Future capital projects	1,540,074	-	-
Capital projects	-	4,768,853	-
Debt service	289,209	-	-
Debt service - for subsequent year's expenditures	10,000	-	-
Special purposes - extraclassroom activities	-	-	56,956
Special purposes - other	-	-	79,060
Total Restricted	14,090,932	4,768,853	136,016
			18,995,801
Assigned:			
Purchases on order:			
General government support	2,212,689	-	-
Instruction	675,023	-	-
Pupil transportation	1,388	-	-
	2,889,100	-	-
			2,889,100
For subsequent year's expenditures - General Fund	2,450,000	-	-
			2,450,000
School Lunch Fund	-	-	310,287
			310,287
Total Assigned	5,339,100	-	310,287
			5,649,387
Unassigned	4,416,786	-	-
			4,416,786
Total Fund Balances	\$ 23,928,797	\$ 4,768,853	\$ 457,305
			\$ 29,154,955

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Advances have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of amounts advanced to the Special Aid Fund that will not be repaid within one year.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to General Municipal Law to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2022, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The School District is a defendant in actions in which, on occasion, parents seek reimbursement for tuition paid by them to private schools where they have unilaterally placed (enrolled) their children. If the parents' were successful in the claim, they could receive reimbursement for both tuition and attorney's fees. The School District rigorously contests any liability for these claims, as it feels: a) it had provided an appropriate placement for the children at issue; and b) the parents' unilateral placement are not consistent with the Individuals with Educational Disabilities Act. As mentioned above the District is contending that any and all cases should be dismissed however the School District is unable to express an opinion on the outcome of these matters.

There are currently pending certiorari proceedings, the results of which could require the payment 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. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, school board legal liability, auto liability and auto physical damage coverage, excess insurance, equipment floaters, boilers and machinery insurance and all risk building and contents. In addition, as part of the reciprocal program, crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company, which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution. The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains general liability insurance coverage with policy limits of \$1 million and an umbrella policy which provides coverage up to \$25 million. The School District also maintains liability for school board members with policy limits of \$1 million and public employee dishonesty with policy limits for \$5 million. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Westchester-Putnam Schools Cooperative Self-Insurance Plan for Workers' Compensation. The Plan operates under an agreement, as amended, dated February 6, 1987. The purposes of the Plan are to provide for the efficient and economical evaluation, processing, administration, defense and payment of claims against Plan members for workers' compensation payments. The Board of Trustees of the Plan consists of five Trustees selected by the Plan members. Each Trustee shall have one vote and no action may be taken except by a majority of the total membership of Trustees. Billings to each participant are based upon the cost incurred for workers' compensation. The School District has transferred all related risk to the Plan.

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

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Katonah-Lewisboro Union Free School District, New York

Required Supplementary Information - Schedule of Changes in the School District's Total OPEB Liability and Related Ratios Last Ten Fiscal Years (1) (2)

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	\$ 11,175,021	\$ 9,745,089	\$ 8,864,350	\$ 8,175,995	\$ 8,026,493
Interest	6,315,856	7,303,695	10,089,029	11,063,230	10,117,092
Changes of benefit terms	-	-	-	(263,422)	-
Differences between expected and actual experience	-	(107,881,254)	(16,644,103)	26,893,003	-
Changes of assumptions or other inputs	(70,359,658)	19,257,071	87,711,919	(9,390,346)	(2,902,023)
Benefit payments	(7,177,914)	(6,611,998)	(7,875,719)	(7,416,587)	(6,116,445)
Net Change in Total OPEB Liability	(60,046,695)	(78,187,397)	82,145,476	29,061,873	9,125,117
Total OPEB Liability – Beginning of Year	321,364,773	399,552,170	317,406,694	288,344,821	279,219,704 (3)
Total OPEB Liability – End of Year	<u>\$ 261,318,078</u>	<u>\$ 321,364,773</u>	<u>\$ 399,552,170</u>	<u>\$ 317,406,694</u>	<u>\$ 288,344,821</u>
School District's covered-employee payroll	<u>\$ 58,562,044</u>	<u>\$ 57,366,640</u>	<u>\$ 58,562,506</u>	<u>\$ 59,223,282</u>	<u>\$ 57,572,515</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>446.22%</u>	<u>560.19%</u>	<u>682.27%</u>	<u>535.95%</u>	<u>500.84%</u>
Discount Rate	<u>3.69%</u>	<u>1.92%</u>	<u>2.45%</u>	<u>3.13%</u>	<u>3.62%</u>

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

Katonah-Lewisboro Union Free School District, New York

Required Supplementary Information
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) (2)

	2022 (4)	2021 (3)	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	0.2609030%	0.2631120%	0.2672190%	0.2680700%	0.2784670%	0.2818390%	0.2125420%	0.2961240%
School District's proportionate share of the net pension liability (asset)	\$ (45,211,951)	\$ 7,270,505	\$ (6,942,000)	\$ (4,847,000)	\$ (2,117,000)	\$ 3,019,000	\$ (29,833,244)	\$ (32,986,360)
School District's covered payroll	\$ 44,283,000	\$ 44,658,000	\$ 44,603,000	\$ 43,666,000	\$ 50,865,000	\$ 43,714,478	\$ 43,144,687	\$ 43,742,116
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-102.10%	16.28%	-15.56%	-11.10%	-4.16%	6.91%	-69.15%	-75.41%
Plan fiduciary net position as a percentage of the total pension liability	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount Rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Schedule of Contributions

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,394,531	\$ 4,220,224	\$ 3,957,000	\$ 4,737,000	\$ 4,279,000	\$ 5,961,000	\$ 5,796,540	\$ 7,563,264
Contributions in relation to the contractually required contribution	(4,394,531)	(4,220,224)	(3,957,000)	(4,737,000)	(4,279,000)	(5,961,000)	(5,796,540)	(7,563,264)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 44,842,153	\$ 44,283,000	\$ 44,658,000	\$ 44,603,000	\$ 43,666,000	\$ 50,865,000	\$ 43,714,478	\$ 43,144,687
Contributions as a percentage of covered payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(3) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

Katonah-Lewisboro Union Free School District, New York

Required Supplementary Information
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) (2)							
	2022 (5)	2021 (4)	2020 (3)	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.0314050%</u>	<u>0.0334887%</u>	<u>0.0347812%</u>	<u>0.0352430%</u>	<u>0.0389593%</u>	<u>0.0401802%</u>	<u>0.0408701%</u>	<u>0.0412069%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (2,567,231)</u>	<u>\$ 33,346</u>	<u>\$ 9,210,000</u>	<u>\$ 2,497,000</u>	<u>\$ 1,257,000</u>	<u>\$ 3,775,000</u>	<u>\$ 6,559,768</u>	<u>\$ 1,392,070</u>
School District's covered payroll	<u>\$ 12,187,013</u>	<u>\$ 13,286,000</u>	<u>\$ 12,680,000</u>	<u>\$ 11,907,000</u>	<u>\$ 12,850,000</u>	<u>\$ 12,177,000</u>	<u>\$ 12,176,687</u>	<u>\$ 11,579,306</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>(19.96)%</u>	<u>0.25%</u>	<u>72.63%</u>	<u>20.97%</u>	<u>9.78%</u>	<u>31.00%</u>	<u>53.87%</u>	<u>12.02%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>103.65%</u>	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>
Discount Rate	<u>5.90%</u>	<u>5.90%</u>	<u>6.80%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>
	Schedule of Contributions							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 2,044,010</u>	<u>\$ 1,829,000</u>	<u>\$ 1,717,000</u>	<u>\$ 1,881,000</u>	<u>\$ 1,881,000</u>	<u>\$ 1,870,000</u>	<u>\$ 2,061,316</u>	<u>\$ 2,087,033</u>
Contributions in relation to the contractually required contribution	<u>(2,044,010)</u>	<u>(1,829,000)</u>	<u>(1,717,000)</u>	<u>(1,881,000)</u>	<u>(1,881,000)</u>	<u>(1,870,000)</u>	<u>(2,061,316)</u>	<u>(2,087,033)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 12,762,726</u>	<u>\$ 13,286,000</u>	<u>\$ 12,680,000</u>	<u>\$ 11,907,000</u>	<u>\$ 12,850,000</u>	<u>\$ 12,177,000</u>	<u>\$ 12,419,002</u>	<u>\$ 11,761,715</u>
Contributions as a percentage of covered payroll	<u>16.02%</u>	<u>13.77%</u>	<u>13.54%</u>	<u>15.80%</u>	<u>14.64%</u>	<u>15.36%</u>	<u>16.60%</u>	<u>17.74%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4)(5) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

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Katonah-Lewisboro Union Free School District, New York

General Fund
Balance Sheet
June 30, 2022

ASSETS

Cash and equivalents	\$ 30,160,601
Receivables	
Accounts	75,328
State and Federal aid	488,201
Due from other governments	1,389,466
Due from other funds	275,362
Advances to other funds	81,979
	<u>2,310,336</u>
Total Assets	<u><u>\$ 32,470,937</u></u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND FUND BALANCE**

Liabilities	
Accounts payable	\$ 1,113,127
Accrued liabilities	373,355
Deposits payable	767,288
Due to other governments	833,514
Due to retirement systems	5,161,154
Unearned revenues	130,844
Total Liabilities	<u>8,379,282</u>
Deferred inflows of resources	
Unavailable revenues	<u>162,858</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,542,140</u>
Fund balance	
Nonspendable	81,979
Restricted	14,090,932
Assigned	5,339,100
Unassigned	4,416,786
Total Fund Balance	<u>23,928,797</u>
Total Liabilities and Fund Balance	<u><u>\$ 32,470,937</u></u>

See independent auditors' report.

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Katonah-Lewisboro Union Free School District, New York

General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
REVENUES					
Real property taxes	\$ 94,485,210	\$ 94,485,210	\$ 94,484,821	\$	\$ (389)
Other tax items	5,215,183	5,215,183	5,215,183		-
Non-property taxes	1,250,000	1,250,000	1,703,758		453,758
Charges for services	265,000	265,695	296,484		30,789
Use of money and property	285,000	285,000	278,054		(6,946)
Sale of property and compensation for loss	-	-	45,957		45,957
State aid	8,292,487	8,292,487	8,503,746		211,259
Miscellaneous	235,000	249,260	605,145		355,885
Total Revenues	110,027,880	110,042,835	111,133,148		1,090,313
EXPENDITURES					
Current					
General support					
Board of education	208,848	210,730	198,767	-	11,963
Central administration	446,031	445,801	425,845	-	19,956
Finance	1,058,135	1,041,243	948,203	73,800	19,240
Staff	1,103,714	1,102,285	887,485	8,000	206,800
Central services	11,303,268	14,325,619	11,987,671	2,130,889	207,059
Special items	980,280	976,159	905,443	-	70,716
Total General Support	15,100,276	18,101,837	15,353,414	2,212,689	535,734
Instruction					
Instruction, administration and improvement	6,206,844	6,139,565	5,906,864	19,938	212,763
Teaching - Regular school	31,739,521	30,503,844	29,672,712	572,397	258,735
Programs for students with disabilities	12,782,983	12,249,730	11,398,948	1,811	848,971
Occupational education	423,392	428,635	425,596	-	3,039
Teaching - Special schools	6,500	-	-	-	-
Instructional media	3,490,221	3,697,244	3,596,804	10,265	90,175
Pupil services	6,185,511	6,241,441	6,016,903	70,612	153,926
Total Instruction	60,834,972	59,260,459	57,017,827	675,023	1,567,609
Pupil transportation	4,701,456	4,537,546	4,361,532	1,388	174,626
Community services	21,000	21,000	13,151	-	7,849
Employee benefits	32,475,860	30,305,702	29,554,780	-	750,922
Debt service					
Principal	2,394,803	2,394,803	2,394,803	-	-
Interest	309,465	309,465	309,465	-	-
Total Expenditures	115,837,832	114,930,812	109,004,972	2,889,100	3,036,740
Excess (Deficiency) of Revenues Over Expenditures	(5,809,952)	(4,887,977)	2,128,176	(2,889,100)	4,127,053
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	15,000	15,000	3,476	-	(11,524)
Transfers out	(1,670,000)	(2,591,975)	(2,590,900)	-	1,075
Total Other Financing Uses	(1,655,000)	(2,576,975)	(2,587,424)	-	(10,449)
Net Change in Fund Balance	(7,464,952)	(7,464,952)	(459,248)	\$ (2,889,100)	\$ 4,116,604
FUND BALANCE					
Beginning of Year	7,464,952	7,464,952	24,388,045		
End of Year	\$ -	\$ -	\$ 23,928,797		

See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	<u>\$ 94,485,210</u>	<u>\$ 94,485,210</u>	<u>\$ 94,484,821</u>	<u>\$ (389)</u>
OTHER TAX ITEMS				
School tax relief reimbursement	<u>5,215,183</u>	<u>5,215,183</u>	<u>5,215,183</u>	<u>-</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,703,758</u>	<u>453,758</u>
CHARGES FOR SERVICES				
Other student fees and charges	15,000	15,695	11,808	(3,887)
Health services for other districts	<u>250,000</u>	<u>250,000</u>	<u>284,676</u>	<u>34,676</u>
	<u>265,000</u>	<u>265,695</u>	<u>296,484</u>	<u>30,789</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	125,000	125,000	90,960	(34,040)
Rental of real property	<u>160,000</u>	<u>160,000</u>	<u>187,094</u>	<u>27,094</u>
	<u>285,000</u>	<u>285,000</u>	<u>278,054</u>	<u>(6,946)</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of equipment	<u>-</u>	<u>-</u>	<u>45,957</u>	<u>45,957</u>

STATE AID

Basic formula	6,561,804	5,986,202	6,013,536	27,334
BOCES	1,465,362	1,465,362	1,674,292	208,930
Lottery aid	-	575,602	602,788	27,186
Textbook aid	181,158	181,158	133,470	(47,688)
Computer software aid	62,838	62,838	62,441	(397)
Library aid	21,325	21,325	17,219	(4,106)
	<u>8,292,487</u>	<u>8,292,487</u>	<u>8,503,746</u>	<u>211,259</u>

MISCELLANEOUS

Gifts and donations	-	14,260	17,260	3,000
Other	30,000	30,000	16,605	(13,395)
Refund for BOCES aided services	85,000	85,000	110,714	25,714
Refund of prior year's expenditures	120,000	120,000	460,566	340,566
	<u>235,000</u>	<u>249,260</u>	<u>605,145</u>	<u>355,885</u>

TOTAL REVENUES

<u>110,027,880</u>	<u>110,042,835</u>	<u>111,133,148</u>	<u>1,090,313</u>
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OTHER FINANCING SOURCES

Insurance recoveries	<u>15,000</u>	<u>15,000</u>	<u>3,476</u>	<u>(11,524)</u>
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TOTAL REVENUES AND OTHER FINANCING SOURCES

<u><u>\$ 110,042,880</u></u>	<u><u>\$ 110,057,835</u></u>	<u><u>\$ 111,136,624</u></u>	<u><u>\$ 1,078,789</u></u>
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See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
GENERAL SUPPORT					
<i>BOARD OF EDUCATION</i>					
Board of education	\$ 73,225	\$ 74,472	\$ 69,506	\$ -	\$ 4,966
District clerk	88,208	88,843	88,364	-	479
District meeting	47,415	47,415	40,897	-	6,518
Total Board of Education	208,848	210,730	198,767	-	11,963
<i>CENTRAL ADMINISTRATION</i>					
Chief school administrator	446,031	445,801	425,845	-	19,956
<i>FINANCE</i>					
Business administration	710,975	681,738	664,559	7,438	9,741
Accounting and auditing	140,657	148,757	75,960	66,362	6,435
Treasurer	117,801	118,296	118,249	-	47
Purchasing	88,702	92,452	89,435	-	3,017
Total Finance	1,058,135	1,041,243	948,203	73,800	19,240
<i>STAFF</i>					
Legal	530,000	530,000	349,807	8,000	172,193
Personnel	466,214	461,885	427,500	-	34,385
Records management officer	6,000	6,400	6,363	-	37
Public information and services	101,500	104,000	103,815	-	185
Total Staff	1,103,714	1,102,285	887,485	8,000	206,800

CENTRAL SERVICES

Operation and maintenance of plant	10,630,302	11,588,523	10,460,374	1,011,992	116,157
Central printing and mailing	183,344	184,419	170,635	-	13,784
Central data processing	489,622	2,552,677	1,356,662	1,118,897	77,118
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Central Services	11,303,268	14,325,619	11,987,671	2,130,889	207,059

SPECIAL ITEMS

Unallocated insurance	185,000	177,111	161,165	-	15,946
School association dues	28,500	28,500	20,631	-	7,869
Refunds of real property taxes	50,000	53,768	6,868	-	46,900
Administrative charge - BOCES	716,780	716,780	716,779	-	1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Special Items	980,280	976,159	905,443	-	70,716
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Support	15,100,276	18,101,837	15,353,414	2,212,689	535,734

INSTRUCTION**INSTRUCTION, ADMINISTRATION
AND IMPROVEMENT**

Curriculum development and supervision	1,015,674	1,024,623	934,677	-	89,946
Supervision - regular school	4,522,482	4,433,102	4,344,123	19,938	69,041
Research, planning and evaluation	75,500	64,423	43,125	-	21,298
In-service training - Instruction	593,188	617,417	584,939	-	32,478
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Instruction, Administration and Improvement	6,206,844	6,139,565	5,906,864	19,938	212,763

TEACHING - REGULAR SCHOOL

31,739,521	30,503,844	29,672,712	572,397	258,735
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**PROGRAMS FOR STUDENTS WITH
DISABILITIES**

12,782,983	12,249,730	11,398,948	1,811	848,971
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

OCCUPATIONAL EDUCATION

423,392	428,635	425,596	-	3,039
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

TEACHING - SPECIAL SCHOOLS

6,500	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

(Continued)

Katonah-Lewisboro Union Free School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
INSTRUCTION (Continued)					
INSTRUCTIONAL MEDIA					
School library and audiovisual	\$ 901,275	\$ 875,884	\$ 855,396	\$ 6,159	\$ 14,329
Computer assisted instruction	2,588,946	2,821,360	2,741,408	4,106	75,846
Total Instructional Media	3,490,221	3,697,244	3,596,804	10,265	90,175
PUPIL SERVICES					
Attendance - Regular school	57,063	56,665	56,587	-	78
Guidance - Regular school	1,943,012	1,930,398	1,907,700	735	21,963
Health services - Regular school	806,725	813,563	735,400	12,828	65,335
Psychological services - Regular school	1,065,980	1,077,015	1,073,741	-	3,274
Social work services - Regular school	692,318	692,255	690,918	-	1,337
Co-curricular activities - Regular school	432,961	356,792	321,503	-	35,289
Interscholastic athletics - Regular school	1,187,452	1,314,753	1,231,054	57,049	26,650
Total Pupil Services	6,185,511	6,241,441	6,016,903	70,612	153,926
Total Instruction	60,834,972	59,260,459	57,017,827	675,023	1,567,609
PUPIL TRANSPORTATION					
District transportation services	4,701,456	4,537,546	4,361,532	1,388	174,626
COMMUNITY SERVICES					
Community custodial services	21,000	21,000	13,151	-	7,849

EMPLOYEE BENEFITS

State retirement	2,249,881	1,988,519	1,867,900	-	120,619
Teachers' retirement	4,828,928	4,633,718	4,394,668	-	239,050
Social security	4,541,255	4,541,255	4,223,591	-	317,664
Hospital, medical and dental insurance	18,695,259	17,429,181	17,406,247	-	22,934
Workers' compensation benefits	422,325	422,325	402,509	-	19,816
Retiree leave payments	1,076,462	753,954	749,165	-	4,789
Unemployment benefits	91,750	11,750	1,951	-	9,799
Disability insurance	75,000	75,000	69,536	-	5,464
Union welfare benefits	495,000	450,000	439,213	-	10,787

Total Employee Benefits

32,475,860	30,305,702	29,554,780	-	750,922
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DEBT SERVICE

Principal

Serial bonds	1,990,000	1,990,000	1,990,000	-	-
Energy performance contract debt	404,803	404,803	404,803	-	-
	2,394,803	2,394,803	2,394,803	-	-

Interest

Serial bonds	179,950	179,950	179,950	-	-
Energy performance contract debt	129,515	129,515	129,515	-	-
	309,465	309,465	309,465	-	-

Total Debt Service

2,704,268	2,704,268	2,704,268	-	-
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TOTAL EXPENDITURES

115,837,832	114,930,812	109,004,972	2,889,100	3,036,740
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OTHER FINANCING USES

Transfers out

Capital Projects Fund	1,500,000	2,421,975	2,421,975	-	-
Special Aid Fund	170,000	170,000	168,925	-	1,075

TOTAL OTHER FINANCING USES

1,670,000	2,591,975	2,590,900	-	1,075
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**TOTAL EXPENDITURES AND OTHER
FINANCING USES**

\$ 117,507,832	\$ 117,522,787	\$ 111,595,872	\$ 2,889,100	\$ 3,037,815
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See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

Capital Projects Fund

Balance Sheet

June 30, 2022

ASSETS

Cash and equivalents	\$ 4,521,592
State and Federal aid receivable	3,790
Due from other funds	<u>264,092</u>
Total Assets	<u><u>\$ 4,789,474</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 20,621
Fund balance	
Restricted	<u>4,768,853</u>
Total Liabilities and Fund Balance	<u><u>\$ 4,789,474</u></u>

See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

Capital Projects Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2022

REVENUES

State aid	\$	3,892
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EXPENDITURES

Capital outlay		<u>683,364</u>
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Deficiency of Revenues Over Expenditures		<u>(679,472)</u>
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OTHER FINANCING SOURCES

Transfers in		<u>2,421,975</u>
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Net Change in Fund Balance		1,742,503
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FUND BALANCE

Beginning of Year		<u>3,026,350</u>
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End of Year	\$	<u><u>4,768,853</u></u>
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Katonah-Lewisboro Union Free School District, New York

Capital Projects Fund

Project - Length Schedule

Inception Of Project Through June 30, 2022

Project	Authori- zation	Expenditures and Transfers To Date		
		Prior Years	Current Year	Totals
WWTP Upgrade	\$ 1,147,471	\$ 1,123,948	\$ 3,892	\$ 1,127,840
Proposition # 4 - 2015 MPES Roof	1,408,316	1,374,986	-	1,374,986
BK Connector	50,500	13,172	-	13,172
HS Auditorium Lighting	455,800	28,639	-	28,639
2021 District wide construction	1,430,680	30,434	22,515	52,949
Proposition # 2 -2021	670,950	-	609,650	609,650
Smart School Bond Act	707,779	707,711	-	707,711
2018 District wide construction	123,123	118,785	-	118,785
2019 District wide construction	400,000	383,864	-	383,864
2020 District wide construction	759,500	708,235	34,523	742,758
KES Sprinkler	369,320	30,242	12,784	43,026
KES Tank Removal	99,500	52,982	-	52,982
Proposition # 2 -2022	921,975	-	-	-
2022 District wide construction	1,500,000	-	-	-
Totals	<u>\$ 10,044,914</u>	<u>\$ 4,572,998</u>	<u>\$ 683,364</u>	<u>\$ 5,256,362</u>

See independent auditors' report.

Unexpended Balance	Methods of Financing				Fund Balances at June 30, 2022
	Proceeds of Obligations	State Aid	Interfund Transfers	Totals	
\$ 19,631	\$ -	\$ 1,127,840	\$ -	\$ 1,127,840	\$ -
33,330	1,408,316	-	-	1,408,316	33,330
37,328	-	-	50,500	50,500	37,328
427,161	-	-	455,800	455,800	427,161
1,377,731	-	-	1,430,680	1,430,680	1,377,731
61,300	-	-	670,950	670,950	61,300
68	-	707,711	-	707,711	-
4,338	-	-	123,123	123,123	4,338
16,136	-	-	400,000	400,000	16,136
16,742	-	-	759,500	759,500	16,742
326,294	-	-	369,320	369,320	326,294
46,518	-	-	99,500	99,500	46,518
921,975	-	-	921,975	921,975	921,975
1,500,000	-	-	1,500,000	1,500,000	1,500,000
<u>\$ 4,788,552</u>	<u>\$ 1,408,316</u>	<u>\$ 1,835,551</u>	<u>\$ 6,781,348</u>	<u>\$ 10,025,215</u>	<u>\$ 4,768,853</u>

Katonah-Lewisboro Union Free School District, New York

Special Aid Fund
Balance Sheet
June 30, 2022

ASSETS

Cash and equivalents	\$ 27,536
Receivables	
State and Federal aid	732,700
Due from other governments	<u>138,415</u>
	<u>871,115</u>
Total Assets	<u><u>\$ 898,651</u></u>

LIABILITIES

Accounts payable	\$ 119,401
Due to other funds	539,988
Advances from other funds	81,979
Unearned revenues	<u>157,283</u>
Total Liabilities	<u><u>\$ 898,651</u></u>

See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

Special Aid Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance
Year Ended June 30, 2022

REVENUES

State aid	\$ 684,432
Federal aid	847,423
Miscellaneous	<u>70,464</u>
Total Revenues	<u>1,602,319</u>

EXPENDITURES

Current	
General support	103,926
Instruction	1,532,851
Pupil transportation	77,931
Employee benefits	<u>56,536</u>
Total Expenditures	<u>1,771,244</u>
Deficiency of Revenues Over Expenditures	(168,925)

OTHER FINANCING SOURCES

Transfers in	<u>168,925</u>
Net Change in Fund Balance	-

FUND BALANCE

Beginning of Year	<u>-</u>
End of Year	<u><u>\$ -</u></u>

See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022

	School Lunch	Special Purpose	Total Non-Major Governmental Funds
ASSETS			
Cash and equivalents	\$ 286,645	\$ 155,162	\$ 441,807
Receivables			
Accounts	1,011	-	1,011
State and Federal aid	205,477	-	205,477
Due from other funds	5,847	-	5,847
	212,335	-	212,335
Inventories	11,002	-	11,002
Total Assets	<u>\$ 509,982</u>	<u>\$ 155,162</u>	<u>\$ 665,144</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 84,248	\$ 13,833	\$ 98,081
Due to other governments	68	-	68
Due to other funds	-	5,313	5,313
Unearned revenues	104,377	-	104,377
Total Liabilities	<u>188,693</u>	<u>19,146</u>	<u>207,839</u>
Fund balances			
Nonspendable	11,002	-	11,002
Restricted	-	136,016	136,016
Assigned	310,287	-	310,287
Total Fund Balances	<u>321,289</u>	<u>136,016</u>	<u>457,305</u>
Total Liabilities and Fund Balances	<u>\$ 509,982</u>	<u>\$ 155,162</u>	<u>\$ 665,144</u>

See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2022

	School Lunch	Special Purpose	Total Non-Major Governmental Funds
REVENUES			
Use of money and property	\$ -	\$ 32	\$ 32
State aid	14,592	-	14,592
Federal aid	1,142,570	-	1,142,570
Food sales	290,374	-	290,374
Miscellaneous	9,275	93,889	103,164
Total Revenues	1,456,811	93,921	1,550,732
EXPENDITURES			
Current			
Cost of food sales	1,338,175	-	1,338,175
Other	-	90,887	90,887
Total Expenditures	1,338,175	90,887	1,429,062
Excess of Revenues Over Expenditures	118,636	3,034	121,670
FUND BALANCES			
Beginning of Year	202,653	132,982	335,635
End of Year	\$ 321,289	\$ 136,016	\$ 457,305

See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

School Lunch Fund
Balance Sheet
June 30, 2022

ASSETS

Cash and equivalents	\$ 286,645
Receivables	
Accounts	1,011
State and Federal aid	205,477
Due from other funds	5,847
	<u>212,335</u>
Inventories	<u>11,002</u>
Total Assets	<u><u>\$ 509,982</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 84,248
Due to other governments	68
Unearned revenues	104,377
Total Liabilities	<u>188,693</u>
Fund balance	
Nonspendable	11,002
Assigned	310,287
Total Fund Balance	<u>321,289</u>
Total Liabilities and Fund Balance	<u><u>\$ 509,982</u></u>

See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

School Lunch Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2022

REVENUES

State aid	\$ 14,592
Federal aid	1,142,570
Food sales	290,374
Miscellaneous	<u>9,275</u>
Total Revenues	1,456,811

EXPENDITURES

Current	
Cost of food sales	<u>1,338,175</u>
Excess of Revenues Over Expenditures	118,636

FUND BALANCE

Beginning of Year	<u>202,653</u>
End of Year	<u><u>\$ 321,289</u></u>

Katonah-Lewisboro Union Free School District, New York

Special Purpose Fund
Balance Sheet
June 30, 2022

ASSETS

Cash and equivalents	<u><u>\$ 155,162</u></u>
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LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 13,833
Due to other funds	<u>5,313</u>

Total Liabilities	19,146
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Fund balance

Restricted	<u>136,016</u>
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Total Liabilities and Fund Balance	<u><u>\$ 155,162</u></u>
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See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

Special Purpose Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2022

REVENUES

Use of money and property	\$ 32
Miscellaneous	<u>93,889</u>
Total Revenues	93,921

EXPENDITURES

Current	
Other	<u>90,887</u>
Excess of Revenues Over Expenditures	3,034

FUND BALANCE

Beginning of Year	<u>132,982</u>
End of Year	<u><u>\$ 136,016</u></u>

See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2022

Adopted Budget	\$ 113,242,880
Additions	
Encumbrances	<u>4,264,952</u>
Original Budget	117,507,832
Budget Amendments	<u>14,955</u>
Final Budget	<u><u>\$ 117,522,787</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

2022-23 Expenditure Budget	<u>\$ 115,778,990</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ 5,339,100
Unassigned fund balance	<u>4,416,786</u>
Total Unrestricted Fund Balance	9,755,886
Less	
Appropriated for subsequent year's budget	2,450,000
Encumbrances	<u>2,889,100</u>
Total Adjustments	<u>5,339,100</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,416,786</u></u>
Actual Percentage	<u><u>3.81%</u></u>

See independent auditors' report.

Katonah-Lewisboro Union Free School District, New York

Schedule of Net Investment in Capital Assets

Year Ended June 30, 2022

Capital Assets, net		\$ 66,966,117
Less		
Bonds payable	\$ (4,610,000)	
Energy performance contract debt payable	(4,911,429)	
Unamortized portion of premium on bonds	<u>(226,425)</u>	(9,747,854)
Plus		
Unexpended bond proceeds	33,330	
Unamortized portion of loss on refunding bonds	<u>53,916</u>	<u>87,246</u>
Net Investment in Capital Assets		<u><u>\$ 57,305,509</u></u>

See independent auditors' report.

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

**The Board of Education of the
Katonah-Lewisboro Union Free School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Katonah-Lewisboro Union Free School District, New York ("School District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 29, 2022



**Report on Compliance For Each Major Federal Program and Report
on Internal Control Over Compliance Required by
the Uniform Guidance**

Independent Auditors' Report

**The Board of Education of the
Katonah-Lewisboro Union Free School District, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Katonah-Lewisboro Union Free School District, New York's ("School District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 29, 2022

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Katonah-Lewisboro Union Free School District, New York

 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
National School Lunch Program - Commodities	10.555	N/A	\$ -	\$ 50,764
National School Lunch Program - Cash	10.555	N/A	-	1,088,801
Subtotal Child Nutrition Cluster			-	1,139,565
State Pandemic EBT Administrative Costs grant	10.649	N/A	-	3,005
Total U.S. Department of Agriculture			-	1,142,570
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-22-1042	-	623,545
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-22-1042	-	37,445
Subtotal Special Education Cluster			-	660,990
Title I Grants to Local Educational Agencies	84.010	0021-22-3600	-	83,932
Supporting Effective Instruction State Grant	84.367	0147-22-3600	-	48,311
Elementary and Secondary School Emergency Relief (ESSER) Fund (CARES)	84.425D	5891-21-3600	-	34,605
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	5880-21-3600	-	19,585
			-	54,190
Total U.S. Department of Education			-	847,423
Total Expenditures of Federal Awards			\$ -	\$ 1,989,993

N/A - Information not available

The accompanying notes are an integral part of this schedule.

Katonah-Lewisboro Union Free School District, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Katonah-Lewisboro Union Free School District, New York ("School District") under programs of the federal government for the year ended June 30, 2022. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Katonah-Lewisboro Union Free School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued
on whether the financial statements
audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Noncompliance material to financial statements
noted?

____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Type of auditors' report issued on compliance
for major programs:

Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516(a)?

____ Yes X No

Identification of major federal programs:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

10.555	Child Nutrition Cluster
10.555	National School Lunch Program – Commodities
10.555	National School Lunch Program - Cash

Dollar threshold used to distinguish
between Type A and Type B programs:
Auditee qualified as low-risk auditee?

 \$750,000
 X Yes ____ No

Katonah-Lewisboro Union Free School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None.

Katonah-Lewisboro Union Free School District, New York

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

None.