

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

Financial Statements and  
Supplementary Information

Year Ended June 30, 2023



# 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, 2023, 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, 2023, 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 26, 2023 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 26, 2023

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# Katonah-Lewisboro Union Free School District, New York

## Management's Discussion and Analysis ("MD&A") June 30, 2023

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### 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, 2023. 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 2022-2023 are as follows:

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the subsequent year's budget. At the end of the current fiscal year, this amount for the General Fund was \$4,507,566 or 3.76%.
- As of the close of the current fiscal year, the School Districts' governmental fund financial statements report a combined ending fund balance of \$30,879,052, an increase of \$1,724,097 from the prior year. The increase was the result of an increase in Capital Projects Fund of \$1.1 million and net increases in other funds of \$.6 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 2023-2024 school year. Inclusive within this \$3,200,000 is \$750,000 of reserves utilized. The amount of reserves previously utilized during the 2022-2023 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 \$227,419,787. This represented an increase of \$8,103,827 for the year ended June 30, 2023.
- For the year ended June 30, 2023, the School District's OPEB liability of \$241,374,564 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, 2023 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, 2023, the School District reported in its Statement of Net Position a liability for its proportionate share of the ERS net pension liability of \$6,389,415 and a liability of \$4,857,785 for its proportionate share of the TRS net pension liability. 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 \$227,419,787 at the close of the current fiscal year.

## Statement of Net Position

	June 30,	
	2023	2022
Current Assets	\$ 40,274,667	\$ 85,976,108
Capital Assets, net	<u>64,160,105</u>	<u>66,966,117</u>
Total Assets	<u>104,434,772</u>	<u>152,942,225</u>
Deferred Outflows of Resources	<u>63,511,380</u>	<u>89,184,968</u>
Current Liabilities	9,248,164	8,903,195
Long-term Liabilities	<u>262,625,054</u>	<u>273,964,157</u>
Total Liabilities	<u>271,873,218</u>	<u>282,867,352</u>
Deferred Inflows of Resources	<u>123,492,721</u>	<u>194,783,455</u>
Net Position		
Net Investment in Capital Assets	57,025,412	57,305,509
Restricted	20,046,886	17,201,616
Unrestricted	<u>(304,492,085)</u>	<u>(310,030,739)</u>
Total Net Position	<u>\$ (227,419,787)</u>	<u>\$ (235,523,614)</u>

A large component of the School District's net position (\$57,025,412) 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 \$20,046,886 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 \$304,492,085 primarily a result of the recognition of the OPEB liabilities. Overall, net position increased by \$5,538,654 mostly as a result in the change in OPEB and pension assets and liabilities.

## Changes in Net Position

	June 30,	
	2023	2022
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 1,541,071	\$ 773,952
Operating Grants and Contributions	2,583,533	3,255,925
Capital Grants and Contributions	212	3,892
	<u>4,124,816</u>	<u>4,033,769</u>
Total Program Revenues		
General Revenues		
Real Property Taxes	96,082,172	94,484,821
Other Tax Items	4,867,019	5,215,183
Non-Property Taxes	1,829,821	1,703,758
Unrestricted Use of Money and Property	1,229,584	90,960
Sale of Property and Compensation for Loss	81,099	45,957
Unrestricted State Aid	10,077,923	8,290,616
Miscellaneous	506,414	591,361
	<u>114,674,032</u>	<u>110,422,656</u>
Total General Revenues		
Total Revenues	<u>118,798,848</u>	<u>114,456,425</u>
<b>PROGRAM EXPENSES</b>		
General Support	19,582,480	20,302,724
Instruction	83,628,331	75,499,519
Pupil Transportation	5,833,549	6,230,404
Community services	21,170	19,856
Cost of Food Sales	1,355,171	1,338,175
Other	113,373	90,887
Interest	160,947	228,482
	<u>110,695,021</u>	<u>103,710,047</u>
Total Expenses		
Change in Net Position	8,103,827	10,746,378
<b>NET POSITION</b>		
Beginning	<u>(235,523,614)</u>	<u>(246,269,992)</u>
Ending	<u>\$ (227,419,787)</u>	<u>\$ (235,523,614)</u>

*The following are the major changes in Net Position:*

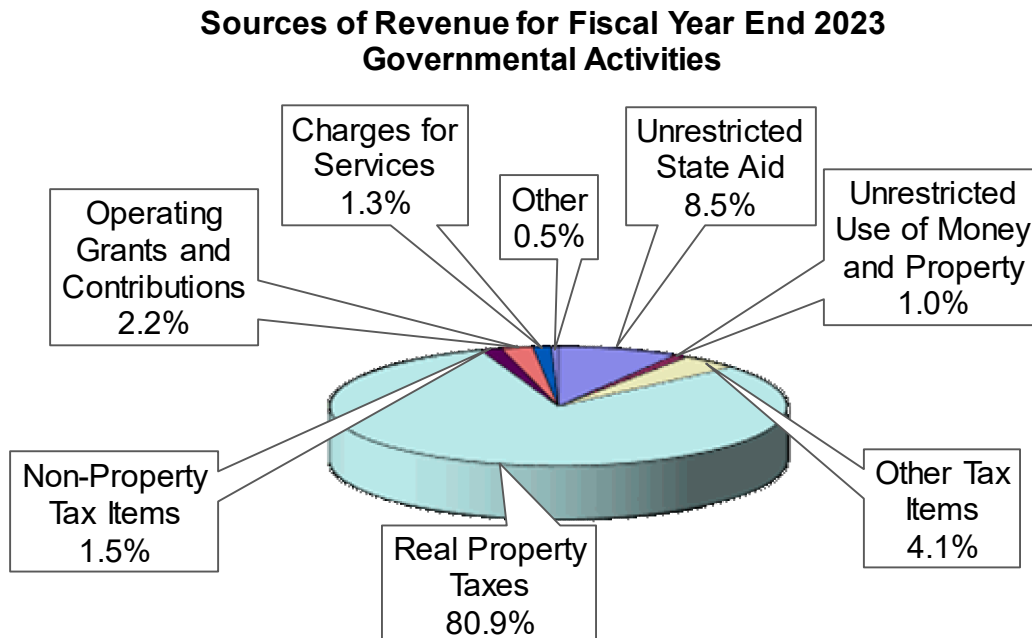
**Revenues:**

- Real Property Taxes increased by \$1,597,351 based on the adopted budget.
- Operating Grants and Contributions decreased by \$672,392 this is due to decreased State and Federal School Lunch aid offset by increased State and Federal General 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 \$348,164 because new home owners are reimbursed by the State directly in lieu of a credit on tax bills.
- Unrestricted state aid increased by \$1,787,307 due to increases in Foundation and BOCES Aid.

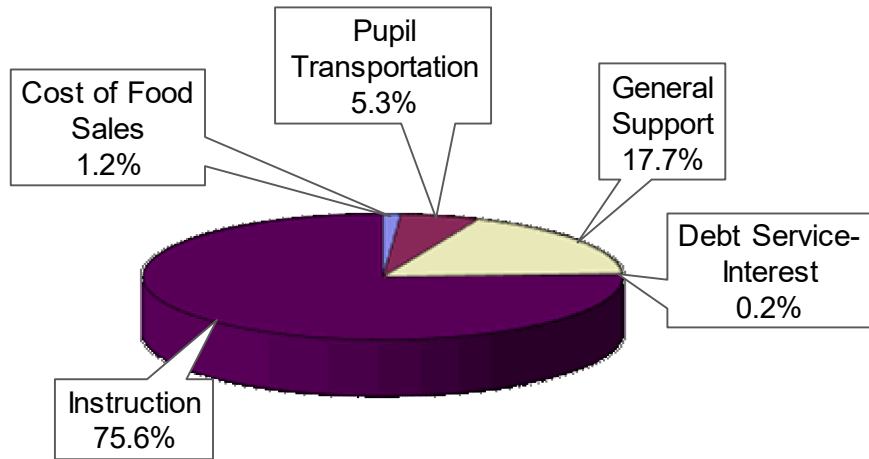
**Expenses:**

Overall expenses increased by \$6,984,974 from the prior year. This increase was primarily due to increases in pension expenses and operating expenses in District's governmental funds offset by decreases in OPEB.

The School District relies upon real property taxes as its primary revenue source. The School District's instruction costs account for 75% of its expenses.



### Expenses for Fiscal Year End 2023 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 \$30,879,052, an increase of \$1,724,097 from the prior year. The \$30,879,052 fund balance consists of the following:

Nonspendable -

	Inventories	\$ 5,371
	Advances	<u>91,843</u>
Total Nonspendable		<u>97,214</u>

Restricted:

	Tax Certiorari	2,170,956
	Unemployment Benefits	367,104
Unemployment Benefits - for subsequent year's expenditures		25,000
	Employee Benefit Accrued Liability	1,557,445
Employee Benefit Accrued Liability - for subsequent year's expenditures		238,000
	Retirement Contributions	7,163,420
Retirement Contributions - for subsequent year's expenditures		477,000
	Liability Claims	1,468,190
	Future Capital Projects	1,775,021
	Capital Projects	5,937,124
	Debt Service	288,559
Debt Service - for subsequent year's expenditures		10,000
	Special Purposes	<u>134,014</u>
Total Restricted		<u>21,611,833</u>

Assigned:

Purchases On Order:

	General Government Support	908,689
	Instruction	1,008,137
	Pupil Transportation	<u>44,337</u>
		1,961,163

Subsequent year's expenditures from-  
General Fund

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

	<u>251,276</u>
--	----------------

Total Assigned

	<u>4,662,439</u>
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Unassigned -

	General Fund	<u>4,507,566</u>
<b>Total Fund Balances</b>		<u><u>\$ 30,879,052</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 \$2,919,413, or 2.53%. Expenditures excluding other financing uses, inclusive of encumbrances, were \$2,136,061 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, 2023, the School District had \$64,160,105 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,	
	2023	2022
Land	\$ 4,274,693	\$ 4,274,693
Buildings and Improvements	44,923,183	47,947,843
Land improvements	4,276,001	4,672,701
Machinery and Equipment	6,741,602	6,917,939
Construction-in-Progress	3,944,626	3,152,941
Total Capital Assets, net of accumulated depreciation	<u>\$ 64,160,105</u>	<u>\$ 66,966,117</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,	
	2023	2022
Bonds Payable	\$ 2,671,489	\$ 4,836,425
Energy Performance Contract Debt	4,496,534	4,911,429
Compensated Absences	2,835,467	2,898,225
Net Pension Liability - ERS	6,389,415	-
Net Pension Liability - TRS	4,857,585	-
Other Post Employment Benefit Liability	241,374,564	261,318,078
Total	<u>\$ 262,625,054</u>	<u>\$ 273,964,157</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 2023 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, as a part of the budget process, the district considers the New York State Retirement Systems employer contribution rate. 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 2022-23 the rate was 10.29% and for the 2023-24 school year the rate decreased to 9.76%. These rates are dependent upon a series of different financial factors and actuarial assumptions. If the employer contribution rates would 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 voted on and passed a \$49.5 million bond referendum to fund capital improvement projects in our schools.

On May 16, 2023, 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: Lisa Herlihy  
Assistant Superintendent for Business  
60 North Salem Road  
Cross River, NY 10518

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**Katonah-Lewisboro Union Free School District, New York**Statement of Net Position  
June 30, 2023

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 36,258,786
Receivables	
Accounts	117,345
State and Federal aid	1,493,504
Due from other governments	2,399,661
Inventories	5,371
Capital assets	
Not being depreciated	8,219,319
Being depreciated, net	55,940,786
Total Assets	<u>104,434,772</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related	31,766,615
OPEB related	31,744,765
Total Deferred outflows of Resources	<u>63,511,380</u>
<b>LIABILITIES</b>	
Accounts payable	1,243,058
Accrued liabilities	834,618
Deposits payable	89,261
Due to other governments	963,803
Due to retirement systems	5,702,969
Unearned revenues	399,048
Accrued interest payable	15,407
Non-current liabilities	
Due within one year	2,815,242
Due in more than one year	259,809,812
Total Liabilities	<u>271,873,218</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	2,557,544
OPEB related	120,935,177
Total Deferred inflows of Resources	<u>123,492,721</u>
<b>NET POSITION</b>	
Net investment in capital assets	57,025,412
Restricted	
Capital projects	6,167,622
Tax certiorari	2,170,956
Unemployment benefits	392,104
Debt service	298,559
Retirement contributions	7,640,420
Liability claims	1,468,190
Future capital projects	1,775,021
Special purposes	
Extraclassroom activities	58,675
Other	75,339
Unrestricted	<u>(304,492,085)</u>
Total Net Position	<u><u>\$ (227,419,787)</u></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, 2023

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	\$ 19,582,480	\$ 155,932	\$ 140,977	\$ -	\$ (19,285,571)
Instruction	83,628,331	393,019	2,032,776	212	(81,202,324)
Pupil transportation	5,833,549	-	-	-	(5,833,549)
Community services	21,170	-	-	-	(21,170)
Cost of food sales	1,355,171	992,120	298,409	-	(64,642)
Other	113,373	-	111,371	-	(2,002)
Interest	160,947	-	-	-	(160,947)
<b>Total Governmental Activities</b>	<b>\$ 110,695,021</b>	<b>\$ 1,541,071</b>	<b>\$ 2,583,533</b>	<b>\$ 212</b>	<b>(106,570,205)</b>
General revenues					
Real property taxes					96,082,172
Other tax items					
School tax relief reimbursement					4,867,019
Non-property taxes					
Non-property tax distribution from County					1,829,821
Unrestricted use of money and property					1,229,584
Sale of property and compensation for loss					81,099
Unrestricted State aid					10,077,923
Miscellaneous					504,423
Insurance recoveries					1,991
<b>Total General Revenues</b>					<b>114,674,032</b>
Change in Net Position					8,103,827
Net Position - Beginning					(235,523,614)
Net Position - Ending					<b>\$ (227,419,787)</b>

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, 2023

	General	Capital Projects	Special Aid
<b>ASSETS</b>			
Cash and equivalents	\$ 29,341,973	\$ 6,237,263	\$ 14,557
Receivables			
Accounts	108,834	-	-
State and Federal aid	588,170	-	890,487
Due from other governments	2,256,113	-	143,548
Due from other funds	1,075,639	-	-
Advances to other funds	91,843	-	-
Inventories	-	-	-
Total Assets	<u>\$ 33,462,572</u>	<u>\$ 6,237,263</u>	<u>\$ 1,048,592</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,010,127	\$ -	\$ 135,723
Accrued liabilities	834,618	-	-
Deposits payable	89,261	-	-
Due to other funds	-	300,139	769,685
Advances from other funds	-	-	91,843
Due to other governments	963,728	-	-
Due to retirement systems	5,702,969	-	-
Unearned revenues	147,744	-	51,341
Total Liabilities	<u>8,748,447</u>	<u>300,139</u>	<u>1,048,592</u>
Deferred inflows of resources			
Unavailable revenues	<u>162,858</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,911,305</u>	<u>300,139</u>	<u>1,048,592</u>
Fund balances			
Nonspendable	91,843	-	-
Restricted	15,540,695	5,937,124	-
Assigned	4,411,163	-	-
Unassigned	4,507,566	-	-
Total Fund Balances	<u>24,551,267</u>	<u>5,937,124</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 33,462,572</u>	<u>\$ 6,237,263</u>	<u>\$ 1,048,592</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 664,993	\$ 36,258,786
8,511	117,345
14,847	1,493,504
-	2,399,661
-	1,075,639
-	91,843
5,371	5,371
<u>\$ 693,722</u>	<u>\$ 41,442,149</u>

\$ 97,208	\$ 1,243,058
-	834,618
-	89,261
5,815	1,075,639
-	91,843
75	963,803
-	5,702,969
199,963	399,048
<u>303,061</u>	<u>10,400,239</u>

<u>-</u>	<u>162,858</u>
----------	----------------

<u>303,061</u>	<u>10,563,097</u>
----------------	-------------------

5,371	97,214
134,014	21,611,833
251,276	4,662,439
-	4,507,566
<u>390,661</u>	<u>30,879,052</u>

<u>\$ 693,722</u>	<u>\$ 41,442,149</u>
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**Katonah-Lewisboro Union Free School District, New York**Reconciliation of Governmental Funds Balance Sheet to  
the District-Wide Statement of Net Position  
June 30, 2023

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

Total Fund Balances - Governmental Funds	<u>\$ 30,879,052</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	8,219,319
Capital assets - depreciable	158,558,516
Accumulated depreciation	<u>(102,617,730)</u>
	<u>64,160,105</u>
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	31,766,615
Deferred outflows - OPEB related	31,744,765
Deferred inflows - pension related	(2,557,544)
Deferred inflows - OPEB related	<u>(120,935,177)</u>
	<u>(59,981,341)</u>
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	<u>162,858</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(15,407)
General obligation bonds payable	(2,560,000)
Energy performance contract debt payable	(4,496,534)
Compensated absences	(2,835,467)
Net pension liability - ERS	(6,389,415)
Net pension liability - TRS	(4,857,585)
Total OPEB liability	<u>(241,374,564)</u>
	<u>(262,528,972)</u>
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.	
Premium on general obligation bonds	<u>(111,489)</u>
Net Position of Governmental Activities	<u><u>\$ (227,419,787)</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 Balances  
Governmental Funds  
Year Ended June 30, 2023

	General	Capital Projects	Special Aid
<b>REVENUES</b>			
Real property taxes	\$ 96,082,172	\$ -	\$ -
Other tax items	4,867,019	-	-
Non-property taxes	1,829,821	-	-
Charges for services	393,019	-	-
Use of money and property	1,385,516	-	-
Sale of property and compensation for loss	81,099	-	-
State aid	10,344,209	212	718,122
Federal aid	-	-	1,107,560
Food sales	-	-	-
Miscellaneous	513,123	-	73,085
Total Revenues	115,495,978	212	1,898,767
<b>EXPENDITURES</b>			
Current			
General support	13,127,981	-	140,976
Instruction	60,511,245	-	1,754,785
Pupil transportation	3,977,706	-	105,150
Community services	13,806	-	-
Employee benefits	31,549,856	-	59,063
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	2,464,895	-	-
Interest	230,642	-	-
Capital outlay	-	1,670,102	-
Total Expenditures	111,876,131	1,670,102	2,059,974
Excess (Deficiency) of Rev- enues Over Expenditures	3,619,847	(1,669,890)	(161,207)
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance recoveries	1,991	-	-
Transfers in	11,839	2,850,000	161,207
Transfers out	(3,011,207)	(11,839)	-
Total Other Financing Sources (Uses)	(2,997,377)	2,838,161	161,207
Net Change in Fund Balances	622,470	1,168,271	-
<b>FUND BALANCES</b>			
Beginning of Year	23,928,797	4,768,853	-
End of Year	\$ 24,551,267	\$ 5,937,124	\$ -

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 96,082,172
-	4,867,019
-	1,829,821
-	393,019
1,250	1,386,766
-	81,099
10,377	11,072,920
285,000	1,392,560
992,120	992,120
113,153	699,361
1,401,900	118,796,857
-	13,268,957
-	62,266,030
-	4,082,856
-	13,806
-	31,608,919
1,355,171	1,355,171
113,373	113,373
-	2,464,895
-	230,642
-	1,670,102
1,468,544	117,074,751
(66,644)	1,722,106
-	1,991
-	3,023,046
-	(3,023,046)
-	1,991
(66,644)	1,724,097
457,305	29,154,955
\$ 390,661	\$ 30,879,052

## 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, 2023

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 1,724,097</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	2,081,872
Depreciation expense	<u>(4,887,884)</u>
	<u>(2,806,012)</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	2,050,000
Principal paid on energy performance contract	<u>414,895</u>
	<u>2,464,895</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	8,675
Compensated absences	62,758
Changes in pension liabilities and related deferred outflows and inflows of resources	(2,839,386)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	9,427,780
Amortization of premium and loss on refunding bonds	<u>61,020</u>
	<u>6,720,847</u>
Change in Net Position of Governmental Activities	<u><u>\$ 8,103,827</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, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Real property taxes	\$ 100,949,191	\$ 96,082,172	\$ 96,082,172	\$ -
Other tax items	-	4,867,019	4,867,019	-
Non-property taxes	1,250,000	1,250,000	1,829,821	579,821
Charges for services	265,000	265,000	393,019	128,019
Use of money and property	215,000	215,000	1,385,516	1,170,516
Sale of property and compensation for loss	-	-	81,099	81,099
State aid	9,678,799	9,678,799	10,344,209	665,410
Miscellaneous	211,000	222,405	513,123	290,718
Total Revenues	112,568,990	112,580,395	115,495,978	2,915,583
<b>EXPENDITURES</b>				
Current				
General support	13,922,414	14,365,319	13,127,981	1,237,338
Instruction	62,035,004	62,857,948	60,511,245	2,346,703
Pupil transportation	4,757,295	4,257,761	3,977,706	280,055
Community services	26,000	26,000	13,806	12,194
Employee benefits	33,161,839	31,770,789	31,549,856	220,933
Debt service				
Principal	2,464,895	2,464,895	2,464,895	-
Interest	230,643	230,643	230,642	1
Total Expenditures	116,598,090	115,973,355	111,876,131	4,097,224
Excess (Deficiency) of Revenues Over Expenditures	(4,029,100)	(3,392,960)	3,619,847	7,012,807
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries	10,000	10,000	1,991	(8,009)
Transfers in	-	-	11,839	11,839
Transfers out	(2,070,000)	(3,020,000)	(3,011,207)	8,793
Total Other Financing Sources (Uses)	(2,060,000)	(3,010,000)	(2,997,377)	12,623
Net Change in Fund Balances	(6,089,100)	(6,402,960)	622,470	7,025,430
<b>FUND BALANCES</b>				
Beginning of Year	6,089,100	6,402,960	23,928,797	17,525,837
End of Year	\$ -	\$ -	\$ 24,551,267	\$ 24,551,267

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. Issuances of long-term debt 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, 2023.

**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, 2023, 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**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 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 \$147,744 in the General Fund for miscellaneous amounts that do not meet the revenue recognition criteria, \$51,341 in the Special Aid Fund for miscellaneous revenue and federal aid received in advance and \$199,963 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 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 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

*Restricted* net position consists of restricted assets and deferred outflows of resources 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 all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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 26, 2023.

**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.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- 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.

**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.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**C. Property Tax Limitation**

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing 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. 96, "*Subscription-Based Information Technology Arrangements (SBITA's)*", established a single model for SBITA accounting based on the concept that SBITA's are a financing of a "right-to-use" underlying asset. This statement requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset. The requirements of GASB Statement No. 96 are effective for the School District's fiscal year ended June 30, 2023. The School District has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

**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, 2023 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Advances From/To</u>
General	\$ 1,075,639	\$ -	\$ 91,843
Capital Projects	-	300,139	-
Special Aid	-	769,685	(91,843)
Non-Major Governmental	-	5,815	-
	<u>\$ 1,075,639</u>	<u>\$ 1,075,639</u>	<u>\$ -</u>

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

## Notes to Financial Statements (Continued)

June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

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:

Class	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets, not being depreciated				
Land	\$ 4,274,693	\$ -	\$ -	\$ 4,274,693
Construction-in-Progress	3,152,941	1,245,915	454,230	3,944,626
Total Capital Assets not being depreciated	<u>\$ 7,427,634</u>	<u>\$ 1,245,915</u>	<u>\$ 454,230</u>	<u>\$ 8,219,319</u>
Capital Assets, being depreciated				
Buildings and Building Improvements	\$ 126,170,071	\$ 404,438	\$ -	\$ 126,574,509
Land Improvements	12,586,447	52,982	-	12,639,429
Machinery and Equipment	18,523,275	832,767	11,464	19,344,578
Total Capital Assets, being depreciated	<u>157,279,793</u>	<u>1,290,187</u>	<u>11,464</u>	<u>158,558,516</u>
Less Accumulated Depreciation for				
Buildings and Building Improvements	78,222,228	3,429,098	-	81,651,326
Land Improvements	7,913,746	449,682	-	8,363,428
Machinery and Equipment	11,605,336	1,009,104	11,464	12,602,976
Total Accumulated Depreciation	<u>97,741,310</u>	<u>4,887,884</u>	<u>11,464</u>	<u>102,617,730</u>
Total Capital Assets, being depreciated, net	<u>\$ 59,538,483</u>	<u>\$ (3,597,697)</u>	<u>\$ -</u>	<u>\$ 55,940,786</u>
Capital Assets, net	<u>\$ 66,966,117</u>	<u>\$ (2,351,782)</u>	<u>\$ 454,230</u>	<u>\$ 64,160,105</u>

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

General Support	\$ 3,293,011
Instruction	1,144,656
Pupil Transportation	<u>450,217</u>
Total Depreciation Expense	<u>\$ 4,887,884</u>

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

Notes to Financial Statements (Continued)  
 June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)****C. Accrued Liabilities**

Accrued liabilities at June 30, 2023 were as follows:

	General Fund
Payroll and employee benefits	<u>\$ 834,618</u>

**D. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2023:

	Balance July 01, 2022	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2023	Due Within One-Year
General Obligation Bonds Payable	\$ 4,610,000	\$ -	\$ 2,050,000	\$ 2,560,000	\$ 2,110,000
Plus - Unamortized premium on bonds	226,425	-	114,936	111,489	-
	<u>4,836,425</u>	<u>-</u>	<u>2,164,936</u>	<u>2,671,489</u>	<u>2,110,000</u>
Energy Performance Contract Debt	4,911,429	-	414,895	4,496,534	425,242
Compensated Absences	2,898,225	227,242	290,000	2,835,467	280,000
Net Pension Liability - ERS	-	6,389,415	-	6,389,415	-
Net Pension Liability - TRS	-	4,857,585	-	4,857,585	-
Other Postemployment Benefit Liability	261,318,078	15,738,736	35,682,250	241,374,564	-
	<u>264,216,303</u>	<u>27,212,978</u>	<u>35,972,250</u>	<u>255,457,031</u>	<u>280,000</u>
Total Long-Term Liabilities	<u>\$ 273,964,157</u>	<u>\$ 27,212,978</u>	<u>\$ 38,552,081</u>	<u>\$ 262,625,054</u>	<u>\$ 2,815,242</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.

**General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2023 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2023
Refunding Bonds	2012	\$ 6,295,000	November, 2023	2.125 %	680,000
Refunding Bonds - Series A	2016	7,370,000	November, 2023	4.000	1,070,000
Refunding Bonds - Series B	2016	1,540,000	November, 2023	3.000	215,000
Serial Bond	2017	1,374,986	November, 2026	2.500	595,000
					<u>\$ 2,560,000</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

Interest expenditures of \$111,219 were recorded in the fund financial statements in the General Fund. Interest expense of \$42,038 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, 2023 was \$4,496,534.

Interest expenditures of \$119,423 were recorded in the fund financial statements in the General Fund. Interest expense of \$118,909 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, 2023 including interest payments of \$641,524 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	469,326	64,992	469,326	64,992
2029-2033	-	-	2,261,495	142,935	2,261,495	142,935
	<u>\$ 2,560,000</u>	<u>\$ 62,039</u>	<u>\$ 4,496,534</u>	<u>\$ 579,485</u>	<u>\$ 7,056,534</u>	<u>\$ 641,524</u>

The above general obligation bonds 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,

**Note 3 - Detailed Notes on All Funds (Continued)**

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 1/200<sup>th</sup> 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](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained 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.nysters.org](http://www.nysters.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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

## Notes to Financial Statements (Continued)

June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

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 ERS plan year ended March 31, 2023 and TRS plan year ended June 30, 2023 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	17.5 %
	3 A14	13.1
	4 A15	13.1
	5 A15	11.2
	6 A15	8.3
TRS	1-6	10.29 %

At June 30, 2023, the School District reported the following for its proportionate share of the net pension liability for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ 6,389,415	\$ 4,857,585
School Districts' proportion of the net pension liability	0.0297958 %	0.2531450 %
Change in proportion since the prior measurement date	(0.0016092) %	(0.0077580) %

The net pension liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability 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 liability 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, 2023, the School District recognized its proportionate share of pension expense in the district-wide financial statements of \$9,009,686 (\$2,545,437 for ERS and \$6,464,249 for TRS). Pension expenditures for ERS of \$1,364,368 and \$38,143 were recorded in the fund financial statements and were charged to the General and Special Aid, respectively. Pension expenditures for TRS of \$4,748,950 and \$18,839 were reported in the fund financial statements and were charged to the General and Special Aid funds, respectively.

# Katonah-Lewisboro Union Free School District, New York

## Notes to Financial Statements (Continued)

June 30, 2023

### Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2023, 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	\$ 680,523	\$ 179,439	\$ 5,090,134	\$ 97,338
Changes of assumptions	3,103,112	34,295	9,422,893	1,956,773
Net difference between projected and actual earnings on pension plan investments	-	37,538	6,276,461	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	972,646	252,161	940,235	-
School District contributions subsequent to the measurement date	458,968	-	4,821,643	-
	<u>\$ 5,215,249</u>	<u>\$ 503,433</u>	<u>\$ 26,551,366</u>	<u>\$ 2,054,111</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 5,770,657	\$ 276,777		
Changes of assumptions	12,526,005	1,991,068		
Net difference between projected and actual earnings on pension plan investments	6,276,461	37,538		
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,912,881	252,161		
School District contributions subsequent to the measurement date	5,280,611	-		
	<u>\$ 31,766,615</u>	<u>\$ 2,557,544</u>		

\$458,968 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 a decrease of the net pension liability in the plan's year ended March 31, 2024. The \$4,821,643 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2023. 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:

Year Ended	March 31,	June 30,
	ERS	TRS
2023	\$ -	\$ 3,930,102
2024	1,132,486	2,134,331
2025	(121,708)	(648,738)
2026	1,446,452	12,472,344
2027	1,795,618	1,669,957
Thereafter	-	117,616
	<u>\$ 4,252,848</u>	<u>\$ 19,675,612</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

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:

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return	5.9% *	6.95% *
Salary scale	4.4%	1.95%-5.18%
Inflation rate	2.9%	2.4%
Cost of living adjustments	1.5%	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-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, 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.

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:

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

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

Asset Type	ERS March 31, 2023		TRS June 30, 2022	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.30 %	33 %	6.5 %
International Equity	15	6.85	16	7.2
Private Equity	10	7.50	8	9.9
Real Estate	9	4.60	11	6.2
Domestic Fixed Income Securities	-	-	16	1.1
Global Bonds	-	-	2	0.6
High Yield Bonds	-	-	1	3.3
Global Equities	-	-	4	6.9
Private Debt	-	-	2	5.3
Real Estate Debt	-	-	6	2.4
Opportunistic Portfolio/ARS Portfolio	3	5.38	-	-
Credit	4	5.43	-	-
Real Assets	3	5.84	-	-
Fixed Income	23	1.50	-	-
Cash	1	-	1	(0.3)
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

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:

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

Notes to Financial Statements (Continued)  
June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

	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>\$ 15,440,476</u>	<u>\$ 6,389,415</u>	<u>\$ (1,173,799)</u>
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 44,789,211</u>	<u>\$ 4,857,585</u>	<u>\$ (28,724,650)</u>

The components of the collective net pension liability as of the March 31, 2023 ERS measurement date and the June 30, 2022 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 232,627,259,000	\$ 133,883,473,797
Fiduciary net position	<u>211,183,223,000</u>	<u>131,964,582,107</u>
Employers' net pension liability	<u>\$ 21,444,036,000</u>	<u>\$ 1,918,891,690</u>
Fiduciary net position as a percentage of total pension liability	<u>90.78%</u>	<u>98.57%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period April 1, 2023 through June 30, 2023 based on 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, 2023 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, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023 were \$458,968 to ERS and \$5,244,001 to TRS (including employee contributions of \$422,358).

**Note 3 - Detailed Notes on All Funds (Continued)***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, 2023, the following employees were covered by the benefit terms:

Inactive participants currently receiving benefit payments	538
Active participants	<u>530</u>
	<u><u>1,068</u></u>

The School District's total OPEB liability of \$241,374,564 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

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

Inflation	2.5%
Salary increases	2.0%
Discount rate	3.86%
Healthcare cost trend rates	7.75% for pre-65 for 2024, decreasing 0.25% per year to an ultimate rate of 4.037% 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, 2023.

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

Notes to Financial Statements (Continued)

June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

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, 2023 is as follows:

Total OPEB Liability - Beginning of Year	\$	261,318,078
Service cost		6,927,705
Interest		8,811,031
Changes of benefit terms		-
Differences between expected and actual experience		(25,992,845)
Changes in assumptions or other inputs		(2,746,190)
Benefit payments		(6,943,215)
		<u>(6,943,215)</u>
Total OPEB Liability - End of Year	\$	<u>241,374,564</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 (2.86%) or 1 percentage point higher (4.86%) than the current discount rate:

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB Liability	<u>\$ 281,203,814</u>	<u>\$ 241,374,564</u>	<u>\$ 209,281,891</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 healthcare cost trend rates that are 1 percentage point lower (6.750% decreasing to 3.037%) or 1 percentage point higher (8.750% decreasing to 5.037%) than the current healthcare cost trend rates:

	1% Decrease (6.750% decreasing to 3.037%)	Current Healthcare Cost Trend Rates (7.75% decreasing to 4.037%)	1% Increase (8.750% decreasing to 5.037%)
Total OPEB Liability	<u>\$ 204,301,436</u>	<u>\$ 241,374,564</u>	<u>\$ 288,429,887</u>

For the year ended June 30, 2023, the School District recognized OPEB expense of (\$2,484,565) in the district-wide financial statements. At June 30, 2023, the School District reported deferred

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

Notes to Financial Statements (Continued)

June 30, 2023

**Note 3 - Detailed Notes on All Funds (Continued)**

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	\$ 30,189,057	\$ 47,444,266
Differences between expected and actual experience	<u>1,555,708</u>	<u>73,490,911</u>
	<u><u>\$ 31,744,765</u></u>	<u><u>\$ 120,935,177</u></u>

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

Year Ended June 30,	
2024	\$ (20,222,198)
2025	(30,575,490)
2026	(25,513,049)
2027	(11,668,450)
2028	(1,211,225)
Thereafter	<u>-</u>
	<u><u>\$ (89,190,412)</u></u>

**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 in			
Transfers Out	General Fund	Capital Projects Fund	Special Aid Fund	Total
General Fund	\$ -	\$ 2,850,000	\$ 161,207	\$ 3,011,207
Capital Projects Fund	<u>11,839</u>	<u>-</u>	<u>-</u>	<u>11,839</u>
	<u><u>\$ 11,839</u></u>	<u><u>\$ 2,850,000</u></u>	<u><u>\$ 161,207</u></u>	<u><u>\$ 3,023,046</u></u>

**Note 3 - Detailed Notes on All Funds (Continued)**

Transfers are used to 1) move funds from the operating funds to the Capital Projects Fund for voter approved projects, 2) move amounts earmarked in the operating funds to fulfill commitments for Special Aid Fund expenditures and 3) move unexpended project funds back to the General Fund.

**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.

*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, 2023

## Note 3 - Detailed Notes on All Funds (Continued)

### G. Fund Balances

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Inventories	\$ -	\$ -	\$ 5,371	\$ 5,371
Advances	91,843	-	-	91,843
	<u>91,843</u>	<u>-</u>	<u>5,371</u>	<u>97,214</u>
Restricted:				
Tax certiorari	2,170,956	-	-	2,170,956
Unemployment benefits	367,104	-	-	367,104
Unemployment benefits - for subsequent year's expenditures	25,000	-	-	25,000
Employee benefit accrued liability	1,557,445	-	-	1,557,445
Employee benefit accrued liability - for subsequent year's expenditures	238,000	-	-	238,000
ERS retirement contributions	2,856,750	-	-	2,856,750
ERS retirement contributions - for subsequent year's expenditures	477,000	-	-	477,000
TRS retirement contributions	4,306,670	-	-	4,306,670
Liability claims	1,468,190	-	-	1,468,190
Future capital projects	1,775,021	-	-	1,775,021
Capital projects	-	5,937,124	-	5,937,124
Debt service	288,559	-	-	288,559
Debt service - for subsequent year's expenditures	10,000	-	-	10,000
Special purposes - extraclassroom activities	-	-	58,675	58,675
Special purposes - other	-	-	75,339	75,339
	<u>15,540,695</u>	<u>5,937,124</u>	<u>134,014</u>	<u>21,611,833</u>
Total Restricted				
Assigned:				
Purchases on order:				
General government support	908,689	-	-	908,689
Instruction	1,008,137	-	-	1,008,137
Pupil transportation	44,337	-	-	44,337
	<u>1,961,163</u>	<u>-</u>	<u>-</u>	<u>1,961,163</u>
For subsequent year's expenditures - General Fund	2,450,000	-	-	2,450,000
School Lunch Fund	-	-	251,276	251,276
	<u>4,411,163</u>	<u>-</u>	<u>251,276</u>	<u>4,662,439</u>
Total Assigned				
Unassigned	4,507,566	-	-	4,507,566
	<u>4,507,566</u>	<u>-</u>	<u>-</u>	<u>4,507,566</u>
Total Fund Balances	\$ 24,551,267	\$ 5,937,124	\$ 390,661	\$ 30,879,052

**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, 2023, 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. 101, "*Compensated Absences*", provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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 of 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)

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	\$ 6,927,705	\$ 11,175,021	\$ 9,745,089	\$ 8,864,350	\$ 8,175,995	\$ 8,026,493
Interest	8,811,031	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	(25,992,845)	-	(107,881,254)	(16,644,103)	26,893,003	-
Changes of assumptions or other inputs	(2,746,190)	(70,359,658)	19,257,071	87,711,919	(9,390,346)	(2,902,023)
Benefit payments	(6,943,215)	(7,177,914)	(6,611,998)	(7,875,719)	(7,416,587)	(6,116,445)
Net Change in Total OPEB Liability	(19,943,514)	(60,046,695)	(78,187,397)	82,145,476	29,061,873	9,125,117
Total OPEB Liability – Beginning of Year	261,318,078	321,364,773	399,552,170	317,406,694	288,344,821	279,219,704 (3)
Total OPEB Liability – End of Year	<u>\$ 241,374,564</u>	<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>\$ 59,709,722</u>	<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>404.25%</u>	<u>446.22%</u>	<u>560.19%</u>	<u>682.27%</u>	<u>535.95%</u>	<u>500.84%</u>
Discount Rate	<u>3.86%</u>	<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 School District's Proportionate Share of the Net Pension Liability (Asset) (2)								
	2023 (3)	2022 (4)	2021 (3)	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	0.2531450%	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)	\$ 4,857,585	\$ (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	\$ 44,842,153	\$ 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	10.83%	-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	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount Rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%
	Schedule of Contributions								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,821,643	\$ 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	(4,821,643)	(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	\$ 45,611,437	\$ 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	10.29%	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 School District's Proportionate Share of the Net Pension Liability (Asset) (2)								
	2023 (3)	2022 (4)	2021 (4)	2020 (3)	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	0.0297958%	0.0314050%	0.0334887%	0.0347812%	0.0352430%	0.0389593%	0.0401802%	0.0408701%	0.0412069%
School District's proportionate share of the net pension liability (asset)	\$ 6,389,415	\$ (2,567,231)	\$ 33,346	\$ 9,210,000	\$ 2,497,000	\$ 1,257,000	\$ 3,775,000	\$ 6,559,768	\$ 1,392,070
School District's covered payroll	\$ 12,780,548	\$ 12,187,013	\$ 13,286,000	\$ 12,680,000	\$ 11,907,000	\$ 12,850,000	\$ 12,177,000	\$ 12,176,687	\$ 11,579,306
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.99%	(19.96)%	0.25%	72.63%	20.97%	9.78%	31.00%	53.87%	12.02%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
Discount Rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
	Schedule of Contributions								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,355,409	\$ 2,044,010	\$ 1,829,000	\$ 1,717,000	\$ 1,881,000	\$ 1,881,000	\$ 1,870,000	\$ 2,061,316	\$ 2,087,033
Contributions in relation to the contractually required contribution	(1,355,409)	(2,044,010)	(1,829,000)	(1,717,000)	(1,881,000)	(1,881,000)	(1,870,000)	(2,061,316)	(2,087,033)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 12,838,779	\$ 12,762,726	\$ 13,286,000	\$ 12,680,000	\$ 11,907,000	\$ 12,850,000	\$ 12,177,000	\$ 12,419,002	\$ 11,761,715
Contributions as a percentage of covered payroll	10.56%	16.02%	13.77%	13.54%	15.80%	14.64%	15.36%	16.60%	17.74%

(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) 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  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
<b>REVENUES</b>					
Real property taxes	\$ 100,949,191	\$ 96,082,172	\$ 96,082,172	\$	\$ -
Other tax items	-	4,867,019	4,867,019		-
Non-property taxes	1,250,000	1,250,000	1,829,821		579,821
Charges for services	265,000	265,000	393,019		128,019
Use of money and property	215,000	215,000	1,385,516		1,170,516
Sale of property and compensation for loss	-	-	81,099		81,099
State aid	9,678,799	9,678,799	10,344,209		665,410
Miscellaneous	211,000	222,405	513,123		290,718
<b>Total Revenues</b>	<b>112,568,990</b>	<b>112,580,395</b>	<b>115,495,978</b>		<b>2,915,583</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General support					
Board of education	229,740	231,765	219,530	283	11,952
Central administration	450,714	447,379	431,556	-	15,823
Finance	1,089,892	1,085,863	1,001,889	61,471	22,503
Staff	1,153,985	1,159,080	1,035,584	16,450	107,046
Central services	9,995,244	10,433,282	9,457,106	830,485	145,691
Special items	1,002,839	1,007,950	982,316	-	25,634
<b>Total General Support</b>	<b>13,922,414</b>	<b>14,365,319</b>	<b>13,127,981</b>	<b>908,689</b>	<b>328,649</b>
Instruction					
Instruction, administration and improvement	7,032,239	6,708,276	6,491,296	2,215	214,765
Teaching - Regular school	31,560,552	32,226,336	30,916,675	879,514	430,147
Programs for students with disabilities	13,063,060	12,350,818	11,874,089	1,443	475,286
Occupational education	437,548	436,981	431,935	-	5,046
Instructional media	3,583,552	4,708,505	4,565,929	11,271	131,305
Pupil services	6,358,053	6,427,032	6,231,321	113,694	82,017
<b>Total Instruction</b>	<b>62,035,004</b>	<b>62,857,948</b>	<b>60,511,245</b>	<b>1,008,137</b>	<b>1,338,566</b>
Pupil transportation	4,757,295	4,257,761	3,977,706	44,337	235,718
Community services	26,000	26,000	13,806	-	12,194
Employee benefits	33,161,839	31,770,789	31,549,856	-	220,933
Debt service					
Principal	2,464,895	2,464,895	2,464,895	-	-
Interest	230,643	230,643	230,642	-	1
<b>Total Expenditures</b>	<b>116,598,090</b>	<b>115,973,355</b>	<b>111,876,131</b>	<b>1,961,163</b>	<b>2,136,061</b>
Excess (Deficiency) of Revenues Over Expenditures	(4,029,100)	(3,392,960)	3,619,847	(1,961,163)	5,051,644
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance recoveries	10,000	10,000	1,991	-	(8,009)
Transfers in	-	-	11,839	-	11,839
Transfers out	(2,070,000)	(3,020,000)	(3,011,207)	-	8,793
<b>Total Other Financing Uses</b>	<b>(2,060,000)</b>	<b>(3,010,000)</b>	<b>(2,997,377)</b>	<b>-</b>	<b>12,623</b>
<b>Net Change in Fund Balance</b>	<b>(6,089,100)</b>	<b>(6,402,960)</b>	<b>622,470</b>	<b>\$ (1,961,163)</b>	<b>\$ 5,064,267</b>
<b>FUND BALANCE</b>					
Beginning of Year	6,089,100	6,402,960	23,928,797		
End of Year	\$ -	\$ -	\$ 24,551,267		

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REAL PROPERTY TAXES</b>	<u>\$ 100,949,191</u>	<u>\$ 96,082,172</u>	<u>\$ 96,082,172</u>	<u>\$ -</u>
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	<u>-</u>	<u>4,867,019</u>	<u>4,867,019</u>	<u>-</u>
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,829,821</u>	<u>579,821</u>
<b>CHARGES FOR SERVICES</b>				
Other student fees and charges	15,000	15,000	40,527	25,527
Health services for other districts	<u>250,000</u>	<u>250,000</u>	<u>352,492</u>	<u>102,492</u>
	<u>265,000</u>	<u>265,000</u>	<u>393,019</u>	<u>128,019</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	75,000	75,000	1,229,584	1,154,584
Rental of real property	<u>140,000</u>	<u>140,000</u>	<u>155,932</u>	<u>15,932</u>
	<u>215,000</u>	<u>215,000</u>	<u>1,385,516</u>	<u>1,170,516</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Sale of equipment	<u>-</u>	<u>-</u>	<u>81,099</u>	<u>81,099</u>
<b>STATE AID</b>				
Basic formula	7,968,650	7,772,050	6,703,463	(1,068,587)
BOCES	1,638,094	1,638,094	2,142,692	504,598
Lottery aid	-	-	1,231,768	1,231,768
Textbook aid	-	196,600	179,760	(16,840)
Computer software aid	50,842	50,842	68,645	17,803
Library aid	<u>21,213</u>	<u>21,213</u>	<u>17,881</u>	<u>(3,332)</u>
	<u>9,678,799</u>	<u>9,678,799</u>	<u>10,344,209</u>	<u>665,410</u>

**MISCELLANEOUS**

Gifts and donations	-	11,405	8,700	(2,705)
Other	25,200	25,200	4,250	(20,950)
Refund for BOCES aided services	85,000	85,000	144,564	59,564
Refund of prior year's expenditures	100,800	100,800	355,609	254,809
	<u>211,000</u>	<u>222,405</u>	<u>513,123</u>	<u>290,718</u>
<b>TOTAL REVENUES</b>	<u>112,568,990</u>	<u>112,580,395</u>	<u>115,495,978</u>	<u>2,915,583</u>
<b>OTHER FINANCING SOURCES</b>				
Insurance recoveries	10,000	10,000	1,991	(8,009)
Transfers in				
Capital Projects Fund	-	-	11,839	11,839
	<u>10,000</u>	<u>10,000</u>	<u>13,830</u>	<u>3,830</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>10,000</u>	<u>10,000</u>	<u>13,830</u>	<u>3,830</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 112,578,990</u>	<u>\$ 112,590,395</u>	<u>\$ 115,509,808</u>	<u>\$ 2,919,413</u>

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, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 73,925	\$ 70,632	\$ 62,753	\$ -	\$ 7,879
District clerk	90,565	90,903	90,039	228	636
District meeting	65,250	70,230	66,738	55	3,437
Total Board of Education	229,740	231,765	219,530	283	11,952
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	450,714	447,379	431,556	-	15,823
<b>FINANCE</b>					
Business administration	712,964	709,936	688,175	10,021	11,740
Accounting and auditing	164,366	161,566	100,358	51,450	9,758
Treasurer	120,737	120,737	120,430	-	307
Purchasing	91,825	93,624	92,926	-	698
Total Finance	1,089,892	1,085,863	1,001,889	61,471	22,503
<b>STAFF</b>					
Legal	559,000	529,000	447,723	15,500	65,777
Personnel	483,625	486,520	444,762	950	40,808
Records management officer	6,300	6,600	6,550	-	50
Public information and services	105,060	136,960	136,549	-	411
Total Staff	1,153,985	1,159,080	1,035,584	16,450	107,046

**CENTRAL SERVICES**

Operation and maintenance of plant	8,241,253	8,429,331	7,486,519	830,308	112,504
Central printing and mailing	122,622	129,482	121,943	-	7,539
Central data processing	1,631,369	1,874,469	1,848,644	177	25,648
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Central Services	9,995,244	10,433,282	9,457,106	830,485	145,691

**SPECIAL ITEMS**

Unallocated insurance	185,500	178,000	164,769	-	13,231
School association dues	29,000	29,000	16,597	-	12,403
Refunds of real property taxes	50,000	62,611	62,611	-	-
Administrative charge - BOCES	738,339	738,339	738,339	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Special Items	1,002,839	1,007,950	982,316	-	25,634
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Support	13,922,414	14,365,319	13,127,981	908,689	328,649

**INSTRUCTION****INSTRUCTION, ADMINISTRATION  
AND IMPROVEMENT**

Curriculum development and supervision	1,184,594	1,255,570	1,228,225	880	26,465
Supervision - regular school	5,101,782	4,643,498	4,571,783	-	71,715
Research, planning and evaluation	75,000	50,550	48,750	-	1,800
In-service training - Instruction	670,863	758,658	642,538	1,335	114,785
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Instruction, Administration and Improvement	7,032,239	6,708,276	6,491,296	2,215	214,765

**TEACHING - REGULAR SCHOOL**

	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	31,560,552	32,226,336	30,916,675	879,514	430,147

**PROGRAMS FOR STUDENTS WITH  
DISABILITIES**

	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	13,063,060	12,350,818	11,874,089	1,443	475,286

**OCCUPATIONAL EDUCATION**

	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	437,548	436,981	431,935	-	5,046

(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, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
<b>INSTRUCTION (Continued)</b>					
<b><i>INSTRUCTIONAL MEDIA</i></b>					
School library and audiovisual	\$ 904,014	\$ 895,948	\$ 874,204	\$ 1,118	\$ 20,626
Computer assisted instruction	2,679,538	3,812,557	3,691,725	10,153	110,679
Total Instructional Media	3,583,552	4,708,505	4,565,929	11,271	131,305
<b><i>PUPIL SERVICES</i></b>					
Attendance - Regular school	58,007	57,045	56,466	-	579
Guidance - Regular school	1,801,608	1,770,513	1,757,957	-	12,556
Health services - Regular school	870,986	931,477	890,016	13,584	27,877
Psychological services - Regular school	1,182,858	1,144,851	1,129,510	-	15,341
Social work services - Regular school	703,510	706,862	703,020	-	3,842
Co-curricular activities - Regular school	446,285	414,836	406,845	-	7,991
Interscholastic athletics - Regular school	1,294,799	1,401,448	1,287,507	100,110	13,831
Total Pupil Services	6,358,053	6,427,032	6,231,321	113,694	82,017
Total Instruction	62,035,004	62,857,948	60,511,245	1,008,137	1,338,566
<b>PUPIL TRANSPORTATION</b>					
District transportation services	4,757,295	4,257,761	3,977,706	44,337	235,718
<b>COMMUNITY SERVICES</b>					
Community custodial services	26,000	26,000	13,806	-	12,194

**EMPLOYEE BENEFITS**

State retirement	2,170,645	1,430,645	1,364,368	-	66,277
Teachers' retirement	4,959,002	4,760,002	4,748,950	-	11,052
Social security	4,767,281	4,252,281	4,251,984	-	297
Hospital, medical and dental insurance	19,237,200	19,492,151	19,433,939	-	58,212
Workers' compensation benefits	422,640	422,640	392,752	-	29,888
Retiree leave payments	977,821	785,820	777,589	-	8,231
Unemployment benefits	46,750	46,750	12,137	-	34,613
Disability insurance	78,000	78,000	70,089	-	7,911
Union welfare benefits	502,500	502,500	498,048	-	4,452
	<u>33,161,839</u>	<u>31,770,789</u>	<u>31,549,856</u>	<u>-</u>	<u>220,933</u>
Total Employee Benefits					

**DEBT SERVICE**

Principal					
Serial bonds	2,050,000	2,050,000	2,050,000	-	-
Energy performance contract debt	414,895	414,895	414,895	-	-
	<u>2,464,895</u>	<u>2,464,895</u>	<u>2,464,895</u>	<u>-</u>	<u>-</u>
Interest					
Serial bonds	111,219	111,219	111,219	-	-
Energy performance contract debt	119,424	119,424	119,423	-	1
	<u>230,643</u>	<u>230,643</u>	<u>230,642</u>	<u>-</u>	<u>1</u>
Total Debt Service	<u>2,695,538</u>	<u>2,695,538</u>	<u>2,695,537</u>	<u>-</u>	<u>1</u>

**TOTAL EXPENDITURES**

	<u>116,598,090</u>	<u>115,973,355</u>	<u>111,876,131</u>	<u>1,961,163</u>	<u>2,136,061</u>
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**OTHER FINANCING USES**

Transfers out					
Capital Projects Fund	1,900,000	2,850,000	2,850,000	-	-
Special Aid Fund	170,000	170,000	161,207	-	8,793
	<u>2,070,000</u>	<u>3,020,000</u>	<u>3,011,207</u>	<u>-</u>	<u>8,793</u>

**TOTAL OTHER FINANCING USES****TOTAL EXPENDITURES AND OTHER FINANCING USES**

	<u>\$ 118,668,090</u>	<u>\$ 118,993,355</u>	<u>\$ 114,887,338</u>	<u>\$ 1,961,163</u>	<u>\$ 2,144,854</u>
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See independent auditors' report.

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

Capital Projects Fund

Project - Length Schedule

Inception Of Project Through June 30, 2023

Project	Authori- zation	Expenditures and Transfers To Date		
		Prior Years	Current Year	Totals
WWTP upgrade	\$ 1,147,471	\$ 1,127,840	\$ 212	\$ 1,128,052
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
JJHS Bleachers	632,500	-	-	-
JJHS Bond 22/23	568,982	-	-	-
KES Bond 22/23	474,593	-	83,954	83,954
IMES Bond 22/23	492,488	-	141,142	141,142
JJMS Windows/Site/Plgrnd	36,567	-	3,784	3,784
JJMS Bond 22/23	399,119	-	-	-
MPES Bond 22/23	249,286	-	34,948	34,948
2021 District wide construction	798,180	52,949	194,577	247,526
Proposition # 2 -2021	670,950	609,650	61,300	670,950
Smart School Bond Act	707,779	706,463	-	706,463
2018 District wide construction	123,123	118,785	4,338	123,123
2019 District wide construction	400,000	383,864	16,136	400,000
2020 District wide construction	806,018	742,758	11,981	754,739
KES Sprinkler	369,320	43,026	-	43,026
KES Tank Removal	99,500	52,982	-	52,982
Proposition # 2 -2022	921,975	-	370,387	370,387
2022 District wide construction	1,500,000	-	759,182	759,182
Proposition # 2 -2023	950,000	-	-	-
2023 District wide construction	1,900,000	-	-	-
Totals	<u>\$ 15,162,467</u>	<u>\$ 5,255,114</u>	<u>\$ 1,681,941</u>	<u>\$ 6,937,055</u>

See independent auditors' report.

Unexpended Balance	Methods of Financing				Fund Balances at June 30, 2023
	Proceeds of Obligations	State Aid	Interfund Transfers	Totals	
\$ 19,419	\$ -	\$ 1,128,052	\$ -	\$ 1,128,052	\$ -
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
632,500	-	-	632,500	632,500	632,500
568,982	-	-	-	-	-
390,639	-	-	-	-	(83,954)
351,346	-	-	-	-	(141,142)
32,783	-	-	-	-	(3,784)
399,119	-	-	-	-	-
214,338	-	-	-	-	(34,948)
550,654	-	-	798,180	798,180	550,654
-	-	-	670,950	670,950	-
1,316	-	706,463	-	706,463	-
-	-	-	123,123	123,123	-
-	-	-	400,000	400,000	-
51,279	-	-	806,018	806,018	51,279
326,294	-	-	369,320	369,320	326,294
46,518	-	-	52,982	52,982	-
551,588	-	-	921,975	921,975	551,588
740,818	-	-	1,500,000	1,500,000	740,818
950,000	-	-	950,000	950,000	950,000
1,900,000	-	-	1,900,000	1,900,000	1,900,000
<u>\$ 8,225,412</u>	<u>\$ 1,408,316</u>	<u>\$ 1,834,515</u>	<u>\$ 9,631,348</u>	<u>\$ 12,874,179</u>	<u>\$ 5,937,124</u>

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

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2023

	School Lunch	Special Purpose	Total Non-Major Governmental Funds
<b>ASSETS</b>			
Cash and equivalents	\$ 518,189	\$ 146,804	\$ 664,993
Receivables			
Accounts	8,511	-	8,511
State and Federal aid	14,847	-	14,847
	23,358	-	23,358
Inventories	5,371	-	5,371
Total Assets	<u>\$ 546,918</u>	<u>\$ 146,804</u>	<u>\$ 693,722</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 90,233	\$ 6,975	\$ 97,208
Due to other governments	75	-	75
Due to other funds	-	5,815	5,815
Unearned revenues	199,963	-	199,963
Total Liabilities	<u>290,271</u>	<u>12,790</u>	<u>303,061</u>
Fund balances			
Nonspendable	5,371	-	5,371
Restricted	-	134,014	134,014
Assigned	251,276	-	251,276
Total Fund Balances	<u>256,647</u>	<u>134,014</u>	<u>390,661</u>
Total Liabilities and Fund Balances	<u>\$ 546,918</u>	<u>\$ 146,804</u>	<u>\$ 693,722</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, 2023

	School Lunch	Special Purpose	Total Non-Major Governmental Funds
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 1,250	\$ 1,250
State aid	10,377	-	10,377
Federal aid	285,000	-	285,000
Food sales	992,120	-	992,120
Miscellaneous	3,032	110,121	113,153
Total Revenues	1,290,529	111,371	1,401,900
<b>EXPENDITURES</b>			
Current			
Cost of food sales	1,355,171	-	1,355,171
Other	-	113,373	113,373
Total Expenditures	1,355,171	113,373	1,468,544
Deficiency of Revenues Over Expenditures	(64,642)	(2,002)	(66,644)
<b>FUND BALANCES</b>			
Beginning of Year	321,289	136,016	457,305
End of Year	\$ 256,647	\$ 134,014	\$ 390,661

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, 2023

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Adopted Budget	\$ 115,778,990
Additions	
Encumbrances	<u>2,889,100</u>
Original Budget	118,668,090
Budget Amendments	<u>325,265</u>
Final Budget	<u><u>\$ 118,993,355</u></u>

## General Fund

Section 1318 of Real Property Tax Law Limit Calculation

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2023-24 Expenditure Budget	<u>\$ 119,988,980</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ 4,411,163
Unassigned fund balance	<u>4,507,566</u>
Total Unrestricted Fund Balance	8,918,729
Less	
Appropriated for subsequent year's budget	2,450,000
Encumbrances	<u>1,961,163</u>
Total Adjustments	<u>4,411,163</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,507,566</u></u>
Actual Percentage	<u><u>3.76%</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, 2023

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Capital Assets, net		\$ 64,160,105
Less		
Bonds payable	\$ (2,560,000)	
Energy performance contract debt payable	(4,496,534)	
Unamortized portion of premium on bonds	<u>(111,489)</u>	(7,168,023)
Plus		
Unexpended bond proceeds		<u>33,330</u>
Net Investment in Capital Assets		<u>\$ 57,025,412</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, 2023, 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 26, 2023.

**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. 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 26, 2023



**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, 2023. 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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. 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 26, 2023

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

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

<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>				
School Breakfast Program	10.553	N/A	\$ -	\$ 7,744
National School Lunch Program - Commodities	10.555	N/A	-	65,673
National School Lunch Program - Cash	10.555	N/A	-	208,443
Subtotal Child Nutrition Cluster			-	281,860
State Pandemic EBT Administrative Costs grant	10.649	N/A	-	3,140
Total U.S. Department of Agriculture			-	285,000
<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	0032-23-1042	-	764,518
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-1042	-	30,809
Subtotal Special Education Cluster			-	795,327
Title I Grants to Local Educational Agencies	84.010	0021-23-3600	-	81,743
Supporting Effective Instruction State Grant	84.367	0147-23-3600	-	45,156
Student Support and Academic Enrichment Program	84.424A	0204-22-3600	-	5,600
Student Support and Academic Enrichment Program	84.424A	0204-23-3600	-	6,575
			-	12,175
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	5891-21-3600	-	121,220
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	5880-21-3600	-	51,939
			-	173,159
Total U.S. Department of Education			-	1,107,560
Total Expenditures of Federal Awards			\$ -	\$ 1,392,560

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, 2023

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### **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, 2023. 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, 2023

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## 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

84.027  
84.173

Special Education Cluster (IDEA)  
Special Education - Grants to States (IDEA, Part B)  
Special Education - Preschool Grants (IDEA Preschool)

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 (Concluded)  
Year Ended June 30, 2023

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**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, 2023

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None.