

**NORTHEASTERN CLINTON
CENTRAL SCHOOL DISTRICT**

FINANCIAL REPORT

JUNE 30, 2023

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BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Northeastern Clinton Central School District
Champlain, New York 12919

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Northeastern Clinton Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 12), budgetary comparison information (pages 50 & 51), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 54) and Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS (pages 55-58) 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 Northeastern Clinton Central School District's basic financial statements. The accompanying Combining Non-Major Fund financial statements, Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, Net Investment in Capital Assets and 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 Non-Major Fund financial statements, Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, Net Investment in Capital Assets and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of Northeastern Clinton Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northeastern Clinton Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northeastern Clinton Central School District's internal control over financial reporting and compliance.

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC
December 6, 2023

Management Discussion and Analysis

Within this section of the Northeastern Clinton Central School District's annual financial report, the School's management provides narrative discussion and analysis of the financial activities of the School for the fiscal year ended June 30, 2023. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the auditor's opinion letter, which precedes management's discussion and analysis.

Financial Highlights

District revenues increased to \$37.2 million in fiscal year 2023 from \$35.1 million in 2022, a 6.0% increase.

The District expended \$39.0 million in fiscal year 2023 compared to \$35.8 million in 2022. This represents a 9.0% increase.

The District's total assets, in accordance with GASB 34 accounting, were \$65.6 million as of June 30, 2023 compared to \$70.3 million in 2022.

The District's total liabilities, in accordance with GASB 34 accounting, were \$128.7 million as of June 30, 2023 compared to \$131.7 million in 2022.

The District implemented GASB 75 during the year ended June 30, 2018. At June 30, 2023, a \$90,517,644 liability is recognized in the District-Wide Financial Statements.

Overview of the Financial Statements

Management's discussion and analysis introduces the District's basic financial statements. The basic financial statements include: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

District-Wide Financial Statements

The Governmental Accounting Standards Board's Statement #34 requires that reporting financial status to take place in a district-wide format. The District's annual report includes two such district-wide financial statements, which provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these district-wide statements is the Statement of Net Position. This is a district-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall financial position of the District is improving or deteriorating. In addition to the financial information provided in this report, evaluation of the overall health of the District would extend to other non-financial factors such as diversification of the taxpayer base, the continued financial support of the State and Federal governments, and the condition of the District's infrastructure.

The second district-wide statement is the Statement of Activities. This statement reports how the District's net position changed during the current fiscal year. All current revenues and expenditures are included regardless of when cash is received or paid. An important purpose for the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the School's taxpayers.

Both of the district-wide financial statements distinguish government activities of the District that are principally supported by State and Federal sources, intergovernmental revenues, such as operating grants, and revenue from the local tax levy.

The district-wide financial statements are presented on pages 13 and 14 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related law and regulations. Within the basic financial statements, fund financial statements focus on the School's most significant funds rather than the District as a whole. Major funds are reported separately while all others are combined in a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide statements, the governmental fund statements focus on the near-term inflows and outflows of resources available for spending. These statements illustrate short-term fiscal accountability in the use of such resources and the balances of such resources at the end of the fiscal year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of such resources for the near-term.

Since the district-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance have been reconciled in the notes to the financial statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the supplemental financial statements for the General Fund. These statements and schedules demonstrate regulatory compliance with the School's adopted and final revised budget.

The basic governmental fund financial statements are presented on pages 15 and 16 of this report.

Notes to Financial Statements

Notes to Financial Statements provide information essential to a full understanding of the district-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also includes supplementary information beginning on page 47.

Financial Analysis of the District as a Whole

The District's net position at fiscal year-end is (\$55,084,757). This represents a \$1,804,370 decrease from last year's net position of (\$53,280,387). The following table provides a summary of the School's net position:

	<u>Summary of Net Position</u>	
	<u>6/30/2023</u>	<u>6/30/2022</u>
Current and Other Assets	\$ 15,780,869	\$ 29,232,836
Capital Assets	49,797,141	41,025,884
Total Assets	65,578,010	70,258,720
Deferred Outflows of Resources		
Other post employment benefits	12,060,926	17,329,682
Pensions	6,987,410	6,927,756
Total Assets and Deferred Outflows of Resources	\$ 84,626,346	\$ 94,516,158
Long-Term Liabilities	\$ 100,080,891	\$ 108,417,849
Other Liabilities	28,653,981	23,283,925
Total Liabilities	128,734,872	131,701,774
Deferred Inflows of Resources		
Unamortized defeasance gain	76,875	179,375
Other post employment benefits	10,282,334	2,625,265
Pensions	617,022	13,290,131
Total Deferred Inflows of Resources	10,976,231	16,094,771
Net Assets		
Net Investment in Capital Assets	24,017,867	22,569,606
Restricted	3,218,201	3,086,712
Unrestricted	(82,320,825)	(78,936,705)
Total Net Position	(55,084,757)	(53,280,387)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 84,626,346	\$ 94,516,158

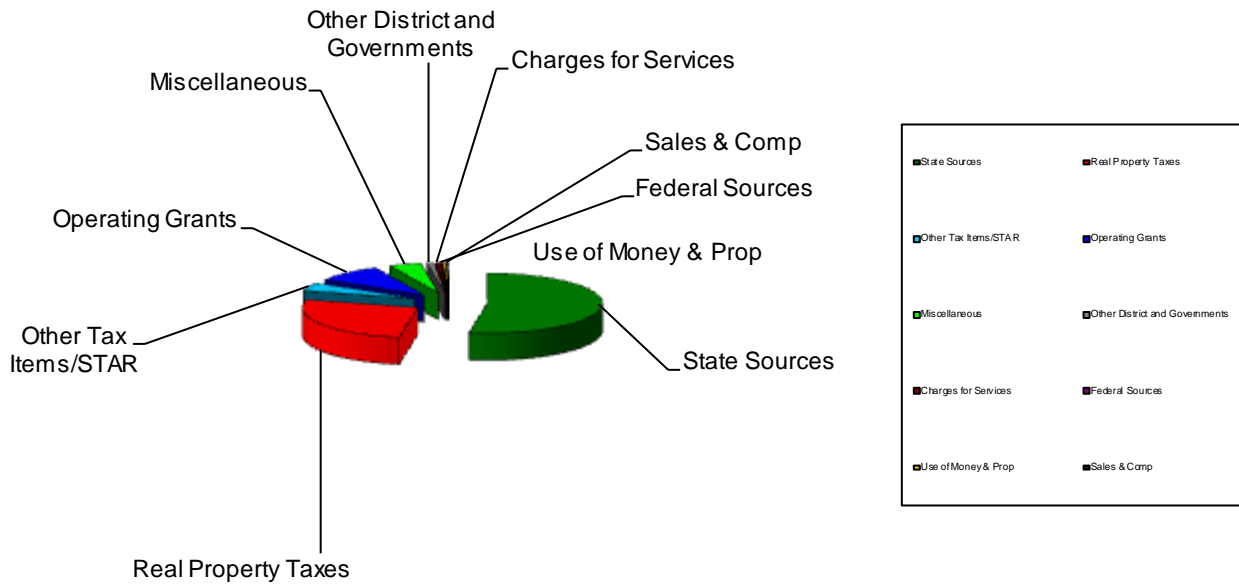
In 2023, Program Revenues of \$3.8 million combined with General Revenues of \$33.4 million to generate total District Revenues of \$37.2 million. This represented a 6.0% increase compared to fiscal 2022 revenues of \$35.1 million. The biggest contributor to this increase included a 10.1% increase in State Sources.

The total cost of all programs and services totaled \$39.0 million in fiscal year 2023 vs. \$35.8 million in fiscal year 2022. This represents an 9.0 % increase.

Statement of Activities
Summary of Changes in Net Position

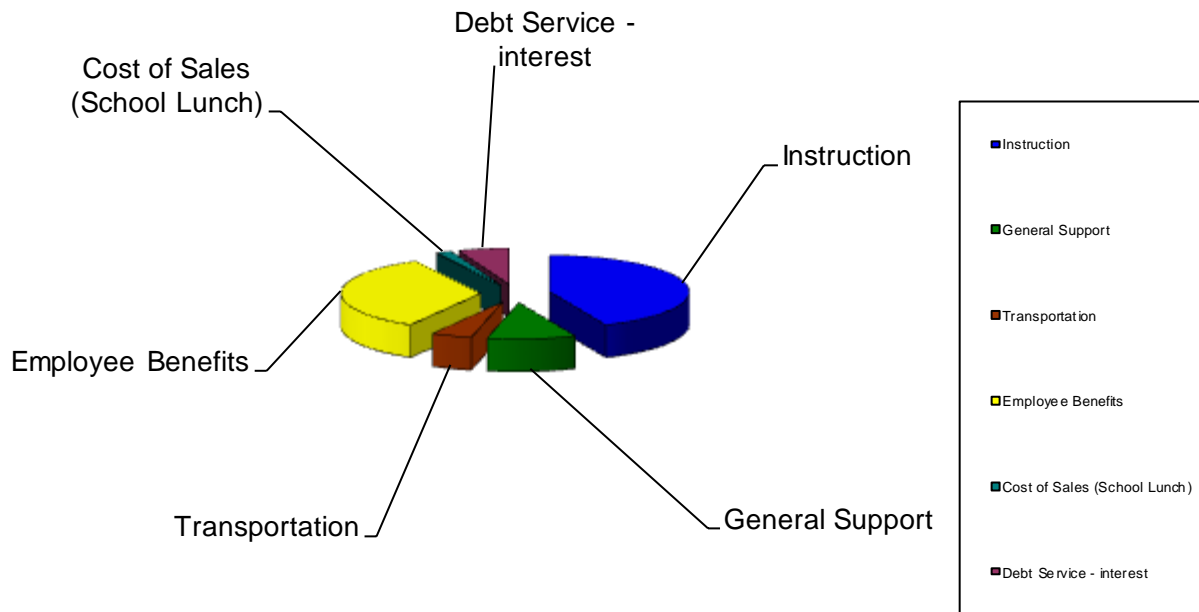
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>% Change</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 208,886	\$ 53,293	292.0%
Operating Grants & Contributions	3,627,729	3,928,709	-7.7%
Total Program Revenue	<u>3,836,615</u>	<u>3,982,002</u>	
General Revenues:			
Property Taxes	10,208,339	9,944,020	2.7%
School Tax Relief (STAR)	1,647,112	1,700,007	-3.1%
Other District and Governments	379,344	432,029	-12.2%
Use of Money and Property	147,157	8,749	1582.0%
Sale of Property & Compensation for Loss	11,863	73,255	-83.8%
Miscellaneous	789,255	452,507	74.4%
State Sources	20,077,361	18,243,058	10.1%
Federal Sources	84,754	272,503	-68.9%
Gain on Sale of Capital Assets	45,069	-	#DIV/0!
Total General Revenue	<u>33,390,254</u>	<u>31,126,128</u>	7.3%
Total Revenues	<u>37,226,869</u>	<u>35,108,130</u>	6.0%
Expenses:			
General Government Support	4,141,845	3,106,709	33.3%
Instruction	17,509,242	16,156,629	8.4%
Pupil Transportation	1,901,755	2,487,754	-23.6%
Employee Benefits	13,726,518	12,813,582	7.1%
Debt Service – Interest	1,022,757	391,681	161.1%
Cost of Sales – food	729,122	836,653	-12.9%
Total Expenses	<u>39,031,239</u>	<u>35,793,008</u>	9.0%
Decrease in Net Position:	<u>\$ (1,804,370)</u>	<u>\$ (684,878)</u>	163.5%

Sources of Revenues for Fiscal Year 2023



<u>Source</u>	<u>Amount</u>
State Sources	\$ 20,077,361
Real Property Taxes	10,208,339
Other Tax Items/STAR	1,647,112
Operating Grants	3,627,729
Miscellaneous	789,255
Other District and Governments	379,344
Charges for Services	208,886
Federal Sources	84,754
Use of Money & Prop	147,157
Sales & Comp	56,932
	<u>\$ 37,226,869</u>

Sources of Expenses for Fiscal Year 2023



<u>Expenditure</u>	<u>Amount</u>	
Instruction	\$ 17,509,242	44.9%
General Support	4,141,845	10.6%
Transportation	1,901,755	4.9%
Employee Benefits	13,726,518	35.2%
Cost of Sales (School Lunch)	729,122	1.9%
Debt Service - interest	1,022,757	2.6%
	<u>\$ 39,031,239</u>	<u>100%</u>

Financial Analysis of the School District's Funds

As discussed, the School's governmental funds are reported in the fund statements with a modified accrual basis that focuses on the short-term, inflow and outflow of resources available for spending. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the School District consist of the General Fund, Special Aid Fund, School Food Service Fund, Capital Projects Fund and Debt Service Fund. The total fund balance is as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Nonspendable	\$ 9,725	\$ 14,469
Restricted	3,218,201	3,086,712
Assigned	431,865	1,006,244
Unassigned	(17,039,109)	(8,921,633)
	<u>\$ (13,379,318)</u>	<u>\$ (4,814,208)</u>

As assigned balances in this fund are required by State law to be appropriated in the following year's budget, the District has assigned \$431,865 to be used as resources for certain district-wide liabilities during 2023-24. Fund balances of capital projects and debt service funds are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

General Fund Budgetary Highlights

	<u>Final Budget</u>	<u>Actual</u>	<u>Over / (Under) Revised Budget</u>
Revenues:			
Real Property Taxes	\$ 10,201,268	\$ 10,208,339	\$ 7,071
Other Tax Items/STAR Aid	1,646,000	1,647,112	1,112
Charges for Services	1,500	-	(1,500)
Other Districts and Governments	326,000	379,344	53,344
Use of Money and Property	5,000	128,756	123,756
Sale of Property and Compensation for Loss	12,000	11,863	(137)
Miscellaneous	62,529	433,300	370,771
State Sources	20,788,319	20,077,361	(710,958)
Federal Sources	60,000	84,754	24,754
Total Revenues	<u>33,102,616</u>	<u>32,970,829</u>	<u>(131,787)</u>

Expenditures:

General Support:	3,912,076	3,764,487	(147,589)
Instructional	14,723,538	13,536,248	(1,187,290)
Pupil Transportation	1,674,888	1,568,031	(106,857)
Employee Benefits	9,381,308	9,318,740	(62,568)
Debt Service	4,528,964	4,528,554	(410)
Total Expenditures	34,220,774	32,716,060	(1,504,714)

Other Financing Sources:

Interfund Transfers, net	111,914	195,307	307,221
Sale of Capital Assets	-	112,289	112,289
Total Other Financing Sources	111,914	307,596	419,510

Appropriated Fund Balance

Prior year appropriated surplus	885,923	-
Prior year encumbrances	120,321	-
Total Appropriated Fund Balance	1,006,244	-

Net Change in Fund Balance

- 562,365

Fund Balance - Beginning

7,658,767 7,658,767

Fund Balance - Ending

\$ 7,658,767 \$ 8,221,132

Capital Assets and Debt AdministrationCapital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2023, was \$49,824,337, which represents an increase of 21.4% over the June 30, 2022 balance.

	2023	2022	% Change
Land	\$ 84,013	\$ 84,013	-
Construction In Progress	5,371,080	15,541,482	(65.4)
Buildings	39,749,780	20,879,907	90.4
Machinery and Equipment	4,592,268	4,520,482	1.6
Total	<u>\$ 49,797,141</u>	<u>\$ 41,025,884</u>	21.4

Long Term Debt

At the end of the fiscal year, the District had \$3.3 million in long-term general obligation bonds.

	2023	2022	% Change
Bonds, Current Portion	\$ 2,375,625	\$ 2,277,450	4.3%
Bonds, Long-Term	960,000	2,845,000	-66.3%
Total	<u>\$ 3,335,625</u>	<u>\$ 5,122,450</u>	-34.9%

Factors Bearing on the District's Future

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

The award of Federal Funding due to the COVID-19 Pandemic in the form of ARP (American Rescue Plan) Grants have provided the district the ability to cover expenses not only incurred during the Pandemic but those in the years following to close the learning gaps created by remote and hybrid learning models. The District will be able to fund programs such as Summer School, Extended Day Learning and provide additional teachers and staff to make up for learning losses. The financial impact in the short term is positive. However, these funds are temporary and when the grants are exhausted the District will have to make some difficult decisions on how to scale back these additional staff and services to levels based on pre-pandemic funding sources such as tax revenue and foundation aid. In addition to the loss of the ARP funding, beginning in 2024-2025, the concern will be what is the financial status of the state and federal governments in the future when these funds need to be paid back as well as supporting our budget without the Federal Funding. Therefore the District is trying to be very conscientious in its fiscal decisions balancing the current needs of students' recovery from the Pandemic with the needs of educating future learners.

Tax Cap restraints and being limited to the 2% Tax Cap provides only a fraction of the revenue necessary to keep up with the rise in costs and reduction in State Aid. The State has fully implemented the Foundation Aid Formula that has been frozen since 2010. This benefits the District as the previously frozen date resulted in the District being underfunded for 12 years. The concern is what changes NYS may make to change the funding process once again.

Large Health Insurance premium increases to the Consortium health insurance rates spanning multiple years.

The high need of a transient student population at our District is a higher cost population, and with a fluctuating student population, budgeting, staffing and providing appropriate programming is a constant challenge.

Retiree costs are almost equal to those of active employees. Supporting this population with the large premium increases seen over the past three years remains taxing on District resources.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact: Northeastern Clinton Central School District, District Offices 103 Route 276 Champlain, NY 12919, (518) 298-7978.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 1

STATEMENT OF NET POSITION
June 30, 2023

ASSETS

Cash:

Unrestricted	\$ 5,227,386
Restricted	6,726,930

Receivables:

State and Federal Aid Receivable	3,782,003
Accounts Receivable	34,825

Inventories

9,725

Capital Assets, Net

49,797,141

Total Assets

65,578,010

DEFERRED OUTFLOWS OF RESOURCES

Other Post Employment Benefits

12,060,926

Pensions

6,987,410

Total Deferred Outflows of Resources

19,048,336

Total Assets and Deferred Outflows of Resources

\$ 84,626,346

LIABILITIES

Payables:

Accounts Payable and Accrued Expenses	\$ 180,182
Bond Anticipation Note Payable	27,264,730
Due to Other Governments	206
Due to Teachers' Retirement System	1,099,008
Due to Employees' Retirement System	101,033
Unearned Revenues	8,822

Long-Term Liabilities

Due and payable within one year:

Retainage Payable	676,483
Bonds Payable - Current	2,375,625

Due and payable after one year:

Bonds Payable - Non-Current	960,000
Compensated Absences Payable	2,623,758
Other Post Employment Benefits	90,517,644
Net Pension Liability- Proportionate Share	2,927,381

Total Liabilities

128,734,872

DEFERRED INFLOWS OF RESOURCES

Unamortized Defeasance Gain

76,875

Other Post Employment Benefits

10,282,334

Pensions

617,022

Total Deferred Inflows of Resources

10,976,231

NET POSITION

Net Investment in Capital Assets

24,017,867

Restricted

3,218,201

Unrestricted

(82,320,825)

Total Net Position

(55,084,757)

Total Liabilities, Deferred Inflows and Net Position

\$ 84,626,346

See Notes to the Financial Statements

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 2

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Functions/ Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS	
General Support	\$ (4,141,845)	\$ -	\$ -	\$ (4,141,845)
Instruction	(17,509,242)	-	3,053,813	(14,455,429)
Pupil Transportation	(1,901,755)	-	-	(1,901,755)
Employee Benefits	(13,726,518)	-	-	(13,726,518)
Debt Service	(1,022,757)	-	-	(1,022,757)
School Lunch Program	(729,122)	208,886	573,916	53,680
Total Functions and Programs	\$ (39,031,239)	\$ 208,886	\$ 3,627,729	(35,194,624)
General Revenues				
Real Property Taxes				10,208,339
Other Tax Items/STAR Aid				1,647,112
Other District and Governments				379,344
Use of Money and Property				147,157
Sale of Property and Compensation for Loss				11,863
Miscellaneous				789,255
State Sources				20,077,361
Federal Sources				84,754
Gain on Sale of Capital Assets				45,069
Total General Revenues				33,390,254
Change in Net Position				(1,804,370)
Total Net Position - Beginning of Year				(53,280,387)
Total Net Position - End of Year				\$ (55,084,757)

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 3

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023

	GENERAL	SPECIAL AID	SCHOOL FOOD SERVICE	CAPITAL PROJECTS	DEBT SERVICE	NON-MAJOR	TOTAL
ASSETS							
Cash	\$ 5,227,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,227,386
Cash Restricted	2,722,402	7,582	233,142	3,549,702	-	214,102	6,726,930
Due from Other Funds	1,258,066	-	12,231	1,808,076	236,407	-	3,314,780
Accounts Receivable	34,825	-	-	-	-	-	34,825
Inventories	-	-	9,725	-	-	-	9,725
Due from State and Federal	2,021,069	1,206,753	34,966	-	-	-	3,262,788
Total Assets	<u>\$ 11,263,748</u>	<u>\$ 1,214,335</u>	<u>\$ 290,064</u>	<u>\$ 5,357,778</u>	<u>\$ 236,407</u>	<u>\$ 214,102</u>	<u>\$ 18,576,434</u>
LIABILITIES							
Accounts Payable and Accrued Expenses	\$ 166,930	\$ 243	\$ -	\$ -	\$ -	\$ -	\$ 167,173
Bond Anticipation Note Payable	-	-	-	27,264,730	-	-	27,264,730
Due to Other Governments	-	-	206	-	-	-	206
Due to Other Funds	1,675,645	1,206,510	-	432,625	-	-	3,314,780
Due to Teachers' Retirement System	1,099,008	-	-	-	-	-	1,099,008
Due to Employees' Retirement System	101,033	-	-	-	-	-	101,033
Unearned Revenues	-	1,678	7,144	-	-	-	8,822
Total Liabilities	<u>3,042,616</u>	<u>1,208,431</u>	<u>7,350</u>	<u>27,697,355</u>	<u>-</u>	<u>-</u>	<u>31,955,752</u>
Fund Balances:							
Nonspendable							
Inventories	-	-	9,725	-	-	-	9,725
Restricted							
Retirement of Long Term Debt	-	-	-	-	236,407	-	236,407
Grants	-	5,904	-	-	-	-	5,904
Unemployment Reserve	41,074	-	-	-	-	-	41,074
Insurance Reserve	33,423	-	-	-	-	-	33,423
Retirement Reserve-ERS & TRS	230,641	-	-	-	-	-	230,641
Employee Benefit Accrued Liability	2,417,264	-	-	-	-	-	2,417,264
Other	-	-	-	-	-	214,102	214,102
School Lunch	-	-	39,386	-	-	-	39,386
Assigned							
Appropriated Fund Balance	301,029	-	108,971	-	-	-	410,000
Encumbrances (Note 10)	21,865	-	-	-	-	-	21,865
Unassigned							
Unassigned Fund Balance	5,175,836	-	124,632	(22,339,577)	-	-	(17,039,109)
Total Fund Balances	<u>8,221,132</u>	<u>5,904</u>	<u>282,714</u>	<u>(22,339,577)</u>	<u>236,407</u>	<u>214,102</u>	<u>(13,379,318)</u>
Total Liabilities and Fund Balances	<u>\$ 11,263,748</u>	<u>\$ 1,214,335</u>	<u>\$ 290,064</u>	<u>\$ 5,357,778</u>	<u>\$ 236,407</u>	<u>\$ 214,102</u>	<u>\$ 18,576,434</u>

See Notes to the Financial Statements

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 4

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2023

	GENERAL	SPECIAL AID	SCHOOL FOOD SERVICE	CAPITAL PROJECTS	DEBT SERVICE	NON-MAJOR	TOTAL
REVENUES							
Real Property Taxes	\$ 10,208,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,208,339
Other Tax Items/STAR Aid	1,647,112	-	-	-	-	-	1,647,112
Other Districts and Governments	379,344	-	-	-	-	-	379,344
Use of Money and Property	128,756	-	-	-	18,137	264	147,157
Sale of Property and Compensation for Loss	11,863	-	-	-	-	-	11,863
Miscellaneous	433,300	-	-	-	-	140,263	573,563
Local Sources	-	13,161	-	-	-	-	13,161
State Sources	20,077,361	262,078	13,875	-	-	-	20,353,314
Federal Sources	84,754	2,778,574	520,422	-	-	-	3,383,750
Surplus Food	-	-	39,619	-	-	-	39,619
Sales	-	-	208,886	-	-	-	208,886
Total Revenues	32,970,829	3,053,813	782,802	-	18,137	140,527	36,966,108
EXPENDITURES							
General Support	3,764,487	399,423	14,294	-	-	140,405	4,318,609
Instruction	13,536,248	2,219,890	-	-	-	-	15,756,138
Pupil Transportation	1,568,031	25,137	-	-	-	-	1,593,168
Employee Benefits	9,318,740	429,748	-	-	-	-	9,748,488
Debt Service	4,528,554	-	-	-	-	-	4,528,554
Cost of Sales	-	-	729,122	-	-	-	729,122
Capital Outlay	-	-	-	10,595,335	-	-	10,595,335
Total Expenditures	32,716,060	3,074,198	743,416	10,595,335	-	140,405	47,269,414
Excess (Deficit) of Revenues over Expenditures	254,769	(20,385)	39,386	(10,595,335)	18,137	122	(10,303,306)
OTHER SOURCES AND USES							
Proceeds from Debt	-	-	-	490,625	-	-	490,625
Operating Transfers in	217,568	22,261	-	-	-	-	239,829
Operating Transfers (out)	(22,261)	-	-	(4)	(217,564)	-	(239,829)
Sale of Capital Assets	112,289	-	-	-	-	-	112,289
BANs Redeemed from Appropriations	-	-	-	919,590	-	-	919,590
BAN Premium	-	-	-	-	215,692	-	215,692
Total Other Sources and Uses	307,596	22,261	-	1,410,211	(1,872)	-	1,738,196
Excess (Deficiency) Revenues and Other Sources Over Expenditures and Other Uses	562,365	1,876	39,386	(9,185,124)	16,265	122	(8,565,110)
Fund Balances, Beginning of Year	7,658,767	4,028	243,328	(13,154,453)	220,142	213,980	(4,814,208)
Fund Balances, End of Year	\$ 8,221,132	\$ 5,904	\$ 282,714	\$ (22,339,577)	\$ 236,407	\$ 214,102	\$ (13,379,318)

See Notes to the Financial Statements

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT**EXHIBIT 5****STATEMENT OF FIDUCIARY NET POSITION****June 30, 2023**

	<u>Custodial</u>
ASSETS	
Cash	\$ -
Total Assets	<u>\$ -</u>
NET POSITION	
Net Position	\$ -
Total Liabilities and Net Position	<u>\$ -</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**Year ended June 30, 2021**

ADDITIONS	
Library tax collected	\$ 32,250
DEDUCTIONS	
Payment to library	<u>32,250</u>
Change in Net Position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u>\$ -</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 6

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2023

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
ASSETS				
Cash	\$ 5,227,386	\$ -	\$ -	\$ 5,227,386
Cash Restricted	6,726,930	-	-	6,726,930
Due from Other Funds	3,314,780	-	(3,314,780)	-
Accounts Receivable	34,825	-	-	34,825
Inventories	9,725	-	-	9,725
Due from State and Federal	3,262,788	519,215	-	3,782,003
Capital Assets, Net	-	49,797,141	-	49,797,141
Total Assets	18,576,434	50,316,356	(3,314,780)	65,578,010
DEFERRED OUTFLOWS OF RESOURCES				
Other Post Employment Benefits	-	12,060,926	-	12,060,926
Pensions	-	6,987,410	-	6,987,410
Total Deferred Outflows of Resources	-	19,048,336	-	19,048,336
Total Assets and Deferred Outflows of Resources	\$ 18,576,434	\$ 69,364,692	\$ (3,314,780)	\$ 84,626,346
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 167,173	\$ 13,009	\$ -	\$ 180,182
Bond Anticipation Note Payable	27,264,730	-	-	27,264,730
Due to Other Governments	206	-	-	206
Due to Other Funds	3,314,780	-	(3,314,780)	-
Due to Teachers' Retirement System	1,099,008	-	-	1,099,008
Due to Employees' Retirement System	101,033	-	-	101,033
Retainage Payable	-	676,483	-	676,483
Bonds Payable	-	3,335,625	-	3,335,625
Compensated Absences	-	2,623,758	-	2,623,758
Unearned Revenues	8,822	-	-	8,822
Other Post Employment Benefits	-	90,517,644	-	90,517,644
Net pension liability- Proportionate share	-	2,927,381	-	2,927,381
Total Liabilities	31,955,752	100,093,900	(3,314,780)	128,734,872
DEFERRED INFLOWS OF RESOURCES				
Unamortized Defeasance Gain	-	76,875	-	76,875
Other Post Employment Benefits	-	10,282,334	-	10,282,334
Pensions	-	617,022	-	617,022
Total Deferred Inflows of Resources	-	10,976,231	-	10,976,231
FUND BALANCE/ NET POSITION				
Total Fund Balance/ Net Position	(13,379,318)	(41,705,439)	-	(55,084,757)
Total Liabilities, Fund Balance and Deferred Inflows of Resources	\$ 18,576,434	\$ 69,364,692	\$ (3,314,780)	\$ 84,626,346

See Notes to the Financial Statements

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 7

RECONCILIATION OF GOVERNMENTAL FUNDS - REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real Property Taxes	\$ 10,208,339	\$ -	\$ -	\$ -	\$ -	\$ 10,208,339
Other Tax Items/STAR Aid	1,647,112	-	-	-	-	1,647,112
Other Districts and Governments	379,344	-	-	-	-	379,344
Use of Money and Property	147,157	-	-	-	-	147,157
Sale of Property and Compensation for Loss	11,863	-	-	-	-	11,863
Miscellaneous	573,563	-	-	-	-	573,563
Local Sources	13,161	-	-	-	-	13,161
State Sources	20,353,314	-	-	-	-	20,353,314
Federal Sources	3,383,750	-	-	-	-	3,383,750
Surplus Food	39,619	-	-	-	-	39,619
Sales	208,886	-	-	-	-	208,886
Total Revenues	36,966,108	-	-	-	-	36,966,108
EXPENDITURES						
General Support	4,318,609	-	(176,764)	-	-	4,141,845
Instruction	15,756,138	-	1,753,104	-	-	17,509,242
Pupil Transportation	1,593,168	-	308,587	-	-	1,901,755
Employee Benefits	9,748,488	3,978,030	-	-	-	13,726,518
Debt Service	4,528,554	-	-	(2,586,207)	(919,590)	1,022,757
Cost of Sales	729,122	-	-	-	-	729,122
Capital Outlay	10,595,335	-	(10,595,335)	-	-	-
Total Expenditures	47,269,414	3,978,030	(8,710,408)	(2,586,207)	(919,590)	39,031,239
Excess (Deficit) of Revenues over Expenditures	(10,303,306)	(3,978,030)	8,710,408	2,586,207	919,590	(2,065,131)
OTHER SOURCES AND USES						
Proceeds from Debt	490,625	-	-	(490,625)	-	-
BANs Redeemed from Appropriations	919,590	-	-	(919,590)	-	-
BAN Premium	215,692	-	-	-	-	215,692
Sale of Capital Assets	112,289	-	(67,220)	-	-	45,069
Operating Transfers in	239,829	-	-	-	(239,829)	-
Operating Transfers out	(239,829)	-	-	-	239,829	-
Total Other Sources and Uses	1,738,196	-	(67,220)	(1,410,215)	-	260,761
Net Change for the Year	\$ (8,565,110)	\$ (3,978,030)	\$ 8,643,188	\$ 1,175,992	\$ 919,590	\$ (1,804,370)

See Notes to the Financial Statements

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting entity: The Northeastern Clinton Central School District (District) is governed by the Education Law and other general laws of the State of New York. The governing body is the Board of Education of Northeastern Clinton Central School (Board). The Board is the basic level of government, which has oversight responsibilities and control over all activities related to the public school education in the region of Northeastern Clinton Central School District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Basis of presentation

1. District-Wide Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of good or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Functional Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Nonmajor funds are aggregated and presented in a single column. The District chooses to report all governmental funds as major funds, except for the Extraclassroom Activity Fund and the Scholarship Fund.

The District reports the following major governmental funds:

General Fund - the general fund is the principal operating fund of the District and is used to account for all financial resources, except those accounted for in another

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

fund.

Special Revenue Funds – These funds account for the proceeds of specific revenue sources such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition or other activities whose funds are restricted as to use. The legal restrictions may be imposed either by governments that provide the funds or by outside parties.

- School Food Service Fund – Used to account for transactions of the lunch and breakfast programs.
- Special Aid Funds – Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local Grants.

Capital Projects Fund - the capital projects funds are to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities, or equipment.

Debt Service - the debt service funds are to account for the accumulation of resources and the payment of general long-term debt principal and interest.

3. Fiduciary Fund - the fiduciary fund consists of custodial funds and is used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. Custodial funds are used to account for property taxes collected on behalf of and payment to the local library. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

C. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On a modified accrual basis, revenue from property taxes is recognized by estimating how much will be collected during the ensuing fiscal year. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days (60 days for property taxes)

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred except for:

- a. Prepaids and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
- d. Pension costs are recognized as an expenditure when billed by the state.
- e. The School District recognizes the cost of providing post retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as an expenditure in the year paid.

- D. Cash and Cash Equivalents: For financial statement purposes, all highly liquid investments having maturities of three months or less are considered as cash equivalents.
- E. Inventories: Inventories of food and supplies in the School Food Service Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value, which approximates market. Purchases of supplies in other funds are recorded as expenditures at the time of purchase, and year-end inventory balances are not maintained.
- F. Capital Assets: Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to July 1, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 1,000	Straight Line	40 years
Building Improvements	\$ 1,000	Straight Line	40 years
Furniture, Equipment and Vehicles	\$ 1,000	Straight Line	5-10 years

Acquisitions of equipment and capital facilities are treated as expenditures in the various funds of the District, and are also reflected in the general fixed asset group of accounts.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

- G. Unearned revenue: Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability of unearned revenues is removed and revenues are recognized.
- H. Post-Employment Benefits: In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. The cost of providing post-retirement benefits is paid by the District or is shared between the District and the retired employee, depending on length of service and/or classification of employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums for retirees and their dependents as an expenditure or operating transfer to other funds in the General Fund in the year paid.
- I. Property Taxes: Real property taxes are levied annually by the Board of Education no later than September 1st. Uncollected real property taxes are subsequently enforced by the County of Clinton. An amount representing uncollected real property taxes is transmitted to the county for enforcement and is paid by the county to the District no later than the forthcoming April 1st.
- J. Retirement plan: The School District provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State Teachers' Retirement System and the New York State Employees' Retirement System. These systems provide various plans and options, some of which require employee contributions.
- K. Budgetary Procedures and Budgetary Accounting

a. General

The School District's policy relating to budgetary information as shown in the accompanying financial statements is as follows:

A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education. The budget is then approved by the voters within the School District.

Appropriations established by adoption of the budget constitute limitations on expenditures (and encumbrances) which may be incurred.

The New York Uniform System of Accounts requires that fixed budgetary control be used for all governmental fund types.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

Budget appropriations lapse at year-end.

b. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as part of assigned fund balance and such commitments will be honored through budget appropriations in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

L. Equity Classifications:

District- wide statements:

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

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

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

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

Fund statements:

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Food Service Fund of \$9,725.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has established the following restricted fund balances:

Employee Benefits Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Insurance

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

Retirement Contributions

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

Tax Certiorari

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

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to State Unemployment Insurance fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the she School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

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

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$21,865.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

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

Order of Use of Fund Balance:

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

- M. Events Occurring After Reporting Date: The District has evaluated events and transactions that occurred between June 30, 2023 and December 6, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

- N. Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.
- O. Deferred Outflows and Inflows of Resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item relates to OPEB reported in the district-wide statement of Net Position. This amount represents differences between expected and actual experience, changes in assumptions or other inputs, and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualifies for reporting in this category. The first item results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt. The second relates to pensions reported in the district-wide Statement of Net position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in the pension expense. The third item relates to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

- P. New Accounting Standards:

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2023, including GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

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

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

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

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

Long-term assets are reported in the Statements of Net Position, but not in the governmental funds, because they are not available in the current period.

Long-term liabilities are reported in the Statements of Net Position, but not in the governmental funds, because they are not due and payable in the current period.

Explanation of Differences Between Governmental Fund Balances and District Wide Net Assets

Ending fund balance reported on Balance Sheet- Governmental Funds (Exhibit 3)	\$ (13,379,318)
Capital assets net of related depreciation/ amortization	49,797,141
Building aid receivable- long term	519,215
Deferred outflows:	
Pensions - TRS	5,675,400
Pensions - ERS	1,312,010
Other post employment benefits	12,060,926

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Accrued interest	(13,009)
Liabilities, long term	
Bonds payable and other long term debt	(3,335,625)
Other post employment benefits	(90,517,644)
Compensated absences	(2,623,758)
Retainage payable	(676,483)
Net pension liability	(2,927,381)
Deferred inflows:	
Unamortized defeasance gain	(76,875)
Pensions - TRS	(489,018)
Pensions - ERS	(128,004)
Other post employment benefits	<u>(10,282,334)</u>
Ending net position reported on Statement of Net Position (Exhibit 1)	<u><u>\$ (55,084,757)</u></u>

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

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

1. Long-Term Revenue Differences

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

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur as a result of proceeds from serial bonds reflected as revenue in governmental funds whereas they are a liability on

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

the statement of net position. Also both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Other Post-Employment Benefits Differences

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 75 requires an actuarial calculation of the future liability and to record the OPEB Obligation in the Statement of Net Position.

5. Pension Differences

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

Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities

Total Revenues and other Funding Sources

Revenues:

Total revenues and other funding sources of governmental funds (Exhibit 4)	\$ 36,966,108
No current period adjustment	<u>-</u>
Total Revenues Statement of Activities (Exhibit 7)	<u><u>\$ 36,966,108</u></u>

Expenditures:

Total expenditures reported in governmental funds (Exhibit 4)	\$ 47,269,414
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In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences earned exceeded the amount used during the year.	28,898
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When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures exceeded depreciation/ amortization expense in the current year.	(8,710,408)
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NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets, and does not effect the Statement of Activities.	(2,277,450)
Repayment of bond anticipation notes is an expenditure in the General Fund and other sources of income in the Capital Projects Fund. A reclassifying entry to offset these amounts reduces both expenditures and other sources of income in the Statement of Activities.	(919,590)
During the 2017-18 year, the District refunded some of its existing debt. The difference between the amount of the new bond proceeds of \$10,380,000 and the outstanding bonds retired of \$10,995,000 was \$615,000, and is amortized as an adjustment of interest expense in the Statement of Activities over the average remaining life of the refunded debt (6 years), beginning in the fiscal year ended 6/30/18	
Current year amortization of defeasance gain	(102,500)
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense	3,291,344
Interest on long-term debt in the Statement of Activities differs from the amount reported in the government funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest expense was less than the prior year accrual.	(206,257)
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for, or require, the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds.	
Teachers' Retirement System	335,578
Employees' Retirement System	322,210
Total expenses of governmental activities in the Statement of Activities (Exhibit 7)	<u>\$ 39,031,239</u>
<u>Other Sources and Uses:</u>	
Total other sources and uses in governmental funds (Exhibit 4)	\$ 1,738,196
Proceeds from long term debt are other sources of income in the Capital Projects Fund, but are removed from the Statement of Activities and shown as a long term liability on the Statement of Net Position	(490,625)
Repayment of bond anticipation notes is an expenditure in the General Fund and other sources of income in the Capital Projects Fund. A reclassifying entry to offset these amounts reduces both expenditures and other sources of income in the Statement of Activities.	(919,590)
Expense remaining cost basis of capital assets sold	(67,220)
Total other sources and uses in the Statement of Activities (Exhibit 7)	<u>\$ 260,761</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 3. Cash and Investments

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

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

At June 30, 2023, the District's bank balances totaled \$13,142,264, of which \$250,000 was covered by Federal depository insurance and \$12,892,264 was covered by collateral held by the pledging banks in the District's name. The District is sufficiently collateralized as of June 30, 2023.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2023 was \$6,726,930.

Note 4. Interfund Balances and Activity

Interfund balances and activity at June 30, 2023 and for the fiscal year then ended, were as follows:

Fund Type	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General	\$ 1,258,066	\$ 1,675,645	\$ 217,568	\$ 22,261
Capital	1,808,076	432,625	-	4
Debt Service	236,407	-	-	217,564
Special Aid	-	1,206,510	22,261	-
School Food Service	12,231	-	-	-
Total	<u>\$ 3,314,780</u>	<u>\$ 3,314,780</u>	<u>\$ 239,829</u>	<u>\$ 239,829</u>

Interfund receivables and payables are eliminated on the Statement of Net Position.

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

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

The District typically transfers money from the General Fund to the Special Aid Fund for its share of special aid programs.

The District transferred \$217,564 from the Debt Service to the General Fund to supplement its debt service payments.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 5. Capital Assets

The following is a summary of changes in capital assets:

	June 30, 2022			June 30, 2023
	Ending Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital Assets that are not Depreciated:				
Land	\$ 84,013	\$ -	\$ -	\$ 84,013
Construction in process	15,541,482	10,723,404	(20,893,806)	5,371,080
Total Nondepreciable Historical Cost	15,625,495	10,723,404	(20,893,806)	5,455,093
Capital Assets that are Depreciated:				
Buildings	45,698,601	20,267,166	-	65,965,767
Machinery and Equipment	7,932,666	1,000,551	(269,665)	8,663,552
Total Depreciable Historical Cost	53,631,267	21,267,717	(269,665)	74,629,319
Less Accumulated Depreciation:				
Buildings	24,818,694	1,397,293	-	26,215,987
Machinery and Equipment	3,412,184	861,545	(202,445)	4,071,284
Total Accumulated Depreciation	28,230,878	2,258,838	(202,445)	30,287,271
Total Depreciable Historical Cost, Net	25,400,389	19,008,879	(67,220)	44,342,048
Total Capital Assets, Net	\$ 41,025,884	\$ 29,732,283	\$ (20,961,026)	\$ 49,797,141

Depreciation was charged to governmental functions as follows:

	6/30/2023
General Support	\$ 59,537
Instruction	1,816,394
Pupil Transportation	382,907
	<u>\$ 2,258,838</u>

Note 6. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023****Note 6. Compensated Absences (continued)**

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

Note 7. IndebtednessShort-term Debt:

Bond Anticipation Notes – Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. During the year, the District had three BANs as described above. The interest rates on the BANs were 1.25% - 4.5%. The BAN had an outstanding balance of \$27,264,730 at June 30, 2023.

The following is a summary of changes in short-term debt:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Bond Anticipation Notes	\$ 20,000,000	\$ 55,449,050	\$ 48,184,320	\$ 27,264,730

BANs are comprised of the following:

Payee	Interest Rate	Date Issued	Maturity Date	Purpose	Balance at 6/30/23
Bank of America Securities Inc.	4.50%	6/28/2023	6/27/2024	Construction	\$ 27,264,730

Interest paid on the District's BAN obligations amounted to \$1,124,888 for 2022-2023.

Long-term Debt: The following is a summary of changes in long-term debt:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Serial Bonds	\$ 3,750,000	\$ -	\$ 1,830,000	\$ 1,920,000
Statutory Installment Bonds	1,372,450	490,625	447,450	1,415,625
Compensated Absences	2,594,860	28,898	-	2,623,758
Other Post Employment Benefits	100,152,125	-	9,634,481	90,517,644
Total	\$ 107,869,435	\$ 519,523	\$ 11,911,931	\$ 96,477,027

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023****Note 7. Indebtedness (continued)**

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/23
Serial Bonds	2018	2024	4.522-5%	\$ 1,920,000
Serial Bonds	2023	2028	3.75-4%	490,625
Statutory Installment Bond	2019	2024	3.0%	95,000
Statutory Installment Bond	2021	2026	0.5-1.4%	275,000
Statutory Installment Bond	2020	2025	0.75%-2.3%	195,000
Statutory Installment Bond	2022	2027	1.25%-4.25%	360,000
Total				<u>\$ 3,335,625</u>

Interest paid on serial bonds, bond anticipation notes, and other debt was \$1,331,514 for the year ended June 30, 2023. Adjustments for accrued interest of \$(206,257) and amortization of defeasance gain of \$(102,500) decrease interest expense to \$1,022,757.

The following is a summary of maturing debt service requirements:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 2,375,625	\$ 134,347	\$ 2,509,972
2024	375,000	30,443	405,443
2025	285,000	21,086	306,086
2026	195,000	12,238	207,238
2027	105,000	4,200	109,200
	<u>\$ 3,335,625</u>	<u>\$ 202,314</u>	<u>\$ 3,537,939</u>

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

Note 8. Pension PlansGeneral Information

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 8. Pension Plans (continued)

Provisions and administrations

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

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

Funding policies

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

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 8. Pension Plans (continued)

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

Contributions

	ERS	TRS
2023	\$ 319,117	\$ 1,026,010
2022	\$ 404,131	\$ 970,602
2021	\$ 398,365	\$ 909,475

ERS has provided additional disclosures for entities that elected to participate in Chapter 260, 57, and 105.

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

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

	ERS	TRS
Measurement Date	3/31/2023	6/30/2022
Net Pension asset/(liability)	\$ (1,877,797)	\$ (1,049,584)
District's portion of the Plan's total net pension asset/(liability)	-0.0087567%	-0.054697%
Change in proportion since the prior measurement date	\$ (2,538,215)	\$ (10,852,336)

For the year ended June 30, 2023, the District's recognized pension (income) expense of \$667,999 for ERS and \$(1,347,486) for TRS. At June 30, 2023 the District's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 8. Pension Plans (continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 200,000	\$ 1,099,831	\$ 52,736	\$ 21,032
Changes of assumptions	911,980	2,036,016	10,079	422,802
Net difference between projected and actual earnings on pension plan investments	-	1,356,162	11,032	-
Changes in proportion and differences between the Districts' contributions and proportionate share of contributions	98,997	173,914	54,157	45,184
District's contributions subsequent to the measurement date	101,033	1,009,477	-	-
Total	<u>\$ 1,312,010</u>	<u>\$ 5,675,400</u>	<u>\$ 128,004</u>	<u>\$ 489,018</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset/ (liability) in the year ended June 30, 2023. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2023	\$ -	\$ 789,235.00
2024	257,572	443,501
2025	(88,322)	(135,743)
2026	389,531	2,690,820
2027	524,192	362,583
Thereafter	-	26,509
Total	<u>\$ 1,082,973</u>	<u>\$ 4,176,905</u>

Actuarial Assumptions

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

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 8. Pension Plans (continued)

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2023	6/30/2022
Actuarial valuation date	4/1/2022	6/30/2021
Interest rate	5.9%	6.95%
Salary scale	4.4%	1.95%-5.18%
Decrement tables	April1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30,2020 System Experience
Inflation rate	2.9%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System'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.

For ERS, the Actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July1, 20015 – June 30, 2020.

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

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 8. Pension Plans (continued)

	<u>ERS</u>	<u>TRS</u>
Measurement Date	3/31/2023	6/30/2022
Asset Type:	%	%
Domestic equity	4.30	6.50
International equity	6.85	7.20
Private equity	7.50	9.90
Real estate	4.60	6.20
Domestic fixed income securities	-	1.10
Opportunistic/ ARS portfolio	5.38	-
Credit	5.43	-
Real assets	5.84	-
Fixed income	1.50	-
Cash	0.00	(0.30)
Private debt	-	5.30
Global equities	-	6.90
Global bonds	-	0.60
High-yield bonds	-	3.30
Real estate debt	-	2.40

Discount Rate

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

Sensitivity of the Proportionate Share for the Net Pension Liability to the Discount Rate Assumption

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

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 8. Pension Plans (continued)

ERS	1% Decrease 4.9%	Current Assumption 5.9%	1% Increase 6.9%
Employer's proportionate share of the net pension asset (liability)	\$ (4,537,831)	\$ (1,877,797)	\$ 344,970
TRIS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
Employer's proportionate share of the net pension asset (liability)	\$ (9,677,658)	\$ (1,049,584)	\$ 6,206,569

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$101,033.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$1,009,008.

Note 9. Post-Employment (Health Insurance) Benefits

The District provides post employment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Post-employment benefits aggregating \$3,764,822 for 198 employees were charged to expenses/ expenditures in the Governmental Funds in the current year.

A. General Information about the OPEB Plan

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

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 9. Post-Employment (Health Insurance) Benefits (continued)

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

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

Inactive employees or beneficiaries currently receiving benefit payments	206
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>205</u>
	<u>411</u>

B. Total OPEB Liability

The District's total OPEB liability of \$90,517,644 was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2022.

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

Inflation	2.5 percent
Salary Increases	3.25 percent
Discount Rate	2.14 percent
Healthcare Cost Trend Rates	8.0 percent for 2024, decreasing annually to an ultimate rate of 3.94 percent for 2083 and later years

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

Mortality rates were based on the PUB-2010 Mortality Table and adjusted for mortality improvements with scale MP-2021 on a generational basis.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 9. Post-Employment (Health Insurance) Benefits (continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 100,152,125
<u>Changes for the Year-</u>	
Service Cost	2,897,839
Interest	2,172,743
Changes of benefit terms	(2,227)
Differences between expected and actual experience	(1,547,264)
Changes in assumptions or other inputs	(10,115,805)
Benefit payments	(3,039,767)
Net Changes	<u>(9,634,481)</u>
Balance at June 30, 2023	<u>\$ 90,517,644</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.14% percent in 2022 to 3.54% percent in 2023.

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

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	<u>\$ 106,603,685</u>	<u>\$ 90,517,644</u>	<u>\$ 77,678,782</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 76,458,147</u>	<u>\$ 90,517,644</u>	<u>\$ 108,663,014</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9. Post-Employment (Health Insurance) Benefits (continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$5,835,051. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 864,183	\$ 1,267,974
Changes of assumptions or other inputs	8,653,036	9,014,360
Contributions subsequent to the measurement date	<u>2,543,707</u>	<u>-</u>
Total	<u><u>\$ 12,060,926</u></u>	<u><u>\$ 10,282,334</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:

Fiscal Year Ending June 30,	<u>Amount</u>
2024	\$ 1,747,140
2025	1,468,051
2026	(818,942)
2027	(2,024,535)
2028	<u>(1,136,829)</u>
	<u><u>\$ (765,115)</u></u>

Note 10. Assigned Fund Balance - Encumbrances

<u>June 30, 2023</u>	<u>General</u>
Central Services	\$ 19,765
Pupil Services	<u>2,100</u>
	<u><u>\$ 21,865</u></u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 11. Commitments and Contingencies

Risk Financing and Related Insurance - The Northeastern Clinton Central School District is exposed to the risk of various types of loss which includes torts; theft of, damage to, and destruction of assets; and injuries to employees and students. These risks, and settled claims, are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

The District incurs costs related to an employee health insurance plan (Plan) sponsored by Clinton-Essex-Warren-Washington BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risk reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The District is a defendant in certain lawsuits arising out of the ordinary course of business. While the outcome of lawsuits and other proceedings against the District cannot be predicted with certainty, the District does not expect that these matters will have a material adverse effect on its financial position.

The District has received Federal and State Aid Grants which are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The District believes disallowances, not previously provided for, if any, will be immaterial.

From time to time the Northeastern Clinton Central School District is involved in tax certiorari proceedings from residents petitioning to have their assessed taxable values lowered. The District is not aware of any petitions for tax certiorari proceedings.

Note 12. Joint Venture

The Northeastern Clinton Central School is one of 16 component school districts in the Clinton-Essex-Warren-Washington Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12. Joint Venture (continued)

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

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

During the year ended June 30, 2023 the Northeastern Clinton Central School District was billed \$4,505,479 for BOCES administrative and program costs. Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2023, the Northeastern Clinton Central School District issued no serial bonds on behalf of BOCES. General-purpose financial statements for the Clinton-Essex-Warren-Washington BOCES are available from BOCES administrative office at P.O. Box 485, Plattsburgh, New York. The District's share of BOCES aid amounted to \$1,366,370. BOCES also refunded the District \$60,112 for excess expenses billed in prior years.

Note 13. Stewardship, Compliance and Accountability

The District's unassigned general fund balance was in excess of the New York State Real Property Tax Law Section 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The unassigned fund balance at June 30, 2023 was \$5,175,836 which represents 14.20% of next year's budget. The excess amounted to \$3,718,250.

Note 14. Tax Abatements

The County of Clinton, entered into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$105,437. The District received Payment in Lieu of Tax (PILOT) totaling \$43,168.

Note 15. Subsequent Events

On August 14, 2023, the District entered into a lease/purchase agreement for \$2,115,462 of certain equipment. The agreement calls for interest to be charged at 4.725% per annum. Payments will commence when the equipment is installed and continue over a 15 year period.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NON-MAJOR FUNDS

June 30, 2023

	Scholarship Fund	Extraclassroom Activities Fund	Total
ASSETS			
Cash	\$ 126,244	\$ 87,858	\$ 214,102
Total Assets	<u><u>\$ 126,244</u></u>	<u><u>\$ 87,858</u></u>	<u><u>\$ 214,102</u></u>
 FUND BALANCES			
Total Fund Balances	<u><u>\$ 126,244</u></u>	<u><u>\$ 87,858</u></u>	<u><u>\$ 214,102</u></u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR FUNDS**

Year Ended June 30, 2023

	Scholarship Fund	Extraclassroom Activities Fund	Total
REVENUES			
Gifts and contributions	\$ 2,000	\$ -	\$ 2,000
Miscellaneous revenue	-	138,263	138,263
Investment earnings	264	-	264
Total Revenues	2,264	138,263	140,527
EXPENDITURES			
Scholarships and awards	6,935	-	6,935
Disbursements-extraclassroom	-	133,470	133,470
Total Expenditures	6,935	133,470	140,405
Changes in Fund Balances	(4,671)	4,793	122
Fund Balances, Beginning	130,915	83,065	213,980
Fund Balances, Ending	\$ 126,244	\$ 87,858	\$ 214,102

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 34,122,714
Add: Prior year's encumbrances	<u>120,321</u>
Final budget	<u><u>\$ 34,243,035</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 expenditure budget	<u><u>\$ 36,439,646</u></u>
Maximum allowed (4% of 2023-24 budget)	<u><u>\$ 1,457,586</u></u>

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

Unrestricted fund balance:	
Assigned fund balance	\$ 322,894
Unassigned fund balance	<u>5,175,836</u>
Total unrestricted fund balance	<u><u>5,498,730</u></u>

Less:

Appropriated fund balance	301,029
Encumbrances included in assigned fund balance	<u>21,865</u>
Total adjustments	<u><u>322,894</u></u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u><u>\$ 5,175,836</u></u>
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Actual percentage	<u><u>14.20%</u></u>
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NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2023

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenues:				
Local Sources:				
Real Property Taxes	\$ 10,201,268	\$ 10,201,268	\$ 10,208,339	\$ 7,071
Other Tax Items/STAR Aid	1,646,000	1,646,000	1,647,112	1,112
Charges for Services	1,500	1,500	-	(1,500)
Other Districts and Governments	326,000	326,000	379,344	53,344
Use of Money and Property	5,000	5,000	128,756	123,756
Sale of Property and Compensation for Loss	12,000	12,000	11,863	(137)
Miscellaneous	62,529	62,529	433,300	370,771
State Sources	20,788,319	20,788,319	20,077,361	(710,958)
Federal Sources	60,000	60,000	84,754	24,754
Total Revenues	33,102,616	33,102,616	32,970,829	(131,787)
Other Financing Sources				
Interfund Transfers	134,175	134,175	217,568	
Sale of Capital Assets	-	-	112,289	
Total Other Financing Sources	134,175	134,175	329,857	
Appropriated Fund Balance:				
Prior year appropriated surplus	885,923	885,923	-	
Prior year encumbrances	-	120,321	-	
Total Appropriated Fund Balance	885,923	1,006,244	-	
Total Revenues and Appropriated Fund Balance	\$ 34,122,714	\$ 34,243,035	\$ 33,300,686	

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General Support:					
Board of Education	\$ 19,336	\$ 24,772	\$ 17,400	\$ -	\$ 7,372
Central Administration	229,712	239,675	236,676	-	2,999
Finance	348,670	422,672	401,255	-	21,417
Staff	115,921	202,425	191,376	-	11,049
Central Services	2,066,073	2,280,541	2,176,516	19,765	84,260
Special Items	739,653	741,991	741,264	-	727
Instructional:					
Administration and Improvement	723,913	776,776	734,185	-	42,591
Teaching - Regular School	6,471,909	6,445,726	5,969,713	-	476,013
Programs for Children with Handicapping Conditions	4,934,912	4,797,187	4,377,038	-	420,149
Occupational Education	837,093	849,645	849,645	-	-
Teaching - Special Schools	4,000	2,447	-	-	2,447
Instructional Media	863,603	814,003	689,831	-	124,172
Pupil Services	1,029,644	1,037,754	915,836	2,100	119,818
Pupil Transportation	1,435,589	1,674,888	1,568,031	-	106,857
Employee Benefits	10,077,059	9,381,308	9,318,740	-	62,568
Debt Service	4,125,627	4,528,964	4,528,554	-	410
Total Expenditures	34,022,714	34,220,774	32,716,060	21,865	1,482,849
Other Uses:					
Interfund Transfer	100,000	22,261	22,261	-	-
Total Expenditures and Other Uses	34,122,714	34,243,035	32,738,321	\$ 21,865	\$ 1,482,849
Net Change in Fund Balance			562,365		
Fund Balance - Beginning			7,658,767		
Fund Balance - Ending			<u>\$ 8,221,132</u>		

See Independent Auditor's Report

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

Year Ended June 30, 2023

Project Title	Expenditures					Methods of Financing					Fund Balance June 30, 2023
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	
CP2021	\$ 32,767,755	\$ 32,767,755	\$ 15,154,453	\$ 10,104,714	\$ 25,259,167	\$ 7,508,588	\$ -	\$ -	\$ 2,919,590	\$ 2,919,590	\$ (22,339,577)
Buses	490,625	490,625	-	490,621	490,621	4	490,625	-	-	490,625	4
Totals	\$ 33,258,380	\$ 33,258,380	\$ 15,154,453	\$ 10,595,335	\$ 25,749,788	\$ 7,508,592	\$ 490,625	\$ -	\$ 2,919,590	\$ 3,410,215	\$ (22,339,573)
Transfer excess to General Fund											(4)
Fund Balance at June 30, 2023											<u>\$ (22,339,577)</u>

See Independent Auditor's Report

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2023

Capital Assets, Net	\$	49,797,141
Deduct:		
Bond anticipation notes		(27,264,730)
Unamortized defeasance gain		(76,875)
Short-term portion of bonds payable		(2,375,625)
Long-term portion of bonds payable		(960,000)
Less: Unspent bond proceeds		4,897,956
Net investment in capital assets	\$	<u>24,017,867</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Date	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Service Cost	\$ 2,897,839	\$ 2,888,906	\$ 2,250,935	\$ 2,102,899	\$ 2,302,299	\$ 2,962,034
Interest	2,172,743	2,172,868	2,817,008	2,839,552	2,443,229	2,111,476
Changes in benefit terms	(2,227)	-	(110,666)	-	-	-
Differences between expected and actual experience	(1,547,264)	-	66,466	-	5,987,235	-
Changes of assumptions or other inputs	(10,115,805)	1,115,503	14,850,637	4,437,200	(2,878,382)	(8,755,224)
Benefit payments	<u>(3,039,767)</u>	<u>(2,912,138)</u>	<u>(2,444,831)</u>	<u>(2,385,517)</u>	<u>(1,912,502)</u>	<u>(1,843,432)</u>
Net change in total OPEB liability	(9,634,481)	3,265,139	17,429,549	6,994,134	5,941,879	(5,525,146)
Total OPEB liability - beginning	<u>\$ 100,152,125</u>	<u>\$ 96,886,986</u>	<u>\$ 79,457,437</u>	<u>\$ 72,463,303</u>	<u>\$ 66,521,424</u>	<u>\$ 72,046,570</u>
Total OPEB liability - Ending	<u><u>\$ 90,517,644</u></u>	<u><u>\$ 100,152,125</u></u>	<u><u>\$ 96,886,986</u></u>	<u><u>\$ 79,457,437</u></u>	<u><u>\$ 72,463,303</u></u>	<u><u>\$ 66,521,424</u></u>
Covered payroll	\$ 12,337,746	\$ 12,586,252	\$ 12,750,943	\$ 12,623,410	\$ 12,534,908	\$ 12,334,298
Total OPEB liability as a percentage of covered payroll	734%	796%	760%	629%	578%	539%

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

Changes in benefit terms, in 2021, reflects the change in contribution for future Superintendent retirees from 0% to 18%.

Changes of assumptions and other inputs reflects the change in the discount rate from 2.14% to 3.54% at the current measurement date.

NORTHEASTERN CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY

Year Ended June 30, 2023

**NYSERS Pension Plan
Last 10 Fiscal Years***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0087567%	-0.0080789%	0.0088565%	0.0089530%	0.0093860%	0.0096713%	0.0086441%	0.0089393%	0.0089727%	
District's proportionate share of the net pension liability (asset)	\$ 1,877,797	\$ (660,418)	\$ 8,819	\$ 2,370,806	\$ 665,024	\$ 312,137	\$ 812,221	\$ 1,434,789	\$ 303,120	
District's covered- employee payroll	\$ 3,212,495	\$ 3,037,675	\$ 2,817,056	\$ 2,830,591	\$ 2,945,919	\$ 2,729,028	\$ 2,706,842	\$ 3,228,509	\$ 2,712,004	
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	58.45%	-21.74%	0.31%	83.76%	22.57%	11.44%	30.01%	44.44%	11.18%	
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%	

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

NORTHEASTERN CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2023

**NYSERS Pension Plan
Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 318,967	\$ 404,131	\$ 398,365	\$ 378,677	\$ 377,040	\$ 392,187	\$ 348,290	\$ 413,035	\$ 437,687	\$ 473,123
Contributions in relation to the contractually required contribution	\$ 318,967	\$ 404,131	\$ 398,365	\$ 378,677	\$ 377,040	\$ 392,187	\$ 348,290	\$ 413,035	\$ 437,687	\$ 473,123
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 3,212,495	\$ 3,037,675	\$ 2,817,056	\$ 2,830,591	\$ 2,945,919	\$ 2,729,028	\$ 2,706,842	\$ 3,228,509	\$ 2,712,004	
Contributions as a percentage of covered employee payroll	9.9%	13.3%	14.1%	13.4%	12.8%	14.4%	12.9%	12.8%	16.1%	

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

NORTHEASTERN CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY

Year Ended June 30, 2023

NYSTRS Pension Plan
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.054697%	-0.056568%	0.057218%	0.057133%	-0.058408%	-0.059171%	0.055987%	-0.057027%	-0.055612%	-0.058882%
District's proportionate share of the net pension liability (asset)	\$ 1,049,584	\$ (9,802,752)	\$ 1,581,081	\$ (1,484,318)	\$ (1,056,162)	\$ (449,757)	\$ 599,641	\$ (5,923,303)	\$ (6,194,777)	\$ (387,593)
District's covered- employee payroll	\$ 10,075,216	\$ 10,779,987	\$ 9,738,576	\$ 9,713,012	\$ 9,674,436	\$ 10,692,951	\$ 10,457,436	\$ 8,457,912	\$ 8,378,993	
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.42%	-90.93%	16.24%	-15.28%	-10.92%	-4.21%	5.73%	-70.03%	-73.93%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.60%	-113.25%	97.76%	-102.17%	-101.53%	-100.66%	99.01%	-110.46%	-111.48%	

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

NORTHEASTERN CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2023

NYSTRS Pension Plan
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 949,600	\$ 915,019	\$ 859,973	\$ 1,012,768	\$ 932,365	\$ 1,098,940	\$ 1,145,573	\$ 1,501,664	\$ 1,334,887	\$ 1,021,194
Contributions in relation to the contractually required contribution	\$ 949,600	\$ 915,019	\$ 859,973	\$ 1,012,768	\$ 932,365	\$ 1,098,940	\$ 1,145,573	\$ 1,501,664	\$ 1,334,887	\$ 1,021,194
Contribution deficiency (excess)		-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 10,075,216	\$ 10,779,987	\$ 9,738,576	\$ 9,713,012	\$ 9,674,436	\$ 10,692,951	\$ 10,457,436	\$ 8,457,912	\$ 8,378,993	
Contributions as a percentage of covered employee payroll	9.43%	8.49%	8.83%	10.43%	9.64%	10.28%	10.95%	17.75%	15.93%	

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Education			
Pass-Through New York State Department of Education:			
Special Education Cluster:			
IDEA - Part B, Section 611	84.027A	0032-23-0134	\$ 430,236
Covid 19 ARP - IDEA - Part B - Section 611	84.027X	5532-22-0134	65,770
IDEA - Part B, Section 619	84.173A	0033-23-0134	8,846
Covid 19 ARP - IDEA - Part B - Section 619	84.173X	5533-22-0134	7,324
Total Special Education Cluster			<u>512,176</u>
 Title I PT A Improv Acad Achmt	 84.010	 0021-23-0485	 <u>541,140</u>
Title II A Teach/ Prin Trng/ Recruitmt	84.367	0147-23-0485	<u>46,576</u>
Title IV SSAE Allocation	84.424	0204-23-0485	<u>53,392</u>
Title V Rural & Low Income Schools	84.358	0006-23-0485	<u>27,608</u>
 Covid 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - CRRSA - ESSER 2	 84.425D	 5891-21-0485	 498,665
Covid 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - ARP ESSER 3	84.425U	5880-21-0485	717,312
Covid 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - ARP SLR LEARNING LOSS	84.425U	5884-21-0485	294,811
Covid 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - ARP SLR SUMMER ENRICHMENT	84.425U	5882-21-0485	53,274
Covid 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - ARP SLR COMPREHENSIVE AFTER SCHOOL	84.425U	5883-21-0485	33,620
Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act			<u>1,597,682</u>
 Total Department of Education			 <u>2,778,574</u>
U.S. Department of Agriculture			
Pass-through New York State Department of Education			
School Breakfast Program	10.553	N/A	108,546
National School Lunch Program - Cash	10.555	N/A	411,876
National School Lunch Program - Commodities	10.555	N/A	39,619
Total Child Nutrition Cluster			<u>560,041</u>
 Total Department of Agriculture			 <u>560,041</u>
 Total Federal Assistance Expended			 <u>\$ 3,338,615</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2023

Note 1. Summary of Certain Significant Accounting Policies

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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

To the Board of Education
Northeastern Clinton Central School District
Champlain, New York 12919

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, the business-type activities, each major fund and the aggregate remaining fund information of Northeastern Clinton Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Northeastern Clinton Central School District's basic financial statements and have issued our report thereon dated December 6, 2023.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Northeastern Clinton Central 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of

Findings and Questions Costs as item 2023-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeastern Clinton Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government *Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Northeastern Clinton Central School District's response to the findings identified in our audit and described in the accompanying schedule of finding and questions costs. The Northeastern Clinton Central School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly we express no opinion on the response.

Purpose of this Report

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

Boulrice & Wood CPAs, PC

Boulrice & Wood CPA's, PC
December 6, 2023

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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

To the Board of Education
Northeastern Clinton Central School District
Champlain, New York 12919

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *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 Northeastern Clinton Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Northeastern Clinton Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Northeastern Clinton Central 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Boulrice & Wood CPAs, PC

Boulrice & Wood CPA's, PC
December 6, 2023

**NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
· Material weakness(es) identified?	_____ yes	<u> X </u> no
· Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> X </u> yes	_____ none noted
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
· Material weakness(es) identified?	_____ yes	<u> X </u> no
· Significant deficiency(ies) identified not considered to be a material weakness?	_____ yes	<u> X </u> none noted
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)	_____ yes	<u> X </u> no

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Covid 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - CRRSA - ESSER 2
84.425U	Covid 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - ARP ESSER 3
84.425U	Covid 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - ARP SLR LEARNING LOSS
84.425U	Covid 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - ARP SLR SUMMER ENRICHMENT
84.425U	Covid 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - ARP SLR COMPREHENSIVE AFTER SCHOOL

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk Auditee?	<u> X </u> yes _____ no

**NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
JUNE 30, 2023**

SECTION II – FINANCIAL STATEMENTS

2023-001 Excess Fund Balance

Condition: The District's unassigned general fund balance was 14.20% of the 2023-2024 budget.

Criteria: According to New York State Real Property Tax Law Section 1318, a district's unappropriated fund balance may not exceed an amount equal to 4% of next year's budget.

Cause: Actual expenditures are significantly less than budgeted amounts.

Effect: The District's unassigned general fund balance was 10.20% or \$3,718,250 over the amount allowable by law.

Recommendation: We recommend the District keep this law in mind when preparing next year's budget.

View of Responsible Officials and Planned Corrective Action: The District continues to see an increase in its unassigned Fund Balance amount due to the Federal and State Funds that were provided in response to the COVID-19 Pandemic. After the award of the ARP (American Rescue Plan) Grants the District also saw an increase in Foundation Aid due to the District being fully funded after years of being under funded. The District now has, for the short term, an opportunity to fund staff and programs as the recovery process begins from the COVID Pandemic. However, the District will be doing its due diligence when allocating these funds as to not create a funding cliff in 2024-25 once the temporary funding is exhausted. The District for 2024-25 needs to add 7 Teaching, 1 Administrative, 1 Teaching Assistant and 2 Teaching Aide Positions back to its General Fund Budget that has been paid through ARP Grant Funding. Therefore, the District's Fund Balance number may be temporarily inflated with the intent to be used to cushion to transition from recovery back to operations under limited funding sources of State Aid and Local Tax Revenue capped at 2%.

SECTION III – MAJOR FEDERAL AWARDS

None



Northeastern
Clinton
Central
School
District

DISTRICT OFFICE
103 Route 276
Robb Garrard, Superintendent
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(518) 298-8242
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CHAMPLAIN, NEW YORK 12919-4833

December 6th, 2023

To Whom: It May Concern:

Northeastern Clinton Central School District's Response and Corrective Action Plan for the Financial Report and Management Letter for the 2022-2023 school year is as follows:

SECTION II – FINANCIAL STATEMENTS

2023-001 Excess Fund Balance

Condition: The District's Unassigned General Fund Balance is 14.2% of the 2023-2024 budget.

Effect: The District's Unassigned General Fund Balance was 10.2% or \$3,718,250 over the amount allowable by law.

Criteria: According to New York State Real Property Tax Law Section 1318, a district's unappropriated fund balance may not exceed and amount equal to 4% of next year's budget.

Recommendation: We recommend the District keep in mind this law when preparing next year's budget.

Corrective Action: The District continues to see an increase in its unassigned Fund Balance amount due to the Federal and State Funds that were provided in response to the COVID-19 Pandemic. After the award of the ARP (American Rescue Plan) Grants the district also saw an increase in Foundation Aid due to the district being fully funded after years of being under funded. The district now has, for the short term; an opportunity to fund staff and programs as the recovery process begins from the COVID Pandemic. However, the district will be doing its due diligence when allocating these funds as to not create a funding cliff in 2024-25 once the temporary funding is exhausted. The district for 2024-25 needs to add 7 Teaching, 1 Administrative, 1 Teaching Assistant and 2 Teaching Aide Positions back to its General Fund Budget that has been paid through ARP Grant Funding. Therefore, the district's Fund Balance number may be temporarily inflated with the intent to be used to cushion to transition from recovery back to operations under limited funding sources of State Aid and Local Tax Revenue capped at 2%.

The Board of Education President, Steve Southwick, and the additional 6 School Board Members, as part of their budget development and adoption responsibilities, will work towards the goal of a 4% Fund Balance by the close of each Fiscal Year, including June 30th, 2024, letting this Correction Action Plan reflect the Board of Education recognition of this audit finding.

Sincerely,
Stephen Southwick
BOE President/Audit Committee Member

**NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2023**

Finding 2022-001: Excess Fund Balance

Condition: The finding was a compliance finding, whereby, the District's unassigned general fund balance was 12.40% of the 2022-2023 budget.

Recommendation: The auditor recommended to keep this law in mind when preparing next year's budget.

Current Status: A similar finding was noted in the 2023 audit and is referenced 2023-001.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board
Northeastern Clinton Central School District
Champlain, New York 12919

Opinions

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Northeastern Clinton Central School District as of and for the year June 30, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Northeastern Clinton Central School District as of June 30, 2023, and its receipts, disbursements and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis for Opinions

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

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 Northeastern Clinton Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeastern Clinton Central School District's ability to continue as a going concern for a reasonable period of time.

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

Boulrice & Wood CPAs, PC

Boulrice & Wood CPA's, PC
December 6, 2023

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 87,858</u>	<u>\$ 83,065</u>
Total Assets	<u><u>\$ 87,858</u></u>	<u><u>\$ 83,065</u></u>
FUND BALANCE		
Extraclassroom Activity	<u>\$ 87,858</u>	<u>\$ 83,065</u>
Total Fund Balance	<u><u>\$ 87,858</u></u>	<u><u>\$ 83,065</u></u>

See Notes to the Financial Statements – Extraclassroom Activity Funds.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND ENDING BALANCES -

CASH BASIS

Year Ended June 30, 2023

Activity	Balance 6/30/2022	Receipts	Disbursements	Balance 6/30/2023
Class of 2023	\$ 1,104	\$ 4,774	\$ 5,670	\$ 208
Class of 2024	3,738	11,880	14,717	901
Class of 2025	4,186	4,012	2,095	6,103
Class of 2026	2,002	1,543	2,028	1,517
Class of 2027	1,535	5,518	5,997	1,056
Class of 2028	1,525	7,007	5,128	3,404
Class of 2029	-	7,016	4,404	2,612
7th Grade	1,522	3,038	597	3,963
Band	4,391	21,140	24,737	794
Chess Club	-	1,750	1,747	3
Drama Club	9,245	24,586	25,451	8,380
Foosball Club	1,010	1,000	-	2,010
French Club	1,275	-	-	1,275
Community Club- HS	163	-	-	163
Harvard Model UN	461	4,661	4,061	1,061
National Honor Society	239	1,851	1,195	895
Student Council	2,738	679	283	3,134
North Country Model UN	5,753	9,714	8,676	6,791
Outdoors Education	18,757	7,539	5,078	21,218
Yearbook Club	3,956	753	58	4,651
Community Club- MS	1,537	677	1,127	1,087
NCCS Outdoor Club	278	-	-	278
Chorus	6,583	1,836	2,385	6,034
Marketing Club	9,025	13,860	14,705	8,180
Sales Tax	2,042	3,429	3,331	2,140
Total	<u>\$ 83,065</u>	<u>\$ 138,263</u>	<u>\$ 133,470</u>	<u>\$ 87,858</u>

See Notes to the Financial Statements – Extraclassroom Activity Funds.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Basis of Accounting: The books and records of the Northeastern Clinton Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Northeastern Clinton Central School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Trust and Agency Funds of the District.

Cash Equivalents: For financial statement purposes all highly liquid investments having maturities of three months or less are considered as cash equivalents.