

Pelham Union Free School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2023

Pelham Union Free School District, New York

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Independent Auditors' Report

**The Board of Education of the
Pelham Union Free School District, New York**

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards 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 October 4, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 4, 2023

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Pelham Union Free School School District, New York

Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2023

This discussion and analysis of the Pelham Union Free School District's ("School District") financial performance provides a narrative overview and analysis of the School District's financial activities for the year ended June 30, 2023. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the School District's financial performance.

Financial Highlights for 2022-23

Key financial highlights for fiscal year 2022-23 are as follows:

District-Wide Financials

- On the district-wide financial statements (which include the School District's net capital assets, other postemployment benefits ("OPEB") and the School District's proportionate share of pension assets/liabilities), the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at June 30, 2023 by \$73,865,531 resulting in a negative total net position. The School District's total net position reflects a decrease of \$3,279,735 for the year ended June 30, 2023.
- The district-wide financial statements must report certain items in accordance with the pronouncements of the Governmental Accounting Standards Board ("GASB"). The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* ("GASB 68"), requires the School District to include in its district-wide financial statements its proportionate share of the net pension liability or asset of the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). At June 30, 2023, the School District's total net position reflects its proportionate share of the ERS net pension liability of \$3,800,893 and its share of the TRS net pension liability of \$3,970,116. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in Note 3D - Long-Term Liabilities in the notes to financial statements.
- Also reflected in the district-wide financial statements is the recognition of OPEB obligations under the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* ("GASB 75"). These obligations include any benefits provided to retirees, other than pension, including health insurance, life insurance, vision, dental, etc. At June 30, 2023, the School District's net position reflects a long-term liability for OPEB of \$114,540,101. More detailed information about the School District's OPEB reporting in accordance with the provisions of GASB 75 is presented in Note 3D - Long-Term Liabilities in the notes to financial statements.
- The School District evaluated the impact of GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements"*. The statute requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset. The School District determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

Governmental Fund Financial Statements

- As of June 30, 2023, the School District's governmental fund financial statements report a combined ending fund balance of \$32,065,441, a decrease of \$931,910 from the previous year. The decrease was driven by spending from the 2018 Capital Bond projects of \$2.17 million, as offset by a net operating surplus of \$1.36 million in the General Fund.
- The General Fund's unassigned fund balance is \$3,638,347 at June 30, 2023. This is the only portion of the combined fund balance of \$32,065,441 which is not classified as nonspendable, restricted or assigned. The remaining fund balance consists of:
 - Nonspendable fund balance related to prepaid expenditures, inventories and endowment funds;
 - Restricted fund balance, such as amounts restricted for tax certiorari claims, retirement system contributions and future capital projects as well as the fund balances in the Capital Projects and Debt Service funds; and
 - Assigned fund balance including encumbrances and appropriations for the ensuing year's budget.

More information about the School District's fund balances is presented in Note 3G – Fund Balances in the notes to the financial statements.

Fund Level Financial Information

- The amount of unassigned fund balance that can be retained in the General Fund is limited to 4% of the ensuing year's budget. At June 30, 2023, the unassigned fund balance of the General Fund was \$3,638,347 or 4% of the 2023-2024 school year budget of \$90,960,000 and thus within the statutory limit.
- For 2022-23 and 2023-24, the School District budgeted \$820,000 and \$2,560,000, respectively, as a financing source for the General Fund budget. Of the 2023-24 amount, \$2,000,000 was designated to fund a transfer to the Capital Projects Fund to support building repairs and playground improvements.
- For 2023-24, the School District budgeted an appropriation of \$150,000 from the ERS Retirement Contribution Restriction as a financing source for the General Fund budget.
- At the fund level, the General Fund, used to account for the School District's budget, reflected actual revenues of \$83,173,959 for 2022-23, which exceeded actual expenditures and transfers out of \$81,817,839 by \$1,356,120. The largest single component driving this surplus was unbudgeted interest earnings on School District cash and investments during the year of approximately \$960,000. Based on this surplus, the School District did not use the planned \$1,955,000 in appropriations from the Debt Service Fund as a financing source to the budget.
- The Debt Service Fund, used for the payment of principal and interest payments on the School District's outstanding bond issuances, reflected an increase in fund balance of \$80,000 related to interest earnings for 2022-23.

Other Highlights

- The 2022-23 school year enrollment was 2,768 students, a decrease of 26 students from the 2021-2022 enrollment of 2,794. Enrollment is currently expected to increase slightly in 2023-24.
- On May 15, 2018, the School District's voters approved two capital propositions totaling \$57,524,892, as follows:
 - *Proposition 1* \$52,900,000: construction of a new Hutchinson Elementary School; repurposing of School District offices to provide additional classroom space at the secondary complex; security and accessibility upgrades at Prospect Hill Elementary School; and roofing and masonry work at the secondary complex. This proposition passed with 69% voter approval.
 - *Proposition 2* \$4,624,892: installation of artificial turf and tennis court replacement at the Glover Field complex, and replacement and renovation of the Prospect Hill field. This proposition passed with 62% voter approval.

These projects were financed with general obligation bonds issued in November 2020 in the amount of \$54,025,000. The debt issuance reflected favorable interest rates, as the School District was able to take advantage of positive borrowing conditions and leverage its AAA/Stable credit rating issued October 21, 2020.

The newly constructed Hutchinson Elementary School was opened for the 2021-22 school year and the remaining capital work is substantially complete.

Overview of the Financial Statements

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

District-Wide Financial Statements

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner like a private-sector business.
 - The *statement of net position* presents information on all the School District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. In theory, increases or decreases in net position may serve as an indicator of whether the financial position of the School District is improving or deteriorating. However, net position can be significantly impacted by factors outside the School District's local control, such as the effect of GASB 68 (pensions) and GASB 75 (OPEB).
 - The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
 - The *governmental* activities of the School District include general support, instruction, pupil transportation, community services, cost of food sales, other and interest.

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

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.
- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
 - Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
 - The School District maintains seven individual governmental funds: General Fund, Special Aid Fund, Capital Projects Fund, Debt Service Fund, School Lunch Fund, Special Purpose Fund and Permanent Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid, Capital Projects and Debt Service funds, which are considered to be major funds. Data for the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.
 - The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided within the basic financial statements to demonstrate compliance with the budget.

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

Notes to Financial Statements

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

District-Wide Financial Analysis

As noted earlier, net position may serve over time as an indicator of the School District's financial position. This MD&A includes a summary of two district-wide statements that focus on operations of the School District as a whole. These statements measure inputs and outflows using an economic resources measurement focus and the accrual basis of accounting.

As shown in the table below, the School District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$73,865,531 as of June 30, 2023. As noted previously, total net position is significantly impacted by the effects of GASB 68 (pensions) and GASB 75 (OPEB), which

can vary considerably from year to year based on market conditions and underlying actuarial assumptions outside the School District's control.

Net Position

	June 30,		%
	2023	2022	Change
Current Assets	\$ 39,012,641	\$ 38,755,538	1%
Net Pension Asset	-	37,729,154	n/a
Capital Assets, net	84,116,271	85,677,069	-2%
Total Assets	123,128,912	162,161,761	-24%
Deferred Outflows of Resources	34,867,416	34,507,539	1%
Current Liabilities	7,350,125	6,207,037	18%
Long-Term Liabilities	200,343,811	189,211,901	6%
Total Liabilities	207,693,936	195,418,938	6%
Deferred Inflows of Resources	24,167,923	71,836,158	-66%
Net Position:			
Net Investment in Capital Assets	12,292,082	11,325,096	9%
Restricted for:			
Capital	567,312	567,312	0%
Future Capital Projects	1,317,833	1,306,896	1%
Tax Certiorari	4,905,510	6,603,479	-26%
ERS Retirement Contributions	3,351,004	3,258,389	3%
TRS Retirement Contributions	2,181,843	2,121,541	3%
Debt Service	2,200,931	2,121,282	4%
Property Damage	37,047	36,740	1%
Unemployment Benefits	156,062	154,767	1%
Repairs	592,901	587,980	1%
Special purposes	533,189	515,750	3%
Permanent Fund:			
Spendable	30,097	25,424	18%
Nonspendable	592,839	592,839	0%
Unrestricted	(102,624,181)	(99,803,291)	3%
Total Net Position	\$ (73,865,531)	\$ (70,585,796)	5%

A notable component of the School District's net position is its investment in capital assets, less related outstanding debt used to acquire those assets. The School District uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending.

Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

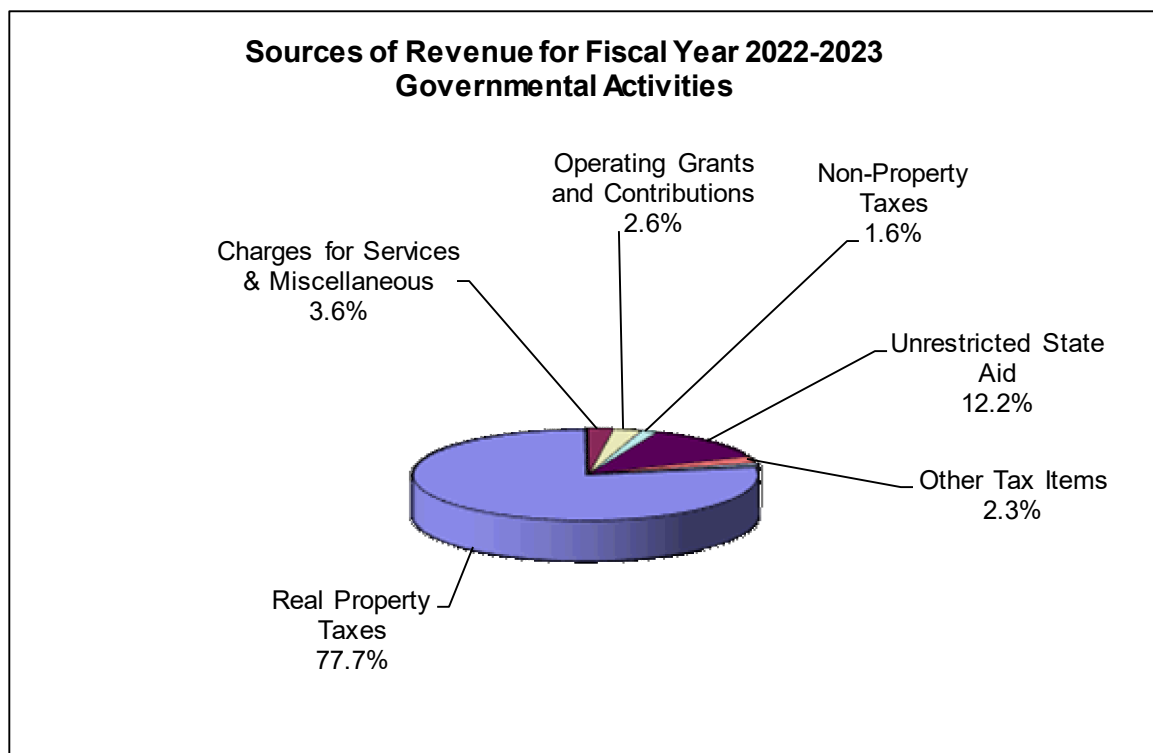
Changes in Net Position

	June 30,		%
	2023	2022	Change
REVENUES			
Program Revenues			
Charges for Services	\$ 2,042,822	\$ 1,430,846	43%
Operating Grants and Contributions	2,247,162	2,616,260	-14%
Capital Grants and Contributions	79,649	5,369	1383%
Total Program Revenues	4,369,633	4,052,475	8%
General Revenues			
Real Property Taxes	66,581,985	65,081,174	2%
Other Tax Items	1,999,821	2,190,707	-9%
Non-Property Taxes	1,327,798	1,216,066	9%
Unrestricted Use of Money and Property	624,489	6,318	9784%
Sale of Property and Compensation for Loss	1,487	5,644	-74%
Unrestricted State Aid	10,480,403	8,555,743	22%
Miscellaneous	333,884	354,921	-6%
Total General Revenues	81,349,867	77,410,573	5%
Total Revenues	85,719,500	81,463,048	5%
PROGRAM EXPENSES			
General Support	11,094,507	9,590,742	16%
Instruction	72,993,155	62,830,974	16%
Pupil Transportation	1,294,771	1,208,284	7%
Community Services	83,140	89,089	-7%
Cost of Food Sales	1,117,255	592,006	89%
Other	535,955	558,193	-4%
Interest	1,880,452	3,098,738	-39%
Total Expenses	88,999,235	77,968,026	14%
Change in Net Position	(3,279,735)	3,495,022	-194%
NET POSITION			
Beginning, as Reported	(70,585,796)	(74,078,718)	-5%
Cumulative Effect of Change in Accounting Principle	-	(2,100)	-100%
Beginning, as restated	(70,585,796)	(74,080,818)	-5%
Ending	\$ (73,865,531)	\$ (70,585,796)	5%

As seen above, governmental activities resulted in a decrease to the School District's net position of \$3,279,735 during the current fiscal year. The effect of recording the pension and other postemployment benefit liabilities in accordance with GASB requirements negatively impacted the net position by \$1,867,048 for pensions and \$3,543,539 for OPEB. Other items of note in these activities include:

Revenues

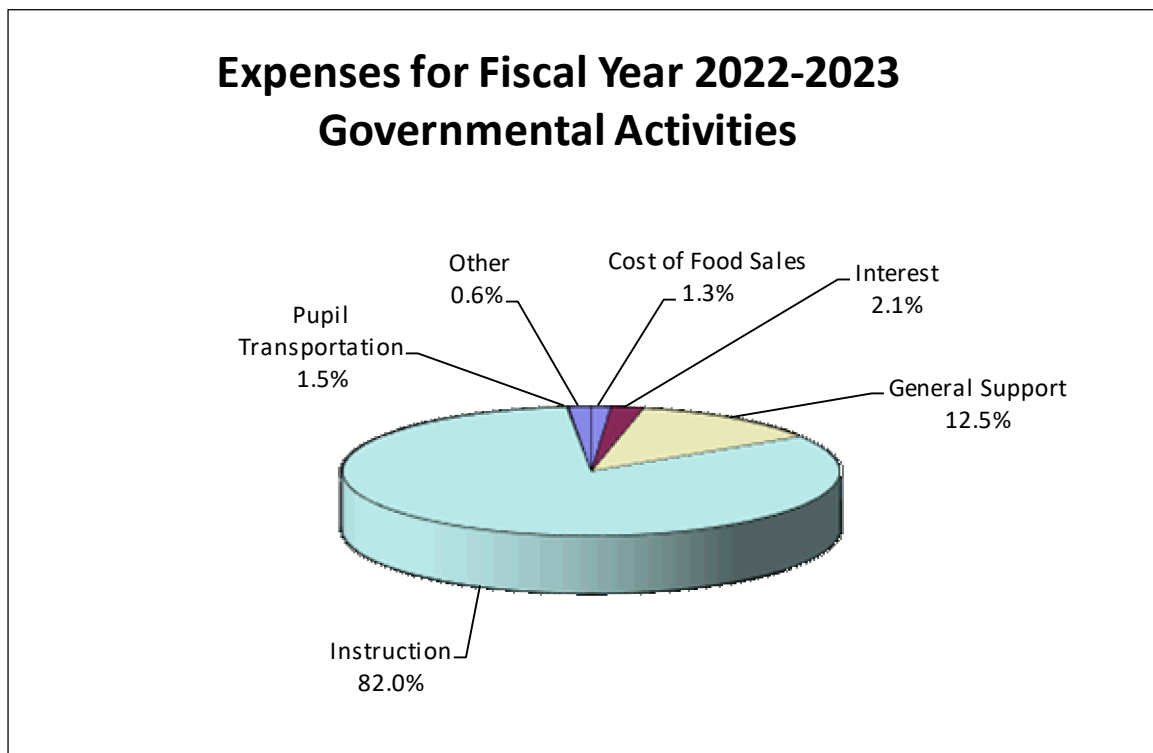
- Real Property Taxes, including STAR, increased by \$1,309,925 or 1.95% over the prior year. The growth in the annual Real Property Tax levy is limited by the "Tax Levy Limitation Law" enacted in 2011, which stipulates that the levy of a school district cannot increase by more than the lesser of two percent or the annual increase in the consumer price index. The 1.95% property tax levy increase over the prior year equaled the allowable tax levy.
- Other Tax Items include reimbursements received for the School Tax Relief Reimbursement Program ("STAR").
- Non-Property Taxes consists of the sales tax allocation from Westchester County.
- Unrestricted State Aid consists largely of Basic Formula Aid, Lottery Aid, BOCES Aid and Building Aid and increased by \$1,924,660 or 22% from the prior year amount. This increase reflects a partial restoration of Foundation Aid, a component of Basic Formula Aid, by New York State.
- As indicated on the graph below, the School District relied upon real property taxes for 77.7% of its revenue in 2022-2023, a slightly lower percentage than in recent years due to the noted increase in State Aid.



Expenses

Overall, district-wide expenses increased from 2021-22 to 2022-23 by \$11 million or 14%. While this increase represents additional operating costs for salaries, the primary driver of the increase in expenses in the district-wide financial statements relates to the effects of the pension and OPEB reporting mandated by GASB.

As indicated on the graph below, the School District's Instruction costs accounted for 82.0% of its expenditures in 2022-2023.



Financial Analysis of the School District's Funds

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

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a School District's net resources available for discretionary use as it represents the only portion of fund balance which has not been limited to use for a particular purpose by either an external party, the School District itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Board of Education.

As of June 30, 2023, the combined fund balances for the School District's governmental funds totaled \$32,065,441, a decrease of \$931,910 from the prior year. As previously noted, this change was driven by spending from the 2018 Capital Bond projects of \$2.17 million, as offset by a net operating surplus of \$1.36 million in the General Fund.

General Fund Budgetary Highlights

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2022-23 of \$84,240,000 was increased by \$731,615 as follows:

- \$694,792 for prior year encumbrances
- \$36,823 for appropriations from the tax certiorari restriction for settlements paid in 2022-23

During the fiscal year, appropriation transfers within the budget were made to address the operational needs of the School District. The final adjusted budget for the fiscal year ending June 30, 2023 was \$84,971,615.

Revenues exceeded budget by \$1,708,959. Budgetary variances of note include:

- Interest earnings on School District cash and investments exceeded budget by approximately \$960,000.
- Day school tuition exceeded budget by approximately \$217,000 due to additional student census and rate increases.
- State Aid exceeded budget by \$138,000, largely attributable to increased BOCES Aid.
- Non-property taxes, consisting of sales tax revenue, exceeded budget by approximately \$128,000.

Other financing sources in the 2022-23 budget included \$1,955,000 in transfers from the Debt Service Fund. These funds were not utilized due to favorable budgetary surpluses in revenues and expenditures.

On the expenditure side of the budget, a positive budgetary variance of \$3,153,513, inclusive of \$1,298,400 in encumbrances, was realized for 2022-23. Positive variances were seen across many expenditure categories with some items of note as follows:

- Central services, consisting of expenditures for utilities and facilities operations and maintenance, including building and grounds repairs and maintenance, achieved \$1.5 million in budgetary savings, inclusive of encumbrances.
- Instructional program services reflected a \$360,000 positive variance, inclusive of encumbrances, due to savings in various staffing, contractual and supplies line items.
- Pupil transportation experienced savings of \$209,000.
- Employee benefit savings of \$261,000 were achieved in relation to savings in various salary areas and unused contingencies.

The total budgetary surplus was \$2,907,735 inclusive of encumbrances for the fiscal year ended June 30, 2023.

At the end of the current fiscal year, the total fund balance of the General Fund was \$22,609,669 of which \$3,638,347 was classified as unassigned fund balance, representing 4% of the ensuing year's budget. As previously mentioned, New York State Law limits the amount of unassigned fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

Capital Assets

At June 30, 2023, the School District had capital assets of \$84,116,271, net of accumulated depreciation/amortization, invested in a broad range of capital as noted below. The change in capital assets, net of accumulated depreciation/amortization, is presented below and includes comparative balances from the prior year.

Class	June 30,		% Change
	2023	2022	
Land	\$ 2,441,650	\$ 2,441,650	0%
Construction in Progress	13,954,124	12,484,069	12%
Buildings and Improvements	65,767,901	68,843,182	-4%
Right-to-use Leased Buildings	495,507	559,782	-11%
Land Improvements	943,873	895,914	5%
Machinery and Equipment	461,539	353,646	31%
Right-to-use Leased Equipment	51,677	98,826	-48%
Total Capital Assets, net of accumulated depreciation and amortization	<u>\$ 84,116,271</u>	<u>\$ 85,677,069</u>	<u>-2%</u>

Net capital assets decreased overall by \$1,560,798 in 2022-23. Capital asset additions totaled \$2,628,821, largely due to the ongoing capital projects, and depreciation and amortization expense totaled \$4,189,619.

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

Long-Term Debt

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

	June 30,		% Change
	2023	2022	
Bonds Payable	\$ 72,435,000	\$ 76,740,000	-6%
Unamortized Premium on Bonds	4,527,274	4,925,211	-8%
Leases Payable	637,388	711,790	-10%
Compensated Absences	433,039	317,651	36%
Net Pension Liability	7,771,009	-	n/a
Other Post Employment Benefit Liability	114,540,101	106,517,249	8%
Total	<u>\$ 200,343,811</u>	<u>\$ 189,211,901</u>	<u>6%</u>

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

Conclusion

The School District remains financially secure as evidenced by its "AAA-Stable" credit rating issued by Standard & Poor in October 2020, and its Office of State Comptroller-issued Fiscal Stress Score of "No Designation" since inception of this rating metric. Adequate reserves have been established to fund the obligations of the School District and provide a measure of financial flexibility in the short-term.

The School District feels it has established the educational, financial, and human resources necessary to remain a stable and strong entity ready to serve the school-aged children of the Pelham community with an educational plan that provides academic rigor and high standards for all.

This School District Administration and Board of Education monitor its fiscal health through analyses of monthly financial reports, projections, and the conduct of various audits. These analyses and audits assist in identifying areas of potential financial stress, in developing realistic budgets that serve the academic and emotional needs of students, and in making informed decisions when faced with important financial choices.

The School District is subject to audit by several entities: a claims auditor, an internal auditor, an external auditor, and State auditors. Each entity has an important role in reviewing the financial stability of the School District and assisting the Board of Education in upholding its fiduciary responsibility to its community. Each audit conducted in 2022-23 indicated that the School District's financial operations are in substantial compliance with state laws and/or existing Board of Education policies and administrative regulations. The audited financial statements that follow reflect relevant data pertaining to the overall financial position of the School District as of and for the year ended June 30, 2023.

Effective internal controls are in place across the School District. Further, the School District goes through a rigorous budget process which yields a spending plan each year which must be approved by the Board of Education and resident voters. The School District enjoys sustained community support as evidenced by budget and referendum approval ratings ranging from 67% - 87% in recent years.

As with all governmental entities, the School District depends heavily on its real property taxes, which fund 80% of its budget. The challenge of remaining sensitive to School District taxpayers while meeting the varied and evolving educational needs of our student population continues to require effective and efficient management and oversight of School District operations.

The School District's adopted budget for 2023-2024 is \$90,960,000, representing a 7.98% budget-to-budget increase from 2022-2023. The 2023-2024 budget includes a non-recurring expenditure of \$2 million to support building repairs and playground improvements in the School District. The budget is supported by a 2.07% tax levy increase which meets the allowable limit.

Requests for Information

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

Pelham Union Free School District
Attn: James F. Hricay, Assistant Superintendent for Business
575 Colonial Avenue
Pelham, NY 10803-2144
Visit our Website at www.pelhamschools.org

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Pelham Union Free School District, New York

Statement of Net Position

June 30, 2023

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 17,666,901
Investments	16,858,426
Receivables	
Accounts	39,902
State and Federal aid	1,850,763
Due from other governments	458,740
Prepaid expenses	2,137,683
Inventories	226
Capital assets	
Not being depreciated	16,395,774
Being depreciated/amortized, net	67,720,497
Total Assets	<u>123,128,912</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding bonds	561,256
Pension related	23,880,640
OPEB related	<u>10,425,520</u>
Total Deferred Outflows of Resources	<u>34,867,416</u>
LIABILITIES	
Accounts payable	1,890,479
Accrued liabilities	300,680
Deposits payable	26,894
Due to other governments	176,984
Unearned revenues	77,057
Due to retirement systems	4,475,106
Accrued interest payable	402,925
Non-current liabilities	
Due within one year	4,751,034
Due in more than one year	<u>195,592,777</u>
Total Liabilities	<u>207,693,936</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	2,015,441
OPEB related	<u>22,152,482</u>
Total Deferred Inflows of Resources	<u>24,167,923</u>
NET POSITION	
Net investment in capital assets	12,292,082
Restricted	
Capital projects	567,312
Future capital projects	1,317,833
Tax certiorari	4,905,510
ERS retirement contributions	3,351,004
TRS retirement contributions	2,181,843
Debt service	2,200,931
Property damage	37,047
Unemployment benefits	156,062
Repairs	592,901
Special purposes	
Extraclassroom activities	127,141
Other	406,048
Permanent Fund	
Spendable	30,097
Nonspendable	592,839
Unrestricted	<u>(102,624,181)</u>
Total Net Position	<u><u>\$ (73,865,531)</u></u>

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

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Pelham Union Free School District, New York

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 11,094,507	\$ 21,910	\$ 340,907	\$ -	\$ (10,731,690)
Instruction	72,993,155	1,084,741	1,219,150	-	(70,689,264)
Pupil transportation	1,294,771	-	25,510	-	(1,269,261)
Community services	83,140	61,408	67,238	-	45,506
Cost of food sales	1,117,255	661,150	249,903	-	(206,202)
Other	535,955	213,613	344,454	-	22,112
Interest	1,880,452	-	-	79,649	(1,800,803)
Total Governmental Activities	<u>\$ 88,999,235</u>	<u>\$ 2,042,822</u>	<u>\$ 2,247,162</u>	<u>\$ 79,649</u>	<u>(84,629,602)</u>
General revenues					
Real property taxes					66,581,985
Other tax items					
School tax relief reimbursement					1,999,821
Non-property taxes					
Non-property tax distribution from County					1,327,798
Unrestricted use of money and property					624,489
Sale of property and compensation for loss					1,487
Unrestricted State aid					10,480,403
Miscellaneous					333,884
Total General Revenues					<u>81,349,867</u>
Change in Net Position					(3,279,735)
Net Position - Beginning					<u>(70,585,796)</u>
Net Position - Ending					<u>\$ (73,865,531)</u>

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

Pelham Union Free School District, New York

Balance Sheet
Governmental Funds
June 30, 2023

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 8,224,999	\$ 11,060	\$ 5,609,772
Investments	16,858,426	-	-
Receivables			
Accounts	33,502	-	-
State and Federal aid	1,099,284	733,544	-
Due from other governments	458,740	-	-
Due from other funds	746,053	2,000	201,535
Prepaid expenditures	2,137,683	-	-
Inventories	-	-	-
Total Assets	<u>\$ 29,558,687</u>	<u>\$ 746,604</u>	<u>\$ 5,811,307</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 1,750,926	\$ 34,160	\$ 23,912
Accrued liabilities	298,338	-	-
Deposits payable	26,894	-	-
Due to other governments	172,809	4,090	-
Unearned revenues	23,410	-	-
Due to other funds	201,535	708,354	5,866
Due to retirement systems	4,475,106	-	-
Total Liabilities	<u>6,949,018</u>	<u>746,604</u>	<u>29,778</u>
Fund balances			
Nonspendable	2,137,683	-	-
Restricted	12,975,239	-	5,781,529
Assigned	3,858,400	-	-
Unassigned	3,638,347	-	-
Total Fund Balances	<u>22,609,669</u>	<u>-</u>	<u>5,781,529</u>
Total Liabilities and Fund Balances	<u>\$ 29,558,687</u>	<u>\$ 746,604</u>	<u>\$ 5,811,307</u>

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

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ 2,195,065	\$ 1,626,005	\$ 17,666,901
-	-	16,858,426
-	6,400	39,902
-	17,935	1,850,763
-	-	458,740
5,866	-	955,454
-	-	2,137,683
-	226	226
<u>\$ 2,200,931</u>	<u>\$ 1,650,566</u>	<u>\$ 39,968,095</u>
\$ -	\$ 81,481	\$ 1,890,479
-	2,342	300,680
-	-	26,894
-	85	176,984
-	53,647	77,057
-	39,699	955,454
-	-	4,475,106
<u>-</u>	<u>177,254</u>	<u>7,902,654</u>
-	593,065	2,730,748
2,200,931	563,286	21,520,985
-	316,961	4,175,361
-	-	3,638,347
<u>2,200,931</u>	<u>1,473,312</u>	<u>32,065,441</u>
<u>\$ 2,200,931</u>	<u>\$ 1,650,566</u>	<u>\$ 39,968,095</u>

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Pelham Union Free School District, New York

Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position Year Ended June 30, 2023

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

Total Fund Balances - Governmental Funds	\$ 32,065,441
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	16,395,774
Capital assets - depreciable/amortizable	124,161,957
Accumulated depreciation/amortization	<u>(56,441,460)</u>
	<u>84,116,271</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the post retirement benefits (pension) and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	23,880,640
Deferred outflows - OPEB related	10,425,520
Deferred inflows - pension related	(2,015,441)
Deferred inflows - OPEB related	<u>(22,152,482)</u>
	<u>10,138,237</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(402,925)
General obligation bonds payable	(72,435,000)
Leases payable	(637,388)
Compensated absences	(433,039)
Net pension liability - ERS	(3,800,893)
Net pension liability - TRS	(3,970,116)
Total OPEB Liability	<u>(114,540,101)</u>
	<u>(196,219,462)</u>
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amount on refunding	561,256
Premium on general obligation bonds	<u>(4,527,274)</u>
	<u>(3,966,018)</u>
Net Position of Governmental Activities	<u><u>\$ (73,865,531)</u></u>

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

Pelham Union Free School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 66,581,985	\$ -	\$ -
Other tax items	1,999,821	-	-
Non-property taxes	1,327,798	-	-
Charges for services	1,146,149	-	-
Use of money and property	987,306	-	-
Sale of property and compensation for loss	1,487	-	-
State aid	10,720,864	189,003	-
Federal aid	7,427	807,769	-
Food sales	-	-	-
Miscellaneous	401,122	-	-
Total Revenues	83,173,959	996,772	-
EXPENDITURES			
Current			
General support	8,440,316	-	-
Instruction	47,735,716	999,621	-
Pupil transportation	1,244,873	31,888	-
Community services	65,821	-	-
Employee benefits	17,584,495	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	166,883	-	-
Interest	6,292	-	-
Capital outlay	-	-	2,165,239
Total Expenditures	75,244,396	1,031,509	2,165,239
Excess (Deficiency) of Revenues Over Expenditures	7,929,563	(34,737)	(2,165,239)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	34,737	-
Transfers out	(6,573,443)	-	-
Total Other Financing Sources (Uses)	(6,573,443)	34,737	-
Net Change in Fund Balances	1,356,120	-	(2,165,239)
FUND BALANCES			
Beginning of Year	21,253,549	-	7,946,768
End of Year	\$ 22,609,669	\$ -	\$ 5,781,529

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

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 66,581,985
-	-	1,999,821
-	-	1,327,798
-	-	1,146,149
79,649	13,156	1,080,111
-	-	1,487
-	8,690	10,918,557
-	237,986	1,053,182
-	661,150	661,150
-	548,138	949,260
79,649	1,469,120	85,719,500
-	-	8,440,316
-	-	48,735,337
-	-	1,276,761
-	-	65,821
-	-	17,584,495
-	1,135,605	1,135,605
-	535,955	535,955
4,305,000	-	4,471,883
2,233,706	-	2,239,998
-	-	2,165,239
6,538,706	1,671,560	86,651,410
(6,459,057)	(202,440)	(931,910)
6,538,706	-	6,573,443
-	-	(6,573,443)
6,538,706	-	-
79,649	(202,440)	(931,910)
2,121,282	1,675,752	32,997,351
\$ 2,200,931	\$ 1,473,312	\$ 32,065,441

Pelham Union Free School District, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2023

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (931,910)</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Capital outlay expenditures	2,628,821
Depreciation/amortization expense	<u>(4,189,619)</u>
	<u>(1,560,798)</u>
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Leases issued	(92,481)
Principal paid on general obligation bonds	4,305,000
Principal paid on leases	<u>166,883</u>
	<u>4,379,402</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	45,925
Compensated absences	(115,388)
Changes in pension liabilities and related deferred outflows and inflows of resources	(1,867,048)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(3,543,539)
Amortization of premium and loss on refunding bonds	<u>313,621</u>
	<u>(5,166,429)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (3,279,735)</u></u>

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

Pelham Union Free School District, New York

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 66,581,986	\$ 66,581,986	\$ 66,581,985	\$ (1)
Other tax items	1,999,821	1,999,821	1,999,821	-
Non-property taxes	1,200,000	1,200,000	1,327,798	127,798
Charges for services	897,094	897,094	1,146,149	249,055
Use of money and property	22,890	22,890	987,306	964,416
Sale of property and compensation for loss	1,000	1,000	1,487	487
State aid	10,582,939	10,582,939	10,720,864	137,925
Federal aid	-	-	7,427	7,427
Miscellaneous	179,270	179,270	401,122	221,852
Total Revenues	81,465,000	81,465,000	83,173,959	1,708,959
EXPENDITURES				
Current				
General support	9,284,149	10,041,262	8,440,316	1,600,946
Instruction	48,531,116	48,810,500	47,735,716	1,074,784
Pupil transportation	1,473,624	1,454,293	1,244,873	209,420
Community services	123,405	73,404	65,821	7,583
Employee benefits	18,775,617	17,845,275	17,584,495	260,780
Debt service				
Principal	166,883	166,883	166,883	-
Interest	6,292	6,292	6,292	-
Total Expenditures	78,361,086	78,397,909	75,244,396	3,153,513
Excess of Revenues Over Expenditures	3,103,914	3,067,091	7,929,563	4,862,472
OTHER FINANCING SOURCES (USES)				
Transfers in	1,955,000	1,955,000	-	(1,955,000)
Transfers out	(6,573,706)	(6,573,706)	(6,573,443)	263
Total Other Financing Uses	(4,618,706)	(4,618,706)	(6,573,443)	(1,954,737)
Net Change in Fund Balance	(1,514,792)	(1,551,615)	1,356,120	2,907,735
FUND BALANCE				
Beginning of Year	1,514,792	1,551,615	21,253,549	19,701,934
End of Year	\$ -	\$ -	\$ 22,609,669	\$ 22,609,669

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

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Note 1 - Summary of Significant Accounting Policies

The Pelham Union Free School District, New York ("School District"), as presently constituted, was established in 1912 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

A. Financial Reporting Entity

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

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

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statement can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

B. District-Wide Financial Statements

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

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

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

Fund Categories

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

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

Special Revenue Funds - Special revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is as follows -

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds. The major revenues of this fund are State and Federal aid.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

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

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

Permanent Fund - The Permanent Fund is used to account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety-day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

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

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or

Note 1 - Summary of Significant Accounting Policies (Continued)

other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. At June 30, 2023, investments in CLASS totaled \$16,858,426. CLASS issues separately available audited financial statements with a year end of June 30th.

The School District's position in the pool is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days.

CLASS is rated AAAM by Standard and Poor's Rating Service. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. CLASS invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17th Street, Suite 1850, Denver, CO 80202.

Risk Disclosure

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2023.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable in two installments in September and January. The Town of Pelham, New York ("Town") is responsible for the billing and collection of the taxes. The Town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

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

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2023, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consists of insurance costs and other charges for services, which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent years budget and will benefit such periods. Reported amounts are equally offset by non-spendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

Capital Assets - Capital assets are tangible and intangible assets, which include property, plant and equipment, and are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets (except intangible right-to-use assets, which are discussed in Note 3B) are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the

Note 1 - Summary of Significant Accounting Policies (Continued)

same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

Land and construction-in-progress are not depreciated. The other tangible and intangible property, plant, equipment and right-to-use assets of the School District are depreciated/amortized using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	20-50
Right-to-use leased buildings	5
Land Improvements	15-40
Machinery and Equipment	5-20
Right-to-use Assets	5

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$23,410 for leased space in the General Fund and \$53,647 for student meal monies received in advance in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Leases - The School District is a lessee for noncancellable leases of buildings and equipment. The School District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the district-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise. The School District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use lease assets are reported with other capital assets and right-to-use lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured

Note 1 - Summary of Significant Accounting Policies (Continued)

through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

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

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

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

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

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they

Note 1 - Summary of Significant Accounting Policies (Continued)

are legally or contractually required to be maintained intact (the corpus of a permanent fund).

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

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

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

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

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

F. Encumbrances

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

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 4, 2023.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- f) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- g) The budget for the General Fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch, Special Purpose, Permanent or Debt Service funds since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education, subject to certain thresholds. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Limitation on Fund Balance

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

C. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

D. New Accounting Pronouncement

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

Note 3 - Detailed Notes on All Funds

A. Interfund Receivables/Payables

The composition of due from/to other funds at June 30, 2023 was as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 746,053	\$ 201,535
Special Aid	2,000	708,354
Capital Projects	201,535	5,866
Debt Service	5,866	-
Non-Major Governmental	-	39,699
	<u>\$ 955,454</u>	<u>\$ 955,454</u>

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

B. Capital Assets

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

<u>Class</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Capital Assets, not being depreciated:				
Land	\$ 2,441,650	\$ -	\$ -	\$ 2,441,650
Construction-in-Progress	<u>12,484,069</u>	<u>1,470,055</u>	<u>-</u>	<u>13,954,124</u>
Total Capital Assets, not being depreciated	<u>\$ 14,925,719</u>	<u>\$ 1,470,055</u>	<u>\$ -</u>	<u>\$ 16,395,774</u>

Pelham Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets, being depreciated/amortized:				
Buildings and Improvements	\$ 118,144,033	\$ 695,184	\$ 31,236	\$ 118,807,981
Right-to-Use Leased Buildings	646,317	96,944	-	743,261
Land Improvements	3,163,257	201,535	-	3,364,792
Machinery and Equipment	999,926	165,103	61,511	1,103,518
Right-to-Use Leased Equipment	142,405	-	-	142,405
Total Capital Assets, being depreciated/amortized	123,095,938	1,158,766	92,747	124,161,957
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	49,300,851	3,770,465	31,236	53,040,080
Right-to-Use Leased Buildings	86,535	161,219	-	247,754
Land Improvements	2,267,343	153,576	-	2,420,919
Machinery and Equipment	646,280	57,210	61,511	641,979
Right-to-Use Leased Equipment	43,579	47,149	-	90,728
Total Accumulated Depreciation/Amortization	52,344,588	4,189,619	92,747	56,441,460
Total Capital Assets, being depreciated/amortized, net	\$ 70,751,350	\$ (3,030,853)	\$ -	\$ 67,720,497
Capital Assets, net	\$ 85,677,069	\$ (1,560,798)	\$ -	\$ 84,116,271

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

General support	\$ 29,208
Instruction	4,157,459
Cost of food sales	<u>2,952</u>
Total Depreciation/Amortization Expense	<u>\$ 4,189,619</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2023 were as follows:

	Fund	
	General	School Lunch
	Total	
Payroll and Employee Benefits	<u>\$ 298,338</u>	<u>\$ 2,342</u>
	<u>\$ 300,680</u>	

Pelham Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)**D. Long-Term Liabilities**

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

	Balance July 1, 2022	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2023	Due Within One-Year
General Obligation Bonds Payable	\$ 76,740,000	\$ -	\$ 4,305,000	\$ 72,435,000	\$ 4,500,000
Plus - Unamortized premium on bonds	4,925,211	-	397,937	4,527,274	-
	<u>81,665,211</u>	<u>-</u>	<u>4,702,937</u>	<u>76,962,274</u>	<u>4,500,000</u>
Leases Payable	<u>711,790</u>	<u>92,481</u>	<u>166,883</u>	<u>637,388</u>	<u>208,034</u>
Other Non-Current Liabilities:					
Compensated Absences	317,651	147,388	32,000	433,039	43,000
Net Pension Liability - ERS	-	3,800,893	-	3,800,893	-
Net Pension Liability - TRS	-	3,970,116	-	3,970,116	-
Other Postemployment Benefit Liability	<u>106,517,249</u>	<u>10,438,994</u>	<u>2,416,142</u>	<u>114,540,101</u>	<u>-</u>
Total Non-Current Liabilities	<u>106,834,900</u>	<u>18,357,391</u>	<u>2,448,142</u>	<u>122,744,149</u>	<u>43,000</u>
Total Long-Term Liabilities	<u>\$ 189,211,901</u>	<u>\$ 18,449,872</u>	<u>\$ 7,317,962</u>	<u>\$ 200,343,811</u>	<u>\$ 4,751,034</u>

Each governmental fund's liability for compensated absences, leases, net pension liability and other postemployment benefit liabilities are liquidated by the General Fund. The School District's indebtedness for general obligation bonds is satisfied by the Debt Service Fund which is funded primarily by the General Fund.

General Obligation Bonds Payable

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2023
Refunding Bonds	2016	\$ 17,150,000	August, 2029	2.000 - 5.000 %	\$ 10,275,000
Refunding Bonds	2017	9,430,000	November, 2029	2.375 - 4.000	6,865,000
Reconstruction of School Buildings	2018	3,000,000	June, 2032	2.000 - 3.000	1,890,000
Reconstruction of School Buildings	2020	54,025,000	November, 2049	2.000 - 5.000	51,870,000
Refunding Bonds	2020	2,435,000	October, 2025	5.000	1,535,000
					<u>\$ 72,435,000</u>

Interest expenditures of \$2,233,706 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$1,874,160 was recorded in the district-wide financial statements.

Pelham Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

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

Leases payable at June 30, 2023 are comprised of the following individual agreements:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at June 30, 2023</u>
Building	2022	\$ 646,317	2027	1.01 %	\$ 586,640
Equipment	2019	132,331	2024	0.65	44,388
Equipment	2022	10,074	2027	0.89	6,360
					<u>\$ 637,388</u>

Interest expenditures/expense of \$6,292 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded debt and leases outstanding as of June 30, 2023 including interest payments of \$18,546,075 are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Leases</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,500,000	\$ 2,027,906	\$ 208,034	\$ 5,389	\$ 4,708,034	\$ 2,033,295
2025	4,700,000	1,812,681	168,876	3,557	4,868,876	1,816,238
2026	4,900,000	1,609,681	173,399	1,833	5,073,399	1,611,514
2027	4,540,000	1,433,431	87,079	257	4,627,079	1,433,688
2028	4,695,000	1,271,688	-	-	4,695,000	1,271,688
2029-2033	17,135,000	4,394,490	-	-	17,135,000	4,394,490
2034-2038	10,575,000	2,915,700	-	-	10,575,000	2,915,700
2039-2043	8,675,000	1,984,266	-	-	8,675,000	1,984,266
2044-2048	8,870,000	993,344	-	-	8,870,000	993,344
2049-2050	3,845,000	91,852	-	-	3,845,000	91,852
	<u>\$ 72,435,000</u>	<u>\$ 18,535,039</u>	<u>\$ 637,388</u>	<u>\$ 11,036</u>	<u>\$ 73,072,388</u>	<u>\$ 18,546,075</u>

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

Legal Debt Margin

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

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

School District administrators may accumulate up to ten vacation days. Upon separation of service from the School District, administrators will be compensated for any unused days. Vacation time, for all other employees, generally must be taken in the year granted; however, certain CSEA employees are granted their vacation time in the year after it is earned. The School District is not required to compensate employees for accumulated sick leave upon separation of service. The value of all compensated absences has been reflected in the district-wide financial statements.

Pension Plans

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

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

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystsr.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Pelham Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the ERS plan year ended March 31, 2023 and TRS plan year ended June 30, 2023 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	2 75G	15.4 %
	4 A15	13.1
	5 A15	11.2
	6 A15-J1	8.3
TRS	1-6	10.29 %

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ 3,800,893	\$ 3,970,116
School Districts' proportion of the net pension liability	0.0177247 %	0.206896 %
Change in proportion since the prior measurement date	0.0007694 %	(0.002828) %

The net pension liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2023, the School District recognized its proportionate share of pension expense in the district-wide financial statements of \$6,336,239 (\$1,374,251 for ERS and \$4,961,988 for TRS). Pension expenditures of \$4,469,191 (\$666,639 for ERS and \$3,802,552 for TRS) were recorded in the fund financial statements and were charged to the General Fund.

Pelham Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2023, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 404,825	\$ 106,743	\$ 4,160,179	\$ 79,554
Changes of assumptions	1,845,959	20,401	7,701,354	1,599,275
Net difference between projected and actual earnings on pension plan investments	-	22,330	5,129,767	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	191,092	61,703	334,767	125,435
School District contributions subsequent to the measurement date	182,800	-	3,929,897	-
	<u>\$ 2,624,676</u>	<u>\$ 211,177</u>	<u>\$ 21,255,964</u>	<u>\$ 1,804,264</u>
Total				
	Deferred Outflows of Resources	Deferred Inflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 4,565,004	\$ 186,297		
Changes of assumptions	9,547,313	1,619,676		
Net difference between projected and actual earnings on pension plan investments	5,129,767	22,330		
Changes in proportion and differences between School District contributions and proportionate share of contributions	525,859	187,138		
School District contributions subsequent to the measurement date	4,112,697	-		
	<u>\$ 23,880,640</u>	<u>\$ 2,015,441</u>		

\$182,800 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan's year ended March 31, 2024. The \$3,929,897 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31,	June 30,
	ERS	TRS
2023	\$ -	\$ 2,966,392
2024	535,629	1,582,906
2025	(176,461)	(567,369)
2026	817,803	10,140,693
2027	1,053,728	1,322,791
Thereafter	-	76,390
	<u>\$ 2,230,699</u>	<u>\$ 15,521,803</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return	5.9% *	6.95% *
Salary scale	4.4%	1.95%-5.18%
Inflation rate	2.9%	2.4%
Cost of living adjustments	1.5%	1.3%

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

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

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

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

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

Pelham Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

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

Pelham Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 9,185,129</u>	<u>\$ 3,800,893</u>	<u>\$ (698,262)</u>
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 36,606,334</u>	<u>\$ 3,970,116</u>	<u>\$ (23,476,279)</u>

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

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

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2023 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2023 were \$182,800 to ERS and \$4,292,306 to TRS (inclusive of employee contributions of \$362,409).

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees who do not participate in the ERS or TRS pension plans hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6%

Note 3 - Detailed Notes on All Funds (Continued)

depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Other Postemployment Benefit Liability ("OPEB")

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

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	278
Active employees	337
	<u>615</u>

The School District's total OPEB liability of \$114,540,101 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2021.

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.4%
Discount rate	3.65%
Healthcare cost trend rates	5.1% for 2023 decreasing to an ultimate rate of 4.1% for 2074 and later years
Retirees' share of benefit-related costs	Varies from 0% to 50%, depending on applicable retirement year and bargaining unit

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

The actuarial assumptions used in the July 1, 2021 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

Pelham Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2023 is as follows:

Total OPEB Liability - Beginning of Year	\$ 106,517,249
Service cost	4,151,767
Interest	3,875,289
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	2,411,938
Benefit payments	<u>(2,416,142)</u>
Total OPEB Liability - End of Year	<u>\$ 114,540,101</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	<u>\$ 136,054,934</u>	<u>\$ 114,540,101</u>	<u>\$ 97,469,065</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.1% decreasing to 3.1%) or 1 percentage point higher (6.1% decreasing to 5.1%) than the current healthcare cost trend rates:

	1% Decrease (4.1% decreasing to 3.1%)	Healthcare Cost Trend Rates (5.1% decreasing to 4.1%)	1% Increase (6.1% decreasing to 5.1%)
Total OPEB Liability	<u>\$ 93,346,639</u>	<u>\$ 114,540,101</u>	<u>\$ 142,562,060</u>

For the year ended June 30, 2023, the School District recognized OPEB expense of \$5,959,681 in the district-wide financial statements. At June 30, 2023, the School District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 8,728,120	\$ 13,937,074
Differences between expected and actual experience	<u>1,697,400</u>	<u>8,215,408</u>
	<u>\$ 10,425,520</u>	<u>\$ 22,152,482</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

Year Ended June 30,	
2024	\$ (2,067,375)
2025	(2,067,375)
2026	(2,067,371)
2027	(915,193)
2028	(2,193,165)
Thereafter	(2,416,483)
	<u>\$ (11,726,962)</u>

E. Revenues and Expenditures

Interfund Transfers

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

Transfers Out	Transfers In		Total
	Special Aid Fund	Debt Service Fund	
General Fund	<u>\$ 34,737</u>	<u>\$ 6,538,706</u>	<u>\$ 6,573,443</u>

Transfers are used to 1) move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due, 2) move amounts earmarked in the operating funds to fulfill commitments for Special Aid Fund expenditures.

F. Net Position

The components of net position are detailed below:

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

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

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

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

Restricted for Property Damage - the component of net position that has been established pursuant to the General Municipal Law of the State of New York to set aside funds to be used to self-insure the School District for its annual property damage insurance deductibles.

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

Restricted for Repairs - the component of net position that has been established pursuant to Section 6-d of the General Municipal Law of the State of New York to set aside funds to be used for repairs of capital improvements or equipment.

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

Restricted for Permanent Fund - the component of net position that reports the difference between assets and liabilities of the non-expendable trust with constraints placed on their use by external parties.

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

Pelham Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

G. Fund Balances

	2023					2022				
	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Nonspendable:										
Inventories	\$ -	\$ -	\$ -	\$ 226	\$ 226	\$ -	\$ -	\$ -	\$ 1,326	\$ 1,326
Prepaid expenditures	2,137,683	-	-	-	2,137,683	1,981,853	-	-	-	1,981,853
Permanent Fund	-	-	-	592,839	592,839	-	-	-	592,839	592,839
Total Nonspendable	2,137,683	-	-	593,065	2,730,748	1,981,853	-	-	594,165	2,576,018
Restricted:										
Tax certiorari	4,905,510	-	-	-	4,905,510	6,603,479	-	-	-	6,603,479
Unemployment benefits	156,062	-	-	-	156,062	154,767	-	-	-	154,767
Employee benefit accrued liability	433,039	-	-	-	433,039	317,508	-	-	-	317,508
ERS retirement contributions	3,201,004	-	-	-	3,201,004	3,258,389	-	-	-	3,258,389
ERS retirement contributions - for subsequent year's expenditures	150,000	-	-	-	150,000	-	-	-	-	-
TRS retirement contributions	2,181,843	-	-	-	2,181,843	2,121,541	-	-	-	2,121,541
Property damage	37,047	-	-	-	37,047	36,740	-	-	-	36,740
Repairs	592,901	-	-	-	592,901	587,980	-	-	-	587,980
Debt service	-	-	25,931	-	25,931	-	-	166,282	-	166,282
Debt service - for subsequent year's expenditures	-	-	2,175,000	-	2,175,000	-	-	1,955,000	-	1,955,000
Future capital projects	1,317,833	-	-	-	1,317,833	1,306,896	-	-	-	1,306,896
Capital projects	-	5,781,529	-	-	5,781,529	-	7,946,768	-	-	7,946,768
Special purposes - extraclassroom activities	-	-	-	127,141	127,141	-	-	-	133,963	133,963
Special purposes - other	-	-	-	406,048	406,048	-	-	-	381,787	381,787
Permanent Fund	-	-	-	30,097	30,097	-	-	-	25,424	25,424
Total Restricted	12,975,239	5,781,529	2,200,931	563,286	21,520,985	14,387,300	7,946,768	2,121,282	541,174	24,996,524
Assigned:										
Purchases on order:										
General government support	1,024,322	-	-	-	1,024,322	445,404	-	-	-	445,404
Instruction	269,970	-	-	-	269,970	217,858	-	-	-	217,858
Community services	4,108	-	-	-	4,108	31,530	-	-	-	31,530
	1,298,400	-	-	-	1,298,400	694,792	-	-	-	694,792
For subsequent year's expenditures - General Fund	2,560,000	-	-	-	2,560,000	820,000	-	-	-	820,000
School Lunch Fund	-	-	-	316,961	316,961	-	-	-	540,413	540,413
Total Assigned	3,858,400	-	-	316,961	4,175,361	1,514,792	-	-	540,413	2,055,205
Unassigned	3,638,347	-	-	-	3,638,347	3,369,604	-	-	-	3,369,604
Total Fund Balances	\$ 22,609,669	\$ 5,781,529	\$ 2,200,931	\$ 1,473,312	\$ 32,065,441	\$ 21,253,549	\$ 7,946,768	\$ 2,121,282	\$ 1,675,752	\$ 32,997,351

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Prepaid Expenditures have been provided to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The corpus of the Permanent Fund has been classified as nonspendable to indicate the portion of the trust with constraints placed on its use by external parties.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6-p of the General Municipal Law of the State of New York to provide funds for the payment for accrued leave time granted upon termination or separation from service.

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

Subsequent year's expenditures represent that at June 30, 2023, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

Assigned for School Lunch Fund represents the component of fund balance that reports the difference between assets and liabilities of the School Lunch Fund.

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

B. Contingencies

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company (the "Company") owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the Board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million per occurrence. The School District also maintains liability coverage for school board members up to \$3 million and an excess liability policy with coverage up to \$25 million. Property insurance for fire loss is also maintained for the School District's buildings and contents. In addition, the School District has established a restricted fund balance for property damage in the General Fund to be used to cover the deductible portion of property damage insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District and neighboring school districts in Southern Westchester County participate in the State-Wide Schools Cooperative Health Plan. This Plan operates under an agreement, as amended, dated December 12, 1985. The purposes of the Plan are to effect cost savings in members' expenses for health coverage; to provide for centralized administration, funding and disbursements for health coverage; and to provide for such risk management services as may be appropriate to reduce future expense and liability for health coverage. The governance of the Plan shall be in all respects in the hands of the Board of Trustees. The Board of Trustees shall consist of seven trustees elected by the general membership of the Plan. No action may be taken by the Board of Trustees except by a vote of a majority of the total number of trustees. Billings to participants are based upon coverage provided to each participant's employees. The School District has transferred all related risk to the Plan.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District and neighboring school districts in Southern Westchester County, participate in the Southern Westchester Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participants' experience rating. The School District has transferred all related risk to the Plan.

There were no significant reductions in insurance coverage from the previous fiscal year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 101, "*Compensated Absences*", provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

Pelham Union Free School District, New York

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	\$ 4,151,767	\$ 5,055,066	\$ 5,260,581	\$ 4,187,489	\$ 4,709,439	\$ 4,572,271
Interest	3,875,289	2,804,581	2,721,203	3,560,840	3,172,791	3,008,303
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(10,944,065)	-	3,276,376	-	(106,601)
Changes of assumptions or other inputs	2,411,938	(14,037,589)	1,169,764	11,451,243	(9,208,820)	-
Benefit payments	(2,416,142)	(2,282,657)	(2,188,940)	(2,116,712)	(2,230,713)	(2,027,248)
Net Change in Total OPEB Liability	8,022,852	(19,404,664)	6,962,608	20,359,236	(3,557,303)	5,446,725
Total OPEB Liability – Beginning of Year	106,517,249	125,921,913	118,959,305	98,600,069	102,157,372	96,710,647 (3)
Total OPEB Liability – End of Year	<u>\$ 114,540,101</u>	<u>\$ 106,517,249</u>	<u>\$ 125,921,913</u>	<u>\$ 118,959,305</u>	<u>\$ 98,600,069</u>	<u>\$ 102,157,372</u>
School District's covered - employee payroll	<u>\$ 37,646,389</u>	<u>\$ 37,646,389</u>	<u>\$ 37,883,045</u>	<u>\$ 37,883,045</u>	<u>\$ 39,525,587</u>	<u>\$ 38,564,429</u>
Total OPEB liability as a percentage of covered - employee payroll	<u>304%</u>	<u>283%</u>	<u>332%</u>	<u>314%</u>	<u>249%</u>	<u>265%</u>
Discount Rate	<u>3.65%</u>	<u>3.54%</u>	<u>2.16%</u>	<u>2.21%</u>	<u>3.50%</u>	<u>3.50%</u>

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

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

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

See independent auditors' report.

Pelham Union Free School District, New York

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

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

	2023 (3)	2022 (4)	2021 (3)	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	0.206896%	0.209724%	0.209665%	0.211381%	0.215111%	0.211517%	0.207153%	0.210566%	0.211503%
School District's proportionate share of the net pension liability (asset)	\$ 3,970,116	\$ (36,343,130)	\$ 5,793,618	\$ (5,491,687)	\$ (3,889,780)	\$ (1,607,743)	\$ 2,218,696	\$ (21,871,083)	\$ (23,560,065)
School District's covered payroll	\$ 36,833,571	\$ 35,588,678	\$ 35,576,040	\$ 35,298,842	\$ 35,031,818	\$ 33,560,549	\$ 31,965,022	\$ 31,599,598	\$ 31,629,851
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	10.78%	(102.12%)	16.29%	(15.56%)	(11.10%)	(4.79%)	6.94%	(69.21%)	(74.49%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.57%	113.25%	97.78%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount Rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,929,897	\$ 3,609,690	\$ 3,391,601	\$ 3,152,037	\$ 3,748,737	\$ 3,433,056	\$ 3,933,296	\$ 4,238,562	\$ 5,542,078
Contributions in relation to the contractually required contribution	(3,929,897)	(3,609,690)	(3,391,601)	(3,152,037)	(3,748,737)	(3,433,056)	(3,933,296)	(4,238,562)	(5,542,078)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 38,191,422	\$ 36,833,571	\$ 35,588,678	\$ 35,576,040	\$ 35,298,842	\$ 35,031,818	\$ 33,560,549	\$ 31,965,022	\$ 31,599,598
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.54%

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

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

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

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

Pelham Union Free School District, New York

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

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

	2023 (3)	2022 (4)	2021(4)	2020 (3)	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	0.0177247%	0.0169553%	0.0163705%	0.0177388%	0.0173644%	0.0176969%	0.0172707%	0.0169319%	0.0168368%
School District's proportionate share of the net pension liability (asset)	\$ 3,800,893	\$ (1,386,024)	\$ 16,301	\$ 4,697,324	\$ 1,230,324	\$ 571,159	\$ 1,622,792	\$ 2,717,623	\$ 568,787
School District's covered payroll	\$ 5,765,825	\$ 5,291,033	\$ 5,318,698	\$ 5,313,232	\$ 5,380,073	\$ 5,149,195	\$ 4,674,007	\$ 4,338,449	\$ 4,608,844
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(65.92%)	(26.20%)	0.31%	88.41%	22.87%	11.09%	34.72%	62.64%	12.34%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
Discount Rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

Schedule of Contributions

	2021	2021	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 641,459	\$ 822,919	\$ 740,209	\$ 733,681	\$ 755,496	\$ 760,502	\$ 673,144	\$ 723,714	\$ 864,188
Contributions in relation to the contractually required contribution	(641,459)	(822,919)	(740,209)	(733,681)	(755,496)	(760,502)	(673,144)	(723,714)	(864,188)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 5,769,825	\$ 5,355,728	\$ 5,613,740	\$ 5,229,377	\$ 5,408,128	\$ 5,160,467	\$ 4,744,940	\$ 4,294,161	\$ 4,608,844
Contributions as a percentage of covered payroll	11.12%	15.37%	13.19%	14.03%	13.97%	14.74%	14.19%	16.85%	18.75%

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

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

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

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

See independent auditors' report.

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Pelham Union Free School District, New York

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

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
REVENUES					
Real property taxes	\$ 66,581,986	\$ 66,581,986	\$ 66,581,985	\$	\$ (1)
Other tax items	1,999,821	1,999,821	1,999,821		-
Non-property taxes	1,200,000	1,200,000	1,327,798		127,798
Charges for services	897,094	897,094	1,146,149		249,055
Use of money and property	22,890	22,890	987,306		964,416
Sale of property and compensation for loss	1,000	1,000	1,487		487
State aid	10,582,939	10,582,939	10,720,864		137,925
Federal aid	-	-	7,427		7,427
Miscellaneous	179,270	179,270	401,122		221,852
Total Revenues	81,465,000	81,465,000	83,173,959		1,708,959
EXPENDITURES					
Current					
General support					
Board of education	110,165	144,146	129,260	-	14,886
Central administration	498,181	586,841	583,102	-	3,739
Finance	893,017	905,817	900,729	1,410	3,678
Staff	588,122	583,472	530,746	-	52,726
Central services	6,331,192	6,937,391	5,414,998	1,022,912	499,481
Special items	863,472	883,595	881,481	-	2,114
Total General Support	9,284,149	10,041,262	8,440,316	1,024,322	576,624
Instruction					
Instruction, administration and improvement	3,152,608	3,239,864	3,174,532	720	64,612
Teaching - Regular school	31,067,588	30,968,419	30,609,580	25,105	333,734
Programs for students with disabilities	7,668,520	7,742,369	7,578,267	4,950	159,152
Instructional media	1,288,101	1,457,237	1,122,823	239,195	95,219
Pupil services	5,354,299	5,402,611	5,250,514	-	152,097
Total Instruction	48,531,116	48,810,500	47,735,716	269,970	804,814
Pupil transportation	1,473,624	1,454,293	1,244,873	-	209,420
Community services	123,405	73,404	65,821	4,108	3,475
Employee benefits	18,775,617	17,845,275	17,584,495	-	260,780
Debt Service					
Principal	166,883	166,883	166,883	-	-
Interest	6,292	6,292	6,292	-	-
Total Expenditures	78,361,086	78,397,909	75,244,396	1,298,400	1,855,113
Excess of Revenues Over Expenditures	3,103,914	3,067,091	7,929,563	(1,298,400)	3,564,072
OTHER FINANCING SOURCES (USES)					
Transfers in	1,955,000	1,955,000	-	-	(1,955,000)
Transfers out	(6,573,706)	(6,573,706)	(6,573,443)	-	263
Total Other Financing Uses	(4,618,706)	(4,618,706)	(6,573,443)	-	(1,954,737)
Net Change in Fund Balance	(1,514,792)	(1,551,615)	1,356,120	\$ (1,298,400)	\$ 1,609,335
FUND BALANCE					
Beginning of Year	1,514,792	1,551,615	21,253,549		
End of Year	\$ -	\$ -	\$ 22,609,669		

See independent auditors' report.

Pelham Union Free School District, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	<u>\$ 66,581,986</u>	<u>\$ 66,581,986</u>	<u>\$ 66,581,985</u>	<u>\$ (1)</u>
OTHER TAX ITEMS				
School tax relief reimbursement	<u>1,999,821</u>	<u>1,999,821</u>	<u>1,999,821</u>	<u>-</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,327,798</u>	<u>127,798</u>
CHARGES FOR SERVICES				
Day school tuition	867,094	867,094	1,084,741	217,647
Youth services for other districts	<u>30,000</u>	<u>30,000</u>	<u>61,408</u>	<u>31,408</u>
	<u>897,094</u>	<u>897,094</u>	<u>1,146,149</u>	<u>249,055</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	7,500	7,500	965,396	957,896
Rental of real property	<u>15,390</u>	<u>15,390</u>	<u>21,910</u>	<u>6,520</u>
	<u>22,890</u>	<u>22,890</u>	<u>987,306</u>	<u>964,416</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Minor sales and insurance recovery	<u>1,000</u>	<u>1,000</u>	<u>1,487</u>	<u>487</u>

STATE AID

Basic formula	6,195,348	6,195,348	6,331,273	135,925
Lottery aid	2,352,183	2,352,183	2,352,183	-
Textbook aid	165,780	165,780	165,780	-
Computer software aid	57,188	57,188	57,188	-
BOCES aid	1,794,947	1,794,947	1,794,947	-
Library loan program	17,493	17,493	17,493	-
Other	-	-	2,000	2,000
	<u>10,582,939</u>	<u>10,582,939</u>	<u>10,720,864</u>	<u>137,925</u>

FEDERAL AID

Elementary and Secondary School Emergency Relief Fund	-	-	7,427	7,427
	<u>-</u>	<u>-</u>	<u>7,427</u>	<u>7,427</u>

MISCELLANEOUS

Refund of prior year's expenditures	50,000	50,000	136,940	86,940
Arts in education	10,000	10,000	67,238	57,238
Refund of BOCES aided services	100,000	100,000	180,740	80,740
Other	19,270	19,270	16,204	(3,066)
	<u>179,270</u>	<u>179,270</u>	<u>401,122</u>	<u>221,852</u>

TOTAL REVENUES

81,465,000	81,465,000	83,173,959	1,708,959
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OTHER FINANCING SOURCES

Transfers in Debt Service Fund	1,955,000	1,955,000	-	(1,955,000)
	<u>1,955,000</u>	<u>1,955,000</u>	<u>-</u>	<u>(1,955,000)</u>

**TOTAL REVENUES AND
OTHER FINANCING SOURCES**

<u>\$ 83,420,000</u>	<u>\$ 83,420,000</u>	<u>\$ 83,173,959</u>	<u>\$ (246,041)</u>
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See independent auditors' report.

Pelham Union Free School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 62,485	\$ 100,101	\$ 92,103	\$ -	\$ 7,998
District clerk	12,180	12,545	12,545	-	-
District meetings	35,500	31,500	24,612	-	6,888
Total Board of Education	110,165	144,146	129,260	-	14,886
CENTRAL ADMINISTRATION					
Chief school administration	498,181	586,841	583,102	-	3,739
FINANCE					
Business administration	817,517	830,317	826,599	1,410	2,308
Auditing	75,500	75,500	74,130	-	1,370
Total Finance	893,017	905,817	900,729	1,410	3,678
STAFF					
Legal	150,000	150,000	106,147	-	43,853
Personnel	341,618	334,968	326,165	-	8,803
Public information and service	96,504	98,504	98,434	-	70
Total Staff	588,122	583,472	530,746	-	52,726
CENTRAL SERVICES					
Operation and maintenance of plant	6,331,192	6,937,391	5,414,998	1,022,912	499,481

SPECIAL ITEMS

Unallocated insurance	391,814	379,814	378,064	-	1,750
School association dues	20,310	20,310	20,136	-	174
Assessments on school property	55,000	50,400	50,359	-	41
Refunds of real property taxes	1,000	37,723	37,574	-	149
Administrative charge - BOCES	395,348	395,348	395,348	-	-
	<u>863,472</u>	<u>883,595</u>	<u>881,481</u>	<u>-</u>	<u>2,114</u>
Total Special Items					
Total General Support	<u>9,284,149</u>	<u>10,041,262</u>	<u>8,440,316</u>	<u>1,024,322</u>	<u>576,624</u>

INSTRUCTION**INSTRUCTION, ADMINISTRATION
AND IMPROVEMENT**

Curriculum development and supervision	134,369	153,969	142,169	-	11,800
Supervision - Regular school	2,540,390	2,608,045	2,586,905	720	20,420
Research, planning and evaluation	60,550	60,551	56,082	-	4,469
In-service training - Instruction	417,299	417,299	389,376	-	27,923
	<u>3,152,608</u>	<u>3,239,864</u>	<u>3,174,532</u>	<u>720</u>	<u>64,612</u>
Total Instruction, Administration and Improvement					

TEACHING - REGULAR SCHOOL

<u>31,067,588</u>	<u>30,968,419</u>	<u>30,609,580</u>	<u>25,105</u>	<u>333,734</u>
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**PROGRAMS FOR STUDENTS WITH
DISABILITIES**

<u>7,668,520</u>	<u>7,742,369</u>	<u>7,578,267</u>	<u>4,950</u>	<u>159,152</u>
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INSTRUCTIONAL MEDIA

Computer assisted instruction	604,363	762,864	432,954	239,195	90,715
School library and audiovisual	683,738	694,373	689,869	-	4,504
	<u>1,288,101</u>	<u>1,457,237</u>	<u>1,122,823</u>	<u>239,195</u>	<u>95,219</u>
Total Instructional Media					

(Continued)

Pelham Union Free School District, New York

General Fund

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

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
PUPIL SERVICES					
Attendance - Regular school	\$ 685,419	\$ 708,519	\$ 687,527	\$ -	\$ 20,992
Guidance - Regular school	1,706,218	1,724,818	1,709,706	-	15,112
Health services - Regular school	575,609	629,309	609,881	-	19,428
Psychological services - Regular school	1,021,203	908,703	870,060	-	38,643
Social work services - Regular school	169,413	196,983	196,967	-	16
Co-curricular activities - Regular school	216,416	217,128	217,072	-	56
Interscholastic activities - Regular school	980,021	1,017,151	959,301	-	57,850
Total Pupil Services	5,354,299	5,402,611	5,250,514	-	152,097
Total Instruction	48,531,116	48,810,500	47,735,716	269,970	804,814
PUPIL TRANSPORTATION					
Pupil transportation	1,473,624	1,454,293	1,244,873	-	209,420
COMMUNITY SERVICES					
Recreation and other community services	123,405	73,404	65,821	4,108	3,475
EMPLOYEE BENEFITS					
State retirement	704,998	680,498	666,639	-	13,859
Teachers' retirement	4,059,457	3,842,357	3,802,552	-	39,805
Social security	3,486,028	3,400,528	3,400,413	-	115
Workers' compensation benefits	245,942	248,542	248,453	-	89
Unemployment benefits	20,000	17,400	-	-	17,400
Health insurance	9,479,667	8,876,425	8,734,510	-	141,915
Employee benefit fund	639,525	639,525	630,319	-	9,206
Other unallocated benefits	140,000	140,000	101,609	-	38,391
Total Employee Benefits	18,775,617	17,845,275	17,584,495	-	260,780

DEBT SERVICE

Principal

Leases	166,883	166,883	166,883	-	-
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Interest

Leases	6,292	6,292	6,292	-	-
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Total Debt Service	173,175	173,175	173,175	-	-
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TOTAL EXPENDITURES

	78,361,086	78,397,909	75,244,396	1,298,400	1,855,113
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OTHER FINANCING USES

Transfers out

Special Aid Fund	35,000	35,000	34,737	-	263
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Debt Service Fund	6,538,706	6,538,706	6,538,706	-	-
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TOTAL OTHER FINANCING USES

	6,573,706	6,573,706	6,573,443	-	263
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**TOTAL EXPENDITURES AND
OTHER FINANCING USES**

	\$ 84,934,792	\$ 84,971,615	\$ 81,817,839	\$ 1,298,400	\$ 1,855,376
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See independent auditors' report.

Pelham Union Free School District, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2023

Project	Current Project Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
High School Reconstruction and Fields	\$ 9,792,063	\$ 7,942,003	\$ 920,360	\$ 8,862,363
Hutchinson Elementary School Construction	42,075,107	37,507,297	695,184	38,202,481
Prospect Hill Elementary School Addition/Reconstruction	5,657,722	4,542,066	549,695	5,091,761
Reconstruction High School Masonry	<u>500,000</u>	<u>86,758</u>	<u>-</u>	<u>86,758</u>
Totals	<u>\$ 58,024,892</u>	<u>\$ 50,078,124</u>	<u>\$ 2,165,239</u>	<u>\$ 52,243,363</u>

Unexpended Balance	Methods of Financing			Fund Balance at June 30, 2023
	Proceeds of Obligations	Interfund Transfers	Totals	
\$ 929,700	\$ 9,761,249	\$ 30,814	\$ 9,792,063	\$ 929,700
3,872,626	41,961,095	114,012	42,075,107	3,872,626
565,961	5,648,478	9,244	5,657,722	565,961
413,242	-	500,000	500,000	413,242
<u>\$ 5,781,529</u>	<u>\$ 57,370,822</u>	<u>\$ 654,070</u>	<u>\$ 58,024,892</u>	<u>\$ 5,781,529</u>

Pelham Union Free School District, New York

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

	School Lunch	Special Purpose	Permanent	Total Non-Major Governmental Funds
ASSETS				
Cash and equivalents	\$ 427,901	\$ 575,168	\$ 622,936	\$ 1,626,005
Receivables				
Accounts	-	6,400	-	6,400
State and Federal aid	17,935	-	-	17,935
	17,935	6,400	-	24,335
Inventories	226	-	-	226
Total Assets	<u>\$ 446,062</u>	<u>\$ 581,568</u>	<u>\$ 622,936</u>	<u>\$ 1,650,566</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 72,801	\$ 8,680	\$ -	\$ 81,481
Accrued liabilities	2,342	-	-	2,342
Due to other governments	85	-	-	85
Unearned revenues	53,647	-	-	53,647
Due to other funds	-	39,699	-	39,699
Total Liabilities	<u>128,875</u>	<u>48,379</u>	<u>-</u>	<u>177,254</u>
Fund balances				
Nonspendable	226	-	592,839	593,065
Restricted	-	533,189	30,097	563,286
Assigned	316,961	-	-	316,961
Total Fund Balances	<u>317,187</u>	<u>533,189</u>	<u>622,936</u>	<u>1,473,312</u>
Total Liabilities and Fund Balances	<u>\$ 446,062</u>	<u>\$ 581,568</u>	<u>\$ 622,936</u>	<u>\$ 1,650,566</u>

See independent auditors' report.

Pelham Union Free School District, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	School Lunch	Special Purpose	Permanent	Total Non-Major Governmental Funds
REVENUES				
Use of money and property	\$ 3,227	\$ 4,756	\$ 5,173	\$ 13,156
State aid	8,690	-	-	8,690
Federal aid	237,986	-	-	237,986
Food sales	661,150	-	-	661,150
Miscellaneous	-	548,138	-	548,138
Total Revenues	911,053	552,894	5,173	1,469,120
EXPENDITURES				
Current				
Cost of food sales	1,135,605	-	-	1,135,605
Other	-	535,455	500	535,955
Total Expenditures	1,135,605	535,455	500	1,671,560
Excess (Deficiency) of Revenues Over Expenditures	(224,552)	17,439	4,673	(202,440)
FUND BALANCES				
Beginning of Year	541,739	515,750	618,263	1,675,752
End of Year	\$ 317,187	\$ 533,189	\$ 622,936	\$ 1,473,312

See independent auditors' report.

Pelham Union Free School District, New York

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2023

Adopted Budget		\$ 84,240,000
Additions		
Encumbrances		<u>694,792</u>
Original Budget		84,934,792
Budget Amendments		<u>36,823</u>
Final Budget		<u><u>\$ 84,971,615</u></u>

General Fund
Section 1318 of Real Property Tax Law Limit Calculation
Year Ended June 30, 2023

2023-24 Expenditure Budget		<u>\$ 90,960,000</u>
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General Fund Fund Balance Subject to Section 1318 of
Real Property Tax Law

Unrestricted fund balance		
Assigned fund balance	\$ 3,858,400	
Unassigned fund balance	<u>3,638,347</u>	
Total Unrestricted Fund Balance	<u>7,496,747</u>	
Less		
Appropriated for subsequent year's budget	2,560,000	
Encumbrances	<u>1,298,400</u>	
Total Adjustments	<u>3,858,400</u>	

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,638,347</u></u>
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Actual Percentage	<u><u>4.00%</u></u>
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See independent auditors' report.

Pelham Union Free School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2023

Capital Assets, net		\$ 84,116,271
Less		
General obligation bonds payable	\$ (72,435,000)	
Leases payable	(637,388)	
Unamortized portion of premium on bonds	<u>(4,527,274)</u>	(77,599,662)
Plus		
Unexpended debt proceeds	5,214,217	
Unamortized portion of loss on refunding bonds	<u>561,256</u>	<u>5,775,473</u>
Net Investment in Capital Assets		<u><u>\$ 12,292,082</u></u>

See independent auditors' report.

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

Independent Auditors' Report

**The Board of Education of the
Pelham Union Free School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Pelham Union Free School District, New York ("School District") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 4, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 4, 2023



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

Independent Auditors' Report

**The Board of Education of the
Pelham Union Free School District, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Pelham Union Free School District, New York's ("School District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 4, 2023

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Pelham Union Free School District, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 4,960
National School Lunch Program - Commodities	10.555	N/A	-	36,443
National School Lunch Program - Cash	10.555	N/A	-	193,443
Subtotal Special Education Cluster			-	234,846
State Pandemic EBT Administrative Costs Grants	10.649	N/A	-	3,140
Total U.S. Department of Agriculture			-	237,986
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
Title I Grants to Local Educational Agencies	84.010	021-22-3780	-	43,601
Title I Grants to Local Educational Agencies	84.010	021-23-3780	-	13,000
			-	56,601
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	032-23-1089	-	627,055
Special Education - Preschool Grants	84.173	033-23-1089	-	10,198
Subtotal Special Education Cluster			-	637,253
Supporting Effective Instruction State Grants	84.367	147-22-3780	-	237
Supporting Effective Instruction State Grants	84.367	147-23-3780	-	36,400
			-	36,637
Student Support and Academic Enrichment Program	84.424	204-23-3780	-	10,000
Governor's Emergency Education Relief (GEER) Fund Elementary and Secondary School	84.425C	5895-21-3780	-	1,067
Emergency Relief (ESSER) Fund Elementary and Secondary School	84.425D	5890-21-3780	-	6,360
Emergency Relief (ESSER) Fund	84.425D	5891-21-3780	-	25,147
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-3780	-	40,329
			-	72,903
Total U.S. Department of Education			-	813,394
Total Expenditures of Federal Awards			\$ -	\$ 1,051,380

N/A - Information not available.

The accompanying notes are an integral part of this schedule.

Pelham Union Free School District, New York

Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Pelham Union Free School District, New York ("School District") under programs of the federal government for the year ended June 30, 2023. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("*Uniform Guidance*"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

Pelham Union Free School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

____ Yes X No
____ Yes X None reported

Noncompliance material to financial statements
noted?

____ Yes X No

Federal Awards

Internal control over major federal programs:

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

____ Yes X No
____ Yes X None reported

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

Unmodified

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

____ Yes X No

Identification of major federal programs:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

84.027
84.173

Special Education Cluster (IDEA):
Special Education – Grants to States
Special Education – Preschool Grants

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

\$750,000
 X Yes ____ No

Pelham Union Free School District, New York

Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2023

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Pelham Union Free School District, New York

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

None