

Somers Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2023

Somers Central School District, New York

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Independent Auditors' Report

**The Board of Education of the
Somers Central 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 Somers Central School District, New York ("School District") as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 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 3, 2023

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Somers Central School District, New York

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

Introduction

Our discussion and analysis of the Somers Central School District, New York's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2023. It should be read in conjunction with the basic financial statements to enhance understanding of the School District's financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,247,801.
- The School District issued \$950,000 of installment purchase debt during the year. The proceeds were used to finance the purchase of computer technology equipment. The School District also redeemed an additional \$3,775,000 serial bond debt and \$756,107 of installment purchase debt.
- The School District's governmental fund financial statements report a combined ending fund balance of \$25,032,170, a decrease of \$7,333,425 from the prior year. The decrease is due to a transfer from the Capital Reserve for \$7,000,000. Also noteworthy about the fund balance is that it includes monies restricted and assigned for debt service of \$434,756 which may be used to help offset future debt service obligations. Exclusive of the Debt Service and Capital Projects funds, the combined ending fund balances are \$15,386,495. The General Fund's unassigned fund balance of \$4,247,801 represents about 28% of this total.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows at the close of its most recent fiscal year by \$93,973,078. The School District's total net position decreased by \$1,738,124 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. One of the most significant of these standards, GASB Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", requires the School District to recognize the financial impact associated with other postemployment benefit ("OPEB") obligations. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. This standard requires the School District to report the *total*, rather than *net*, OPEB liability related to its employees, since New York State has not authorized the establishment of an irrevocable trust to set aside assets for this purpose. The prior standard under the provisions of GASB Statement No. 45 allowed for the amortization of prior service costs over a thirty year period. As a result of the provisions of GASB Statement No. 75, the School District's *total* OPEB liability as of June 30, 2023, is \$154,440,878 compared to \$156,321,273 in the prior year. The OPEB liability is reflected on the district-wide Statement of Net Position and impacts the total net position calculation. More detailed information about the School District's OPEB obligations reported in accordance with the provisions of GASB Statement No. 75 is presented in note 3E in the notes to financial statements.

Also noteworthy is that this standard parallels the pension standard under the provisions of GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions*”, presented in note 3E as well.

- School Districts are now required to report certain costs associated with participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees’ Retirement System (“ERS”) and the New York State Teachers’ Retirement System (“TRS”). Under the new standards established under GASB Statement No. 68, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all the municipalities and school districts in the plan. On June 30, 2023, the School District reported in its Statement of Net Position a liability of \$5,154,538 for its proportionate share of the net pension liability for ERS and a net pension liability of \$4,360,873 for TRS. More detailed information about the School District’s pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3E in the notes to financial statements.

Overview of the Financial Statements

This discussion and analysis are 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 the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

District-Wide Financial Statements

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District’s finances, in a manner similar to a private-sector business.
- The *statement of net position* presents information on all the School District’s assets, liabilities and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The *statement of activities* presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, other, interest and general support.

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

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. For the year ended June 30, 2023, upon the School District’s adoption of GASB Statement No. 84 all the funds of the School District are now reflected within governmental funds.

- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the government-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 six individual governmental funds, General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Special Aid Fund and Capital Projects Fund, since the School District has elected to report them as major funds.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General fund within the basic financial statements to demonstrate compliance with the budget.

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

Notes to the 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 the 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 a useful indicator of the School District's financial position. In the case of the Somers Central School District, New York, assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources by \$93,973,078 at the close of the current fiscal year.

Statement of Net Position

	June 30,	
	2023	2022
Current Assets	\$ 32,072,716	\$ 38,972,735
Net Pension Asset	-	42,747,748
Capital Assets, net	94,527,432	88,082,715
Total Assets	126,600,148	169,803,198
Deferred Outflows of Resources	43,225,736	51,972,942
Current Liabilities	7,271,228	6,809,893
Long-term Liabilities	216,506,353	215,444,771
Total Liabilities	223,777,581	222,254,664
Deferred Inflows of Resources	40,021,381	91,756,430
NET POSITION		
Net Investment in Capital Assets	49,802,419	47,498,142
Restricted		
Debt Service	434,756	627,473
ERS Retirement contributions	1,294,573	1,705,174
TRS Retirement contributions	1,447,742	1,327,825
Special Purposes	389,037	341,933
Capital Projects	8,200,747	1,405,016
Capital Improvements	1,267,345	4,489,687
Unrestricted	(156,809,697)	(149,630,204)
Total Net Position	\$ (93,973,078)	\$ (92,234,954)

One of the largest components of the School District's net position is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. 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

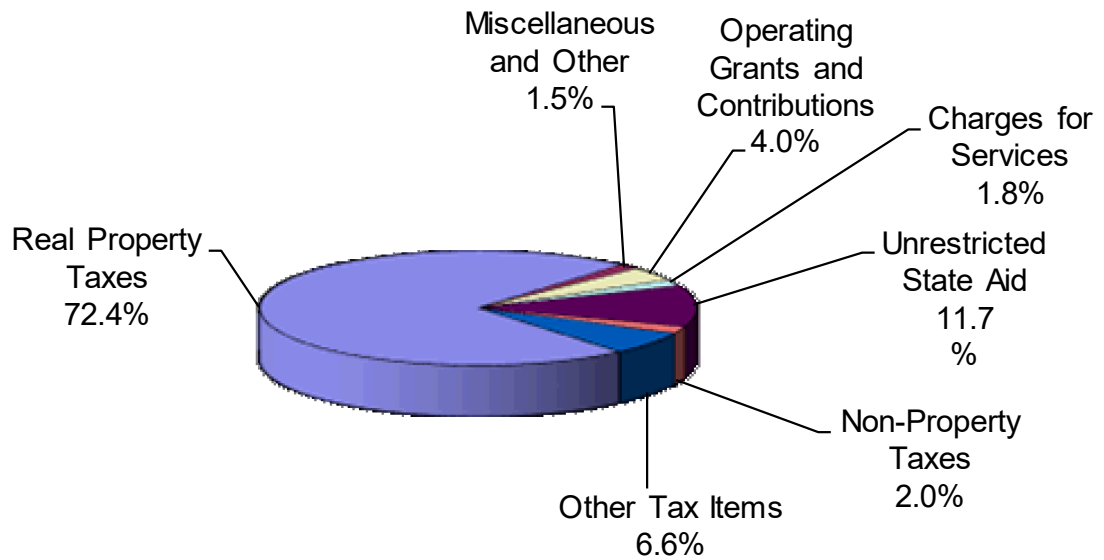
	June 30,	
	2023	2022
REVENUES		
Program Revenues		
Charges for Services	\$ 1,905,913	\$ 1,221,403
Operating Grants and Contributions	4,268,704	3,978,775
Capital Grants and Contributions	74,628	498
Total Program Revenues	6,249,245	5,200,676
General Revenues		
Real Property Taxes	77,451,791	75,255,351
Other Tax Items	7,008,118	7,547,466
Non-Property Taxes	2,105,541	1,964,977
Unrestricted Use of Money and Property	1,038,510	33,574
Sale of Property and Compensation for Loss	31,848	28,698
Unrestricted State Aid	12,579,291	11,473,727
Miscellaneous	504,316	662,463
Total General Revenues	100,719,415	96,966,256
Total Revenues	106,968,660	102,166,932
PROGRAM EXPENSES		
General Support	12,944,616	18,030,448
Instruction	87,488,108	76,775,922
Pupil Transportation	5,588,658	5,586,837
Cost of Food Sales	1,398,504	1,410,659
Other	236,251	179,003
Interest	1,050,647	962,752
Total Expenses	108,706,784	102,945,621
Change in Net Position	(1,738,124)	(778,689)
NET POSITION		
Beginning	(92,234,954)	(91,456,265)
Ending	<u>\$ (93,973,078)</u>	<u>\$ (92,234,954)</u>

As indicated on the following graphs, the School District relies upon real property taxes as its primary revenue source. The School District's instruction costs account for 80.5% of its expenses.

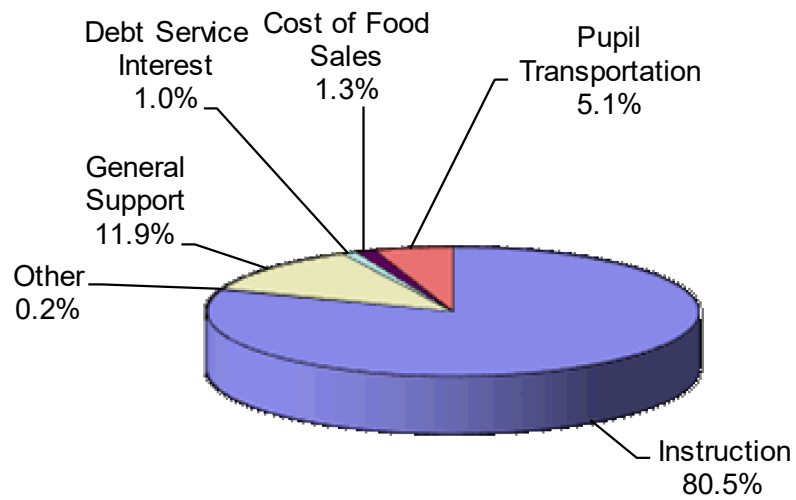
- Unrestricted use of money and property increases due to higher interest rates.

Expenses increased by \$5,761,163 during the 2022-23 fiscal year. The Instruction category increased by \$10,712,186. General Support, Transportation, and Cost of Food Sales decreased by \$5,096,166.

Sources of Revenue for Fiscal Year 2023 Governmental Activities



Sources of Expenditures for Fiscal Year 2023 Governmental Activities



Financial Analysis of the School District's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$25,032,170 a decrease of \$7,333,425 from the prior year. This decrease includes the reduction of some Reserve Funds and Capital Improvements and Projects

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$14,651,456 of which \$4,247,801 was unassigned. 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.

Fund balance of the School District's General Fund decreased by \$7,333,425 during the current fiscal year.

General Fund Budgetary Highlights

Expenditures were \$2,584,759 below the final budget, resulting from a savings in general support, instructional costs, pupil transportation, and employee benefits.

The table on the following page outlines the various balances that comprise the total fund balance as of June 30, 2023 according to their GASB Statement No. 54 classifications along with what the former classifications would have been. More detailed information about the School District's fund balance is presented in note 3, H in the notes to financial statements.

Total Fund Balance Classifications

GASB Statement No. 54 Classification	Previous Classifications	Fund Balance
Nonspendable Fund Balance	Prepaid Expenditures	\$ 18,174
	Reserved for Inventories	14,779
		<u>32,953</u>
Restricted Fund Balance	Reserved for Tax Certiorari	5,854,737
	Reserved for Employee Benefit Accrued Liability	214,569
	Reserved for ERS Retirement Contributions	856,317
	Reserved for ERS Retirement Contributions- for subsequent year's expenditures	438,256
	Reserved for TRS Retirement Contributions	1,447,742
	Reserved for Debt Service	334,756
	Reserved for Debit Service- for subsequent year's expenditures	100,000
	Capital Improvements	1,267,345
	Capital Projects	9,210,919
	Reserved for Trusts (Special Purpose Fund)	<u>389,037</u>
		<u>20,113,678</u>
Assigned Fund Balance	Reserved for Encumbrances - General Government Support	125,130
	Reserved for Encumbrances - Instruction	175,737
	Reserved for Encumbrances - Transportation	<u>5,648</u>
		<u>306,515</u>
	School Lunch Fund	<u>331,223</u>
Unassigned Fund Balance	Unreserved and Undesignated - General Fund	<u>4,247,801</u>
Total Fund Balance (as of 6/30/23)		<u><u>\$ 25,032,170</u></u>

Capital Assets

At June 30, 2023 the School District had \$94,527,432 net of accumulated depreciation invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment and construction in progress. The change in capital assets, net of accumulated depreciation, is reflected below.

	June 30,	
	2023	2022
Land	\$ 304,442	\$ 304,442
Construction-in-progress	8,544,632	266,100
Buildings and Improvements	84,697,796	86,914,720
Machinery and Equipment	<u>980,562</u>	<u>597,453</u>
Total Capital Assets, net of accumulated depreciation	<u><u>\$ 94,527,432</u></u>	<u><u>\$ 88,082,715</u></u>

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

Long-Term Debt

On June 30, 2023 and 2022, the School District had general obligation and other long-term debt outstanding, as follows:

	June 30,	
	2023	2022
Bonds Payable	\$ 36,664,550	\$ 40,759,221
Energy Performance Contract	8,767,952	8,898,826
Installment Purchase Debt	821,599	627,706
Compensated Absences	295,963	290,245
Claims Payable	6,000,000	8,547,500
Net Pension Liability	9,515,411	-
Other Post Employment Benefit Obligations Payable	154,440,878	156,321,273
Total	<u>\$ 216,506,353</u>	<u>\$ 215,444,771</u>

The School District issued \$950,000 of installment purchase debt during the 2022-23 fiscal year. The School District redeemed \$3,775,000 of serial bonds and \$756,107 installment purchase debt.

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

Requests for Information

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

Somers Central School District
Attn: Christopher Platania
Assistant Superintendent for Business and Operations
PO Box 620
Lincolndale, New York 10540

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Somers Central School District, New YorkStatement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 13,627,612
Restricted cash	822,046
Investments	13,400,308
Receivables	
Accounts	106,303
State and Federal aid	3,546,548
Due from other governments	536,946
Inventories	14,779
Prepaid expenses	18,174
Capital assets	
Not being depreciated	8,849,074
Being depreciated, net	85,678,358
Total Assets	<u>126,600,148</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding bonds	518,916
Pension related	27,343,284
OPEB related	15,363,536
Total Deferred Outflows of Resources	<u>43,225,736</u>
LIABILITIES	
Accounts payable	1,630,126
Accrued liabilities	140,072
Unearned revenues	192,911
Due to other governments	1,002
Due to retirement systems	4,978,579
Accrued interest payable	328,538
Non-current liabilities	
Due within one year	10,994,109
Due in more than one year	205,512,244
Total Liabilities	<u>223,777,581</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	2,260,741
OPEB related	37,760,640
Total Deferred Inflows of Resources	<u>40,021,381</u>
NET POSITION	
Net investment in capital assets	49,802,419
Restricted	
Debt service	434,756
ERS retirement contributions	1,294,573
TRS retirement contributions	1,447,742
Special purposes	389,037
Capital projects	8,200,747
Capital improvements	1,267,345
Unrestricted	(156,809,697)
Total Net Position	<u><u>\$ (93,973,078)</u></u>

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

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Somers Central 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	\$ 12,944,616	\$ 189,698	\$ 411,170	\$ -	\$ (12,343,748)
Instruction	87,488,108	726,917	2,935,327	-	(83,825,864)
Pupil transportation	5,588,658	-	203,700	-	(5,384,958)
Cost of food sales	1,398,504	989,298	379,497	-	(29,709)
Other	236,251	-	339,010	-	102,759
Interest	1,050,647	-	-	74,628	(976,019)
Total Governmental Activities	<u>\$ 108,706,784</u>	<u>\$ 1,905,913</u>	<u>\$ 4,268,704</u>	<u>\$ 74,628</u>	<u>(102,457,539)</u>
General revenues					
Real property taxes					77,451,791
Other tax items					
School tax relief reimbursement					6,901,400
Payments in lieu of taxes					106,718
Non-property taxes					
Non-property tax distribution from County					2,105,541
Unrestricted use of money and property					1,038,510
Sale of property and compensation for loss					31,848
Unrestricted State aid					12,579,291
Miscellaneous					504,316
Total General Revenues					<u>100,719,415</u>
Change in Net Position					(1,738,124)
Net Position - Beginning					<u>(92,234,954)</u>
Net Position - Ending					<u>\$ (93,973,078)</u>

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

Somers Central School District, New York

Balance Sheet
Governmental Funds
June 30, 2023

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 3,117,902	\$ 106,640	\$ 9,947,974
Restricted cash	-	-	822,046
Investments	12,939,406	-	-
Receivables			
Accounts	101,362	-	4,941
State and Federal aid	1,393,625	2,129,656	-
Due from other governments	536,946	-	-
Due from other funds	3,217,330	-	-
Inventories	-	-	-
Prepaid expenditures	18,174	-	-
Total Assets	<u>\$ 21,324,745</u>	<u>\$ 2,236,296</u>	<u>\$ 10,774,961</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,554,606	\$ 40,542	\$ 27,217
Accrued liabilities	135,672	-	-
Unearned revenues	4,432	2,637	-
Due to other governments	-	-	-
Due to other funds	-	2,095,261	1,536,825
Due to retirement systems	4,978,579	-	-
Total Liabilities	<u>6,673,289</u>	<u>2,138,440</u>	<u>1,564,042</u>
Deferred inflows of resources			
Deferred revenues	-	97,856	-
Total Liabilities and Deferred Inflows of Resources	<u>6,673,289</u>	<u>2,236,296</u>	<u>1,564,042</u>
Fund balances			
Nonspendable	18,174	-	-
Restricted	10,078,966	-	9,210,919
Assigned	306,515	-	-
Unassigned	4,247,801	-	-
Total Fund Balances	<u>14,651,456</u>	<u>-</u>	<u>9,210,919</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 21,324,745</u>	<u>\$ 2,236,296</u>	<u>\$ 10,774,961</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 455,096	\$ 13,627,612
-	822,046
460,902	13,400,308
-	106,303
23,267	3,546,548
-	536,946
1,534,756	4,752,086
14,779	14,779
-	18,174
<u>\$ 2,488,800</u>	<u>\$ 36,824,802</u>
\$ 7,761	\$ 1,630,126
4,400	140,072
185,842	192,911
1,002	1,002
1,120,000	4,752,086
-	4,978,579
<u>1,319,005</u>	<u>11,694,776</u>
-	97,856
<u>1,319,005</u>	<u>11,792,632</u>
14,779	32,953
823,793	20,113,678
331,223	637,738
-	4,247,801
<u>1,169,795</u>	<u>25,032,170</u>
<u>\$ 2,488,800</u>	<u>\$ 36,824,802</u>

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Somers Central School District, New York

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

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

Total Fund Balances - Governmental Funds	\$ 25,032,170
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	8,849,074
Capital assets - depreciable	134,118,309
Accumulated depreciation	(48,439,951)
	<u>94,527,432</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources.	
Deferred outflows - pension related	27,343,284
Deferred outflows - OPEB related	15,363,536
Deferred inflows - pension related	(2,260,741)
Deferred inflows - OPEB related	(37,760,640)
	<u>2,685,439</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
State aid	<u>97,856</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(328,538)
General obligation bonds payable	(34,035,000)
Energy Performance Contract debt payable	(8,767,952)
Installment purchase debt payable	(821,599)
Compensated absences	(295,963)
Net pension liability - ERS	(5,154,538)
Net pension liability - TRS	(4,360,873)
Claims payable	(6,000,000)
Total OPEB liability	(154,440,878)
	<u>(214,205,341)</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	518,916
Premium on general obligation bonds	(2,629,550)
	<u>(2,110,634)</u>
Net Position of Governmental Activities	<u>\$ (93,973,078)</u>

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

Somers Central 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	\$ 77,451,791	\$ -	\$ -
Other tax items	7,008,118	-	-
Non-property taxes	2,105,541	-	-
Charges for services	726,917	-	-
Use of money and property	1,474,508	-	-
Sale of property and compensation for loss	31,848	-	-
Interfund revenues	1,646	-	-
State aid	12,843,390	794,002	-
Federal aid	183,019	2,189,157	-
Food sales	-	-	-
Miscellaneous	564,624	3,918	-
Total Revenues	102,391,402	2,987,077	-
EXPENDITURES			
Current			
General support	12,070,078	107,545	-
Instruction	54,175,043	2,962,736	-
Pupil transportation	5,039,366	203,700	-
Employee benefits	23,725,825	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	4,661,981	-	-
Interest	1,315,221	-	-
Capital outlay	-	-	9,425,087
Total Expenditures	100,987,514	3,273,981	9,425,087
Excess (Deficiency) of Revenues Over Expenditures	1,403,888	(286,904)	(9,425,087)
OTHER FINANCING SOURCES (USES)			
Installment purchase debt issued	-	-	950,000
Transfers in	200,000	286,904	7,200,000
Transfers out	(7,486,904)	-	-
Total Other Financing Sources (Uses)	(7,286,904)	286,904	8,150,000
Net Change in Fund Balances	(5,883,016)	-	(1,275,087)
FUND BALANCES			
Beginning of Year	20,534,472	-	10,486,006
End of Year	\$ 14,651,456	\$ -	\$ 9,210,919

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 77,451,791
-	7,008,118
-	2,105,541
-	726,917
14,852	1,489,360
-	31,848
-	1,646
33,946	13,671,338
339,887	2,712,063
989,298	989,298
281,450	849,992
1,659,433	107,037,912
-	12,177,623
-	57,137,779
-	5,243,066
-	23,725,825
1,398,504	1,398,504
236,251	236,251
-	4,661,981
-	1,315,221
-	9,425,087
1,634,755	115,321,337
24,678	(8,283,425)
-	950,000
-	7,686,904
(200,000)	(7,686,904)
(200,000)	950,000
(175,322)	(7,333,425)
1,345,117	32,365,595
\$ 1,169,795	\$ 25,032,170

Somers Central 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>\$ (7,333,425)</u>
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Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures	9,073,743
Depreciation expense	<u>(2,629,026)</u>
	<u>6,444,717</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred Revenues	<u>(67,606)</u>
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond 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.

Principal paid on general obligation bonds	3,775,000
Principal paid on energy performance contract	130,874
Principal paid on installment purchase debt	756,107
Installment purchase debt issued	<u>(950,000)</u>
	<u>3,711,981</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	39,677
Compensated absences	(5,718)
Claims payable	2,547,500
Changes in pension liabilities and related deferred outflows and inflows of resources	(2,437,379)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(4,862,768)
Amortization of premium and loss on refunding bonds	<u>224,897</u>
	<u>(4,493,791)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (1,738,124)</u></u>
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The notes to financial statements are an integral part of this statement.

Somers Central School District, New York

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 77,451,792	\$ 77,451,792	\$ 77,451,791	\$ (1)
Other tax items	7,008,118	7,008,118	7,008,118	-
Non-property taxes	1,650,000	1,650,000	2,105,541	455,541
Charges for services	646,545	646,545	726,917	80,372
Use of money and property	168,636	168,636	1,474,508	1,305,872
Sale of property and com- pensation for loss	3,500	3,500	31,848	28,348
Interfund revenues	4,200	4,200	1,646	(2,554)
State aid	12,937,334	12,937,334	12,843,390	(93,944)
Federal aid	25,500	25,500	183,019	157,519
Miscellaneous	358,750	418,711	564,624	145,913
Total Revenues	100,254,375	100,314,336	102,391,402	2,077,066
EXPENDITURES				
Current				
General support	9,937,090	12,703,878	12,070,078	633,800
Instruction	54,971,986	55,265,345	54,175,043	1,090,302
Pupil transportation	5,831,113	5,430,558	5,039,366	391,192
Community services	13,125	13,125	-	13,125
Employee benefits	24,227,619	24,161,594	23,725,825	435,769
Debt service				
Principal	4,621,107	4,661,981	4,661,981	-
Interest	1,376,666	1,335,792	1,315,221	20,571
Total Expenditures	100,978,706	103,572,273	100,987,514	2,584,759
Excess (Deficiency) of Revenues Over Expenditures	(724,331)	(3,257,937)	1,403,888	4,661,825
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	200,000	-
Transfers out	(525,000)	(7,525,000)	(7,486,904)	38,096
Total Other Financing Uses	(325,000)	(7,325,000)	(7,286,904)	38,096
Net Change in Fund Balances	(1,049,331)	(10,582,937)	(5,883,016)	4,699,921
FUND BALANCES				
Beginning of Year	1,049,331	10,582,937	20,534,472	9,951,535
End of Year	\$ -	\$ -	\$ 14,651,456	\$ 14,651,456

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

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Note 1 - Summary of Significant Accounting Policies

The Somers Central School District, New York ("School District"), as presently constituted, was established in 1909 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

A. Financial Reporting Entity

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

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

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

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

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

Fund Categories

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

General Fund - The General Fund constitutes the primary operating 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 used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned

Note 1 - Summary of Significant Accounting Policies (Continued)

to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is as follows -

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

The School District also reports the following non-major governmental 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 extraclassroom activity funds.

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.

- 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 provisions of GASB Statement No. 84, "*Fiduciary Activities*", the School District had no such activity to report in this fund category.

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

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

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Fiduciary funds. 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, claims, net pension liabilities and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

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

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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. CLASS issues separately available audited financial statements with a year end of June 30th.

The School Districts position in the pool in the amount of \$13,400,308 at June 30, 2023 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 & Poor's. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative 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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Restricted Cash - Restricted cash in the Capital Projects Fund consist of unspent proceeds held by an escrow agent from the School District's Energy Performance Contract.

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable in September and January. The Town of Somers, 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 consist of certain costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts are equally offset by nonspendable 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 consist of food and supplies and are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In district-wide financial statements, unearned revenues consist of amounts received in advance and/or amounts from 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 \$4,432 for summer camp fees received in advance in the General Fund, \$2,637 for State and Federal aid received in advance in the Special Aid Fund and \$185,842 for Federal aid received in advance and unused meal deposits 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 a deferred outflow 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.

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

The School District reported deferred inflows of resources of \$97,856 in the Special Aid fund for State aid that is not available.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

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

Net Position - 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 restricted for debt service, retirement contributions, special purposes, capital projects and capital improvements.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or 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 for amounts assigned for balancing the subsequent year's budget or the School Superintendent for amounts assigned as encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 and School Lunch funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 3, 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 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

Note 2 - Stewardship, Compliance and Accountability (Continued)

that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

- f) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- g) The General Fund budget 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, Debt Service, School Lunch or Special Purpose funds since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Limitation on Fund Balance

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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

D. New Accounting Pronouncement

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements (SBITA's)*", established a single model for SBITA accounting based on the concept that SBITA's are a financing of a "right-to-use" underlying asset. This statement requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset and a subscriber to recognize a subscription receivable and a deferred inflow of resources. 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 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 3,217,330	\$ -
Special Aid	-	2,095,261
Capital Projects	-	1,536,825
Non-Major Governmental	1,534,756	1,120,000
	<u>\$ 4,752,086</u>	<u>\$ 4,752,086</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.

Somers Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)**B. Capital Assets**

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

Class	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets, not being depreciated:				
Land	\$ 304,442	\$ -	\$ -	\$ 304,442
Construction-in-progress	266,100	8,510,838	232,306	8,544,632
	<u>\$ 570,542</u>	<u>\$ 8,510,838</u>	<u>\$ 232,306</u>	<u>\$ 8,849,074</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 131,141,054	\$ 232,306	\$ -	\$ 131,373,360
Machinery and Equipment	2,182,044	562,905	-	2,744,949
	<u>133,323,098</u>	<u>795,211</u>	<u>-</u>	<u>134,118,309</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	44,226,334	2,449,230	-	46,675,564
Machinery and Equipment	1,584,591	179,796	-	1,764,387
	<u>45,810,925</u>	<u>2,629,026</u>	<u>-</u>	<u>48,439,951</u>
Total Capital Assets, being depreciated				
	<u>\$ 87,512,173</u>	<u>\$ (1,833,815)</u>	<u>\$ -</u>	<u>\$ 85,678,358</u>
Capital Assets, net	<u>\$ 88,082,715</u>	<u>\$ 6,677,023</u>	<u>\$ 232,306</u>	<u>\$ 94,527,432</u>

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

General Support	\$ 205,853
Instruction	2,393,991
Pupil transportation	<u>29,182</u>
Total Depreciation Expense	<u>\$ 2,629,026</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2023 were as follows:

Payroll and employee benefits	<u>\$ 140,072</u>
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Somers Central 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	\$ 37,810,000	\$ -	\$ 3,775,000	\$ 34,035,000	\$ 3,940,000
Plus - Unamortized premium on bonds	2,949,221	-	319,671	2,629,550	-
	<u>40,759,221</u>	<u>-</u>	<u>4,094,671</u>	<u>36,664,550</u>	<u>3,940,000</u>
Energy Performance Contract Debt Payable	<u>8,898,826</u>	<u>-</u>	<u>130,874</u>	<u>8,767,952</u>	<u>519,104</u>
Installment Purchase Debt Payable	<u>627,706</u>	<u>950,000</u>	<u>756,107</u>	<u>821,599</u>	<u>505,005</u>
Other Non-current Liabilities:					
Compensated Absences	290,245	34,718	29,000	295,963	30,000
Claims Payable	8,547,500	1,000,000	3,547,500	6,000,000	6,000,000
Net Pension Liability - ERS	-	5,154,538	-	5,154,538	-
Net Pension Liability - TRS	-	4,360,873	-	4,360,873	-
Other Postemployment Benefit Liability	<u>156,321,273</u>	<u>9,018,273</u>	<u>10,898,668</u>	<u>154,440,878</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 215,444,771</u>	<u>\$ 20,518,402</u>	<u>\$ 19,456,820</u>	<u>\$ 216,506,353</u>	<u>\$ 10,994,109</u>

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

General Obligation Bonds Payable

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2023
Refunding Bonds	2015	\$ 17,150,000	September, 2029	2.00 - 5.00 %	\$ 7,920,000
Refunding Bonds	2016	15,275,000	November, 2027	2.00 - 5.00	7,760,000
Reconstruction of Various Facilities	2020	13,155,000	June, 2040	2.00 - 5.00	11,980,000
Serial Bonds	2020	6,985,000	August, 2035	1.00 - 5.00	6,375,000
					<u>\$ 34,035,000</u>

Interest expenditures of \$1,056,271 were recorded in the fund financial statements in the General Fund. Interest expense of \$780,853 was recorded in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Energy Performance Contract Debt Payable

The School District on June 28, 2022, entered into a \$8,898,826 contractual agreement to install energy saving equipment and/or to upgrade existing facilities to enhance performance. The agreement provides for semi-annual payments of \$380,931, including interest at 2.81% through June 2037. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the payment terms. Interest expenditures of \$250,057 were recorded in the fund financial statements in the General Fund and in the government-wide financial statements for governmental activities. The balance due at June 30, 2023 was \$8,767,952.

Installment Purchase Debt Payable

The School District has entered into various agreements to finance the cost of purchasing certain equipment. The terms of the agreements provide for repayment in annual installments, through 2025, including interest at rates ranging from .90% to 2.62%. Interest expenditures of \$8,893 were recorded in the fund financial statements in the General Fund and \$19,737 in the District-Wide financial statements. The balance due at June 30, 2023 was \$821,599.

Payments to Maturity

The annual requirements to amortize all outstanding bonded, energy performance contract and installment purchase debt as of June 30, 2023, including interest payments of \$6,891,382 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract Debt	
	Principal	Interest	Principal	Interest
2024	\$ 3,940,000	\$ 887,171	\$ 519,104	\$ 242,758
2025	4,095,000	756,378	533,793	228,069
2026	4,205,000	641,403	548,898	212,964
2027	4,330,000	520,474	564,431	197,432
2028	3,150,000	409,515	580,403	181,459
2029-2033	6,980,000	1,189,411	3,157,865	651,447
2034-2038	5,610,000	513,263	2,863,458	183,987
2039-2040	1,725,000	47,250	-	-
	<u>\$ 34,035,000</u>	<u>\$ 4,964,865</u>	<u>\$ 8,767,952</u>	<u>\$ 1,898,116</u>

Year Ending June 30,	Installment Purchase Debt		Total	
	Principal	Interest	Principal	Interest
2024	\$ 505,005	\$ 19,995	\$ 4,964,109	\$ 1,149,924
2025	316,594	8,406	4,945,387	992,853
2026	-	-	4,753,898	854,367
2027	-	-	4,894,431	717,906
2028	-	-	3,730,403	590,974
2029-2033	-	-	10,137,865	1,840,858
2034-2038	-	-	8,473,458	697,250
2039-2040	-	-	1,725,000	47,250
	<u>\$ 821,599</u>	<u>\$ 28,401</u>	<u>\$ 43,624,551</u>	<u>\$ 6,891,382</u>

Note 3 - Detailed Notes on All Funds (Continued)

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 five year average full valuation of taxable real property.

Compensated Absences

The School District is not required to compensate employees for accumulated sick leave upon separation from service. Vacation leave for school administrators and non-teaching full-time employees is generally taken in the year subsequent to the year in which it is earned. In addition, school administrators can accumulate and carry forward to the next fiscal year up to five vacation days. Non-teaching full-time employees may carry forward one day to the next fiscal year, if prior approval is obtained. The value of the compensated absences has been reflected in the district-wide financial statements.

Claims Payable

Claims payable is comprised of \$6,000,000 for estimated tax certiorari refunds, which were not due and payable at year-end. This represents estimated tax certiorari refunds based upon proceedings pending against the School District to reduce assessments upon which taxes had been levied. This amount is included in the current portion of claims payable in the Statement of Net Position and as an expense in the Statement of Activities on 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.

Somers Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the 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 %
	3 A14	13.1
	4 A15	13.1
	5 A15	11.2
	6 A15 41J100	8.3
	6 A15 41J165	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	\$ 5,154,538	\$ 4,360,873
School Districts' proportion of the net pension liability	0.0240372 %	0.227260 %
Change in proportion since the prior measurement date	0.0004222 %	(0.008283) %

Somers Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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 7,572,825, (\$1,963,113 for ERS and \$5,609,712 for TRS). Pension expenditures for ERS of \$898,361 and TRS of \$4,237,085 were recorded in the fund financial statements and were charged to the General Fund.

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	\$ 548,999	\$ 144,759	\$ 4,569,643	\$ 87,384
Changes of assumptions	2,503,376	27,667	8,459,356	1,756,683
Net difference between projected and actual earnings on pension plan investments	-	30,283	5,634,662	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	454,223	73,511	602,288	140,454
School District contributions subsequent to the measurement date	305,340	-	4,265,397	-
	<u>\$ 3,811,938</u>	<u>\$ 276,220</u>	<u>\$ 23,531,346</u>	<u>\$ 1,984,521</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 5,118,642	\$ 232,143		
Changes of assumptions	10,962,732	1,784,350		
Net difference between projected and actual earnings on pension plan investments	5,634,662	30,283		
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,056,511	213,965		
School District contributions subsequent to the measurement date	4,570,737	-		
	<u>\$ 27,343,284</u>	<u>\$ 2,260,741</u>		

\$305,340 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan's year ended March 31, 2024. The \$4,265,397 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the

Somers Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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:

<u>Year Ended</u>	<u>March 31, ERS</u>	<u>June 30, TRS</u>
2023	\$ -	\$ 3,345,706
2024	813,893	1,768,114
2025	(158,515)	(614,666)
2026	1,150,873	11,180,369
2027	1,424,127	1,488,904
Thereafter	-	113,001
	<u>\$ 3,230,378</u>	<u>\$ 17,281,428</u>

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

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 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.

Somers Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Asset Type	ERS March 31, 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 Fixed Income Securities	-	-	2	0.6
High Yield Fixed Income Securities	-	-	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 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

Somers Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

a discount rate that is 1 percentage point lower (4.9% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 12,456,306</u>	<u>\$ 5,154,538</u>	<u>\$ (946,940)</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>\$ 40,209,295</u>	<u>\$ 4,360,873</u>	<u>\$ 25,787,414</u>

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

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

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 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 \$305,340 to ERS and \$4,673,239 to TRS, inclusive of \$407,842 of employee contributions.

Note 3 - Detailed Notes on All Funds (Continued)

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 365 days of service. No current employees participated in this program.

Other Postemployment Benefit Liability (“OPEB”)

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

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

Inactive employees currently receiving benefit payments	318
Active employees	<u>479</u>
	<u><u>797</u></u>

The School District’s total OPEB liability of \$154,440,878 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	3.0%, average, including inflation
Discount rate	4.0%
Healthcare cost trend rates	7.0% for 2023, decreasing to an ultimate rate of 4.0% for 2035 and later years
Retirees' share of benefit-related costs	Varies from 0% to 14%, depending on applicable retirement year and bargaining unit

The discount rate was based on the prescribed discount interest rate methodology under GASB 75 based on an average of three 20-year bond indices as of June 30, 2023.

Somers Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

Mortality rates were based on the Employee and Healthy Annuitant Tables for both pre & post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

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	\$ 156,321,273
Service cost	2,871,518
Interest	6,146,755
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(5,593,855)
Benefit payments	<u>(5,304,813)</u>
Total OPEB Liability - End of Year	<u>\$ 154,440,878</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 (3.0%) or 1 percentage point higher (5.0%) than the current discount rate:

	1% Decrease (3.0%)	Current Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB Liability	<u>\$ 180,463,858</u>	<u>\$ 154,440,878</u>	<u>\$ 133,794,517</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.0% decreasing to 3.0%) or 1 percentage point higher (8.0% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.0%)	Current Healthcare Cost Trend Rates (7.0% decreasing to 4.0%)	1% Increase (8.0% decreasing to 5.0%)
Total OPEB Liability	<u>\$ 130,732,051</u>	<u>\$ 154,440,878</u>	<u>\$ 185,060,505</u>

For the year ended June 30, 2023, the School District recognized OPEB expense of \$10,167,581 in the district-wide financial statements. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Somers Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	<u>\$ 15,363,536</u>	<u>\$ 37,760,640</u>

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

Year Ended June 30,	
2024	\$ 1,149,307
2025	(2,138,795)
2026	(5,823,888)
2027	(7,392,304)
2028	(7,392,301)
Thereafter	(799,123)
	<u>\$ (22,397,104)</u>

E. Revenues and Expenditures**Interfund Transfers**

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

	Transfers in			
<u>Transfers Out</u>	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 286,904	\$ 7,200,000	\$ 7,486,904
Non-Major Governmental	200,000	-	-	200,000
	<u>\$ 200,000</u>	<u>\$ 286,904</u>	<u>\$ 7,200,000</u>	<u>\$ 7,686,904</u>

Transfers are used to move amounts earmarked in the operating funds to 1) fulfill commitments for Special Aid and Capital Projects funds expenditures, 2) transfer amounts appropriated for debt service to the General Fund.

Note 3 - Detailed Notes on All Funds (Continued)

F. Net Position

The components of net position are detailed below:

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

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

Restricted for Capital Improvements - the component of net position that reports the amounts restricted for capital project improvements as established by Section 3651 of the Education Law of the State of New York.

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

Somers Central 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	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable -								
Inventories	\$ -	\$ -	\$ 14,779	\$ 14,779	\$ -	\$ -	\$ 16,523	\$ 16,523
Prepaid expenditures	18,174	-	-	18,174	3,549	-	-	3,549
	18,174	-	14,779	32,953	3,549	-	16,523	20,072
Restricted:								
Tax certiorari	5,854,737	-	-	5,854,737	8,219,991	-	-	8,219,991
Employee benefit accrued liability	214,569	-	-	214,569	230,592	-	-	230,592
ERS retirement contributions	856,317	-	-	856,317	1,176,919	-	-	1,176,919
ERS retirement contributions - for subsequent year's expenditures	438,256	-	-	438,256	528,555	-	-	528,555
TRS retirement contributions	1,447,742	-	-	1,447,742	1,327,825	-	-	1,327,825
Debt service	-	-	334,756	334,756	-	-	427,473	427,473
Debt Service - for subsequent year's expenditures	-	-	100,000	100,000	-	-	200,000	200,000
Capital improvements	1,267,345	-	-	1,267,345	4,489,687	-	-	4,489,687
Capital projects	-	9,210,919	-	9,210,919	-	10,486,006	-	10,486,006
Special purposes	-	-	389,037	389,037	-	-	341,933	341,933
	10,078,966	9,210,919	823,793	20,113,678	15,973,569	10,486,006	969,406	27,428,981
Assigned:								
Purchases on order								
General government support	125,130	-	-	125,130	378,356	-	-	378,356
Instruction	175,737	-	-	175,737	142,368	-	-	142,368
Transportation	5,648	-	-	5,648	52	-	-	52
	306,515	-	-	306,515	520,776	-	-	520,776
School Lunch Fund	-	-	331,223	331,223	-	-	359,188	359,188
	306,515	-	331,223	637,738	520,776	-	359,188	879,964
Unassigned	4,247,801	-	-	4,247,801	4,036,578	-	-	4,036,578
Total Fund Balance	\$ 14,651,456	\$ 9,210,919	\$ 1,169,795	\$ 25,032,170	\$ 20,534,472	\$ 10,486,006	\$ 1,345,117	\$ 32,365,595

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 has 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.

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

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

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

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, committed or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, in addition to the amount reported as claims payable, 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.

In addition, there is a civil matter involving the School District has been assigned to the School District's insurance carrier, New York State Insurance Reciprocal ("NYSIR"). As the claimants have not yet commenced litigation it is too early to determine the final impact, if any, on the School District and no provision for loss has been included in the financial statements.

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 to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, 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 general liability and umbrella liability insurance coverages with policy limits of \$1 million and \$20 million, respectively. The School District also maintains liability coverage for school board members up to \$1 million. 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 Northern Westchester and Putnam Counties participate in the Westchester-Putnam Schools Cooperative Self-Insurance Plan for Workers' Compensation. The Plan operates under an agreement, as amended, dated February 6, 1987. The purposes of the Plan are to provide for the efficient and economical evaluation, processing, administration, defense and payment of claims against Plan members for workers' compensation payments. The Board of Trustees of the Plan consists of five Trustees selected by the Plan members. Each Trustee shall have one vote and no action may be taken except by a majority of the total membership of Trustees. Billings to each participant are based upon the cost incurred for workers' compensation. The School District has transferred all related risk to the Plan.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Northern Westchester - Putnam Schools Cooperative Medical Expense Benefit Plan. The Plan operates under an agreement dated February 17, 1987. The purposes of the Plan are to provide for the efficient and economical evaluation, processing, administration and payment of claims against Plan members for medical expenses through self-insurance and to provide for centralized administration, funding and disbursements for such services. The governance of the Plan rests in the Board of Trustees which shall consist of five Trustees selected by the Plan members. A majority of the total number of Trustees shall be required to taken any actions. The billings are based upon coverages provided to each participants' employees. The School District has transferred all related risk to the Plan.

Somers Central School District, New York

Notes to Financial Statements (Concluded)

June 30, 2023

Note 5 - Tax Abatements

The School District currently has three real property tax abatement agreements with housing development and redevelopment companies organized pursuant to Article XI of the New York Private Housing Finance Law ("PHFL") and Section 402 of the New York Not-for-Profit Corporation Law, in which the Housing Development Fund Corporation ("HDFC") holds a fee interest in the property for the benefit of the LLC limited partnership.

These agreements are for 40 years in duration or until the property no longer provides affordable housing or no longer complies with the requirements of the New York PHFL. The payment in lieu of taxes ("PILOT") payments received include a yearly increase of 3% annually.

Copies of the agreements may be obtained from the Somers Town Clerk, 335 Route 202, Somers, New York 10589.

Information relevant to disclosure of these agreements for the School District fiscal year ended June 30, 2023 is as follows:

<u>Start Date</u>	<u>Agreement</u>	<u>Tax Yr</u>	<u>Taxable Assessed Value</u>	<u>Tax Rate</u>	<u>Total Tax Value</u>	<u>PILOT Received</u>	<u>Taxes Abated</u>
3/20/2012	Somers Senior, LP & Somers Housing Development Fund Co., Inc.	2022/23	\$ 474,500	\$ 177.289158	\$ 84,124	\$ 38,274	\$ 45,850
5/14/2014	Somers II Senior, LLC & Mews Housing Development Fund Co., Inc.	2022/23	500,400	177.289158	88,715	35,986	52,729
3/12/2018	Crossroads at Baldwin Place Housing Development Fund Co., Inc.	2022/23	<u>790,000</u>	177.289158	<u>140,058</u>	<u>32,458</u>	<u>107,600</u>
Total			<u>\$ 1,764,900</u>		<u>\$ 312,897</u>	<u>\$ 106,718</u>	<u>\$ 206,179</u>

Note 6 - Recently Issued GASB Pronouncements

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

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

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Somers Central 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	\$ 2,871,518	\$ 2,995,517	\$ 4,536,090	\$ 3,958,748	\$ 2,594,127	\$ 2,256,765
Interest	6,146,755	7,340,252	3,811,154	4,382,623	4,776,235	4,796,342
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-
Changes of assumptions or other inputs *	(5,593,855)	(46,152,271)	9,410,496	22,110,558	19,728,617	-
Benefit payments	(5,304,813)	(5,127,720)	(5,688,190)	(5,522,245)	(2,352,377)	(2,328,624)
Net Change in Total OPEB Liability	(1,880,395)	(40,944,222)	12,069,550	24,929,684	24,746,602	4,724,483
Total OPEB Liability – Beginning of Year	156,321,273	197,265,495	185,195,945	160,266,261	135,519,659	130,795,176 (3)
Total OPEB Liability – End of Year	<u>\$ 154,440,878</u>	<u>\$ 156,321,273</u>	<u>\$ 197,265,495</u>	<u>\$ 185,195,945</u>	<u>\$ 160,266,261</u>	<u>\$ 135,519,659</u>
School District's covered-employee payroll	<u>\$ 44,025,336</u>	<u>\$ 44,025,336</u>	<u>\$ 42,952,223</u>	<u>\$ 42,952,223</u>	<u>\$ 45,684,362</u>	<u>\$ 44,808,552</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>351%</u>	<u>355%</u>	<u>459%</u>	<u>431%</u>	<u>351%</u>	<u>302%</u>
* Discount Rate	<u>4.00%</u>	<u>3.77%</u>	<u>2.09%</u>	<u>2.44%</u>	<u>3.10%</u>	<u>3.70%</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.

Somers Central 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)	0.227260%	0.235543%	0.232140%	0.235803%	0.236077%	0.234149%	0.237332%	0.236231%	0.233827%
School District's proportionate share of the net pension liability (asset)	\$ 4,360,873	\$ (40,817,316)	\$ 6,414,660	\$ (6,126,189)	\$ (4,268,901)	\$ (1,779,768)	\$ 2,541,926	\$ (24,536,892)	\$ (26,046,890)
School District's covered payroll	\$ 40,408,908	\$ 40,106,560	\$ 39,489,495	\$ 39,386,902	\$ 38,546,849	\$ 37,183,709	\$ 36,718,192	\$ 35,599,856	\$ 34,634,536
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	10.79%	(101.77)%	16.24%	(15.55)%	(11.07)%	(4.79)%	6.92%	(68.92)%	(75.20)%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.57%	113.25%	97.76%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount Rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,265,397	\$ 3,960,073	\$ 3,822,155	\$ 3,498,769	\$ 4,182,889	\$ 3,777,591	\$ 4,357,931	\$ 4,871,863	\$ 6,220,543
Contributions in relation to the contractually required contribution	(4,265,397)	(3,960,073)	(3,822,155)	(3,498,769)	(4,182,889)	(3,777,591)	(4,357,931)	(4,871,863)	(6,220,543)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 41,451,870	\$ 40,408,908	\$ 40,106,560	\$ 39,489,495	\$ 39,386,902	\$ 38,546,849	\$ 37,183,709	\$ 36,718,192	\$ 35,599,856
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.27%	17.47%

(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 pension 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 pension due to investment gains.

Somers Central 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)	<u>0.0240372%</u>	<u>0.0236150%</u>	<u>0.0213607%</u>	<u>0.0225222%</u>	<u>0.0242253%</u>	<u>0.0247112%</u>	<u>0.0251110%</u>	<u>0.0260924%</u>	<u>0.0263506%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 5,154,538</u>	<u>\$ (1,930,432)</u>	<u>\$ 21,270</u>	<u>\$ 5,964,004</u>	<u>\$ 1,716,439</u>	<u>\$ 797,540</u>	<u>\$ 2,359,481</u>	<u>\$ 4,187,904</u>	<u>\$ 890,186</u>
School District's covered payroll	<u>\$ 7,731,601</u>	<u>\$ 7,745,338</u>	<u>\$ 7,645,023</u>	<u>\$ 7,547,233</u>	<u>\$ 7,566,252</u>	<u>\$ 7,555,995</u>	<u>\$ 7,365,451</u>	<u>\$ 7,340,131</u>	<u>\$ 7,070,121</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>66.67%</u>	<u>-24.92%</u>	<u>0.28%</u>	<u>79.02%</u>	<u>22.69%</u>	<u>10.56%</u>	<u>32.03%</u>	<u>57.05%</u>	<u>12.59%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>90.78%</u>	<u>103.65%</u>	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>
Discount Rate	<u>5.90%</u>	<u>5.90%</u>	<u>5.90%</u>	<u>6.80%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 878,878</u>	<u>\$ 1,238,410</u>	<u>\$ 1,086,320</u>	<u>\$ 1,105,577</u>	<u>\$ 1,116,402</u>	<u>\$ 1,114,123</u>	<u>\$ 1,128,624</u>	<u>\$ 1,297,350</u>	<u>\$ 1,459,556</u>
Contributions in relation to the contractually required contribution	<u>(878,878)</u>	<u>(1,238,410)</u>	<u>(1,086,320)</u>	<u>(1,105,577)</u>	<u>(1,116,402)</u>	<u>(1,114,123)</u>	<u>(1,128,624)</u>	<u>(1,297,350)</u>	<u>(1,459,556)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 7,775,224</u>	<u>\$ 7,666,869</u>	<u>\$ 7,570,837</u>	<u>\$ 7,627,405</u>	<u>\$ 7,450,072</u>	<u>\$ 7,659,985</u>	<u>\$ 7,415,391</u>	<u>\$ 7,352,710</u>	<u>\$ 7,113,239</u>
Contributions as a percentage of covered payroll	<u>11.30%</u>	<u>16.15%</u>	<u>14.35%</u>	<u>14.49%</u>	<u>14.99%</u>	<u>14.54%</u>	<u>15.22%</u>	<u>17.64%</u>	<u>20.52%</u>

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

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

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

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

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Somers Central School District, New York

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

	2023				
	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
REVENUES					
Real property taxes	\$ 77,451,792	\$ 77,451,792	\$ 77,451,791	\$	\$ (1)
Other tax items	7,008,118	7,008,118	7,008,118		-
Non-property taxes	1,650,000	1,650,000	2,105,541		455,541
Charges for services	646,545	646,545	726,917		80,372
Use of money and property	168,636	168,636	1,474,508		1,305,872
Sale of property and compensation for loss	3,500	3,500	31,848		28,348
Interfund revenues	4,200	4,200	1,646		(2,554)
State aid	12,937,334	12,937,334	12,843,390		(93,944)
Federal aid	25,500	25,500	183,019		157,519
Miscellaneous	358,750	418,711	564,624		145,913
Total Revenues	100,254,375	100,314,336	102,391,402		2,077,066
EXPENDITURES					
Current					
General support					
Board of education	90,224	96,426	94,164	-	2,262
Central administration	408,742	405,726	379,044	-	26,682
Finance	968,958	984,292	956,327	613	27,352
Staff	838,941	843,066	752,399	115	90,552
Central services	6,593,120	6,848,709	6,388,350	124,402	335,957
Special items	1,037,105	3,525,659	3,499,794	-	25,865
Total General Support	9,937,090	12,703,878	12,070,078	125,130	508,670
Instruction					
Instruction, administration and improvement	4,440,140	4,477,546	4,372,363	41,966	63,217
Teaching - Regular school	27,905,637	27,877,838	27,414,882	82,327	380,629
Programs for students with disabilities	14,216,646	14,433,988	14,421,424	12,250	314
Occupational education	989,914	990,313	953,282	-	37,031
Teaching - Special schools	3,960	3,960	2,954	-	1,006
Instructional media	2,381,125	2,409,503	2,186,504	31,060	191,939
Pupil services	5,034,564	5,072,197	4,823,634	8,134	240,429
Total Instruction	54,971,986	55,265,345	54,175,043	175,737	914,565
Pupil transportation	5,831,113	5,430,558	5,039,366	5,648	385,544
Community services	13,125	13,125	-	-	13,125
Employee benefits	24,227,619	24,161,594	23,725,825	-	435,769
Debt service					
Principal	4,621,107	4,661,981	4,661,981	-	-
Interest	1,376,666	1,335,792	1,315,221	-	20,571
Total Expenditures	100,978,706	103,572,273	100,987,514	306,515	2,278,244
Excess (Deficiency) of Revenues Over Expenditures	(724,331)	(3,257,937)	1,403,888	(306,515)	4,355,310
OTHER FINANCING SOURCES (USES)					
Transfers in	200,000	200,000	200,000	-	-
Transfers out	(525,000)	(7,525,000)	(7,486,904)	-	38,096
Total Other Financing Uses	(325,000)	(7,325,000)	(7,286,904)	-	38,096
Net Change in Fund Balance	(1,049,331)	(10,582,937)	(5,883,016)	\$ (306,515)	\$ 4,393,406
FUND BALANCE					
Beginning of Year	1,049,331	10,582,937	20,534,472		
End of Year	\$ -	\$ -	\$ 14,651,456		

See independent auditors' report.

Somers Central 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	\$ 77,451,792	\$ 77,451,792	\$ 77,451,791	\$ (1)
OTHER TAX ITEMS				
School tax relief reimbursement	6,901,400	6,901,400	6,901,400	-
Payments in lieu of taxes	106,718	106,718	106,718	-
	<u>7,008,118</u>	<u>7,008,118</u>	<u>7,008,118</u>	<u>-</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>1,650,000</u>	<u>1,650,000</u>	<u>2,105,541</u>	<u>455,541</u>
CHARGES FOR SERVICES				
Day school tuition - Other districts	3,500	3,500	-	(3,500)
Drivers education	-	-	-	-
Health services - Other districts	<u>643,045</u>	<u>643,045</u>	<u>726,917</u>	<u>83,872</u>
	<u>646,545</u>	<u>646,545</u>	<u>726,917</u>	<u>80,372</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	16,500	16,500	1,284,810	1,268,310
Rental of real property	<u>152,136</u>	<u>152,136</u>	<u>189,698</u>	<u>37,562</u>
	<u>168,636</u>	<u>168,636</u>	<u>1,474,508</u>	<u>1,305,872</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	6,381	6,381
Sale of equipment	1,000	1,000	2,790	1,790
Other	<u>2,500</u>	<u>2,500</u>	<u>22,677</u>	<u>20,177</u>
	<u>3,500</u>	<u>3,500</u>	<u>31,848</u>	<u>28,348</u>

INTERFUND REVENUES	<u>4,200</u>	<u>4,200</u>	<u>1,646</u>	<u>(2,554)</u>
STATE AID				
Basic formula	11,696,365	11,696,365	9,104,533	(2,591,832)
Textbook aid	166,304	166,304	166,071	(233)
Computer software aid	77,271	77,271	76,953	(318)
Lottery aid	-	-	2,392,374	2,392,374
Library materials aid	21,163	21,163	21,075	(88)
BOCES aid	<u>976,231</u>	<u>976,231</u>	<u>1,082,384</u>	<u>106,153</u>
	<u>12,937,334</u>	<u>12,937,334</u>	<u>12,843,390</u>	<u>(93,944)</u>
FEDERAL AID				
Emergency management assistance	-	-	120,017	120,017
Medical assistance	<u>25,500</u>	<u>25,500</u>	<u>63,002</u>	<u>37,502</u>
	<u>25,500</u>	<u>25,500</u>	<u>183,019</u>	<u>157,519</u>
MISCELLANEOUS				
Refund of prior year's expenditures	137,500	137,500	148,244	10,744
Refunds of BOCES aided services	87,500	87,500	115,669	28,169
E-Rate refunds	18,000	18,000	100,049	82,049
Gifts and donations	-	59,961	60,308	347
Other	<u>115,750</u>	<u>115,750</u>	<u>140,354</u>	<u>24,604</u>
	<u>358,750</u>	<u>418,711</u>	<u>564,624</u>	<u>145,913</u>
TOTAL REVENUES	<u>100,254,375</u>	<u>100,314,336</u>	<u>102,391,402</u>	<u>2,077,066</u>
OTHER FINANCING SOURCES				
Transfers in				
Debt Service Fund	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u><u>\$ 100,454,375</u></u>	<u><u>\$ 100,514,336</u></u>	<u><u>\$ 102,591,402</u></u>	<u><u>\$ 2,077,066</u></u>

See independent auditors' report.

Somers Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbr- ances</u>	<u>Variance with Final Budget</u>
GENERAL SUPPORT					
<i>BOARD OF EDUCATION</i>					
Board of education	\$ 36,754	\$ 41,604	\$ 39,577	\$ -	\$ 2,027
District clerk	29,824	28,974	28,770	-	204
District meeting	23,646	25,848	25,817	-	31
	<u>90,224</u>	<u>96,426</u>	<u>94,164</u>	<u>-</u>	<u>2,262</u>
<i>CENTRAL ADMINISTRATION</i>					
Chief school administrator	408,742	405,726	379,044	-	26,682
<i>FINANCE</i>					
Business administration	904,508	919,842	893,877	613	25,352
Auditing	64,450	64,450	62,450	-	2,000
	<u>968,958</u>	<u>984,292</u>	<u>956,327</u>	<u>613</u>	<u>27,352</u>
<i>STAFF</i>					
Legal	131,250	133,250	75,212	-	58,038
Personnel	520,252	522,377	521,484	115	778
Public information and services	187,439	187,439	155,703	-	31,736
	<u>838,941</u>	<u>843,066</u>	<u>752,399</u>	<u>115</u>	<u>90,552</u>

CENTRAL SERVICES

Operation of plant	5,298,064	5,471,106	5,194,171	98,929	178,006
Maintenance of plant	1,235,447	1,317,287	1,154,301	25,473	137,513
Central printing and mailing	59,609	60,316	39,878	-	20,438

Total Central Services

6,593,120	6,848,709	6,388,350	124,402	335,957
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SPECIAL ITEMS

Unallocated insurance	362,849	362,849	343,603	-	19,246
School association dues	16,175	16,175	15,829	-	346
Judgments and claims	16,500	2,505,054	2,498,781	-	6,273
Administrative charge-BOCES	641,581	641,581	641,581	-	-

Total Special Items

1,037,105	3,525,659	3,499,794	-	25,865
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Total General Support

9,937,090	12,703,878	12,070,078	125,130	508,670
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INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	1,078,650	1,098,462	1,087,026	9,780	1,656
Supervision - Regular school	3,063,325	3,071,189	3,016,205	5,451	49,533
In-service training - Instruction	298,165	307,895	269,132	26,735	12,028

Total Instruction, Administration
and Improvement

4,440,140	4,477,546	4,372,363	41,966	63,217
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TEACHING - REGULAR SCHOOL

27,905,637	27,877,838	27,414,882	82,327	380,629
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**PROGRAMS FOR STUDENTS
WITH DISABILITIES**

14,216,646	14,433,988	14,421,424	12,250	314
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OCCUPATIONAL EDUCATION

989,914	990,313	953,282	-	37,031
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(Continued)

Somers Central 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
INSTRUCTION (Continued)					
TEACHING - SPECIAL SCHOOLS	\$ 3,960	\$ 3,960	\$ 2,954	\$ -	\$ 1,006
INSTRUCTIONAL MEDIA					
School library and audiovisual	677,282	678,682	620,135	3,374	55,173
Educational television	22,000	26,108	26,055	-	53
Computer assisted instruction	1,681,843	1,704,713	1,540,314	27,686	136,713
Total Instructional Media	2,381,125	2,409,503	2,186,504	31,060	191,939
PUPIL SERVICES					
Guidance - Regular school	1,935,337	1,936,837	1,894,215	-	42,622
Health services - Regular school	690,601	691,553	660,772	-	30,781
Psychological services - Regular school	776,795	776,295	768,124	-	8,171
Social work services	241,865	241,865	241,198	-	667
Co-curricular activities - Regular school	349,646	361,013	318,041	-	42,972
Interscholastic activities - Regular school	1,040,320	1,064,634	941,284	8,134	115,216
Total Pupil Services	5,034,564	5,072,197	4,823,634	8,134	240,429
Total Instruction	54,971,986	55,265,345	54,175,043	175,737	914,565
PUPIL TRANSPORTATION					
District transportation services	657,023	655,223	562,277	-	92,946
Contract transportation	5,174,090	4,775,335	4,477,089	5,648	292,598
Total Pupil Transportation	5,831,113	5,430,558	5,039,366	5,648	385,544
COMMUNITY SERVICES					
Civic activities	13,125	13,125	-	-	13,125

EMPLOYEE BENEFITS

State retirement	936,336	936,336	898,361	-	37,975
Teachers' retirement	4,286,767	4,286,767	4,237,085	-	49,682
Social security	3,869,428	3,844,828	3,740,244	-	104,584
Workers' compensation benefits	186,914	186,914	178,092	-	8,822
Hospital and medical insurance	13,944,012	13,920,312	13,735,512	-	184,800
Employee assistance program	67,750	67,750	60,631	-	7,119
Union welfare benefits	936,412	918,687	875,900	-	42,787

Total Employee Benefits

24,227,619	24,161,594	23,725,825	-	435,769
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DEBT SERVICE

Principal

Serial bonds	3,775,000	3,775,000	3,775,000	-	-
Energy performance contract	90,000	130,874	130,874	-	-
Installment purchase debt	756,107	756,107	756,107	-	-
	4,621,107	4,661,981	4,661,981	-	-

Interest

Serial bonds	1,056,272	1,056,272	1,056,271	-	1
Energy performance contract	311,500	270,626	250,057	-	20,569
Installment purchase debt	8,894	8,894	8,893	-	1
	1,376,666	1,335,792	1,315,221	-	20,571

Total Debt Service

5,997,773	5,997,773	5,977,202	-	20,571
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TOTAL EXPENDITURES

100,978,706	103,572,273	100,987,514	306,515	2,278,244
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OTHER FINANCING USES

Transfers out

Special Aid Fund	325,000	325,000	286,904	-	38,096
Capital Projects Fund	200,000	7,200,000	7,200,000	-	-

TOTAL OTHER FINANCING USES

525,000	7,525,000	7,486,904	-	38,096
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TOTAL EXPENDITURES AND OTHER FINANCING USES

\$ 101,503,706	\$ 111,097,273	\$ 108,474,418	\$ 306,515	\$ 2,316,340
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See independent auditors' report.

Somers Central School District, New York

Capital Projects Fund
Project-Length Schedule
Inception of Project Through June 30, 2023

Project	Appropriation	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
2016 Construction Bond	\$ 13,600,000	\$ 13,411,336	\$ 538	\$ 13,411,874	\$ 188,126
2019 Safety and Security Project	10,745,000	9,530,801	172,549	9,703,350	1,041,650
Somers Intermediate School PFAS Project	200,000	9,183	6,913	16,096	183,904
SHS Athletic and PES Athletic Site and Interior Upgrades	7,000,000	6,500	207,509	214,009	6,785,991
Somers High School Chlorination Project	200,000	-	10,798	10,798	189,202
Energy Performance Contract	8,898,826	-	8,076,780	8,076,780	822,046
Equipment - Installment Purchase Debt 2023	950,000	-	950,000	950,000	-
Totals	<u>\$ 41,593,826</u>	<u>\$ 22,957,820</u>	<u>\$ 9,425,087</u>	<u>\$ 32,382,907</u>	<u>\$ 9,210,919</u>

See independent auditors' report.

Methods of Financing			Fund Balance at June 30, 2023
Proceeds of Obligations	Transfers	Totals	
\$ 13,600,000	\$ -	\$ 13,600,000	\$ 188,126
7,566,295	3,178,705	10,745,000	1,041,650
-	200,000	200,000	183,904
-	7,000,000	7,000,000	6,785,991
-	200,000	200,000	189,202
8,898,826	-	8,898,826	822,046
950,000	-	950,000	-
<u>\$ 31,015,121</u>	<u>\$ 10,578,705</u>	<u>\$ 41,593,826</u>	<u>\$ 9,210,919</u>

Somers Central School District, New York

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

	School Lunch	Special Purpose	Debt Service	Total Non-Major Governmental Funds
ASSETS				
Cash and equivalents	\$ 66,059	\$ 389,037	\$ -	\$ 455,096
Investments	460,902	-	-	460,902
Receivables				
State and Federal aid	23,267	-	-	23,267
Due from other funds	-	-	1,534,756	1,534,756
	23,267	-	1,534,756	1,558,023
Inventories	14,779	-	-	14,779
Total Assets	<u>\$ 565,007</u>	<u>\$ 389,037</u>	<u>\$ 1,534,756</u>	<u>\$ 2,488,800</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 7,761	\$ -	\$ -	\$ 7,761
Accrued liabilities	4,400	-	-	4,400
Unearned revenues	185,842	-	-	185,842
Due to other governments	1,002	-	-	1,002
Due to other funds	20,000	-	1,100,000	1,120,000
Total Liabilities	219,005	-	1,100,000	1,319,005
Fund balances				
Nonspendable	14,779	-	-	14,779
Restricted	-	389,037	434,756	823,793
Assigned	331,223	-	-	331,223
Total Fund Balances	346,002	389,037	434,756	1,169,795
Total Liabilities and Fund Balances	<u>\$ 565,007</u>	<u>\$ 389,037</u>	<u>\$ 1,534,756</u>	<u>\$ 2,488,800</u>

See independent auditors' report.

Somers Central 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	Debt Service	Total Non-Major Governmental Funds
REVENUES				
Use of money and property	\$ 5,664	\$ 1,905	\$ 7,283	\$ 14,852
State aid	33,946	-	-	33,946
Federal aid	339,887	-	-	339,887
Food sales	989,298	-	-	989,298
Miscellaneous	-	281,450	-	281,450
Total Revenues	1,368,795	283,355	7,283	1,659,433
EXPENDITURES				
Current				
Cost of food sales	1,398,504	-	-	1,398,504
Other	-	236,251	-	236,251
Total Expenditures	1,398,504	236,251	-	1,634,755
Excess (Deficiency) of Revenues Over Expenditures	(29,709)	47,104	7,283	24,678
OTHER FINANCING USES				
Transfers out	-	-	(200,000)	(200,000)
Net Change in Fund Balances	(29,709)	47,104	(192,717)	(175,322)
FUND BALANCES				
Beginning of Year	375,711	341,933	627,473	1,345,117
End of Year	\$ 346,002	\$ 389,037	\$ 434,756	\$ 1,169,795

See independent auditors' report.

Somers Central School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2023

Adopted Budget	\$ 100,982,930
Encumbrances	<u>520,776</u>
Original Budget	101,503,706
Budget Revisions	<u>9,593,567</u>
Final Budget	<u><u>\$ 111,097,273</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

2023-24 Expenditure Budget	\$ 106,228,824
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ 306,515
Unassigned fund balance	<u>4,247,801</u>
Total Unrestricted Fund Balance	<u>4,554,316</u>
Less	
Encumbrances	<u>306,515</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,247,801</u></u>
Actual Percentage	<u><u>4.00%</u></u>

Somers Central School District, New York

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

Capital Assets, net		\$ 94,527,432
Less		
Bonds payable	\$ (34,035,000)	
Unamortized premium on bonds	(2,629,550)	
Energy Performance Contract Debt Payable	(8,767,952)	
Installment purchase debt payable	<u>(821,599)</u>	(46,254,101)
Plus		
Unexpended debt proceeds	1,010,172	
Unamortized portion of loss on refunding bonds	<u>518,916</u>	<u>1,529,088</u>
Net Investment in Capital Assets		<u><u>\$ 49,802,419</u></u>

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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
Somers Central 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 Somers Central 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 3, 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 3, 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
Somers Central School District, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Somers Central 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 3, 2023

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Somers Central 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	\$ -	\$ 24,663
National School Lunch Program (NSLP) - Commodities	10.555	N/A	-	58,347
National School Lunch Program (NSLP) - Cash	10.555	N/A	-	254,365
Subtotal Child Nutrition Cluster				337,375
State Pandemic EBT Administrative Costs Grant	10.649	N/A	-	2,512
Total U.S. Department of Agriculture			-	339,887
<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	0021-23-3810	-	76,626
Title I, Grants to Local Educational Agencies	84.010	0016-22-3810	-	210,642
Title I, Grants to Local Educational Agencies	84.010	0016-23-3810	-	326,607
			-	613,875
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	0032-23-1099	-	724,841
Special Education - Grants to States (ARP Supplemental 611)	84.027X	5532-22-1099	-	160,711
Special Education - Preschool Grants	84.173	0033-23-1099	-	23,131
Special Education - Preschool Grants (ARP Supplemental 619)	84.173X	5533-22-1099	-	17,736
Subtotal Special Education Cluster			-	926,419
Supporting Effective Instruction State Grants	84.367	0147-23-3810	-	43,108
Student Support and Academic Enrichment Program	84.424	0204-23-3810	-	10,000
Elementary and Secondary School Emergency Relief Fund (CRRSA ESSER 2)	84.425D	5891-21-3810	-	92,953
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP Full Day UPK Expansion 4YR Old)	84.425U	5870-23-9267	-	226,800
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER 3)	84.425U	5880-21-3810	-	124,430
			-	444,183
Total U.S. Department of Education			-	2,037,585
<u>U.S. Department of Health and Human Services</u>				
Direct Program				
Drug-Free Communities Support Program Grants	93.276	N/A	-	151,572
<u>U.S. Department of Homeland Security</u>				
Indirect Program - Passed through New York State Division of Homeland Security and Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	120,017
Total Expenditures of Federal Awards			\$ -	\$ 2,649,061

N/A - Information not available.

The accompanying notes are an integral part of this schedule.

Somers Central School District, New York

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Somers Central School District, New York's ("School District") under programs of the federal government for the year ended June 30, 2023. Federal awards received directly from 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 entity 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.

Somers Central 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

	Special Education Cluster (IDEA):
84.027	Special Education – Grants to States
84.027X	Special Education – Grants to States (ARP Supplemental 611)
84.173	Special Education – Preschool Grants
84.173X	Special Education – Preschool Grants (ARP Supplemental 619)
84.425D	Elementary and Secondary School Emergency Relief Fund (CRRSSA ESSER 2)
84.425U	American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER 3)
84.425U	American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP Full Day UPK Expansion 4 Year Old)

Dollar threshold used to distinguish
between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes ____ No

Somers Central 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

Somers Central School District, New York

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

None