

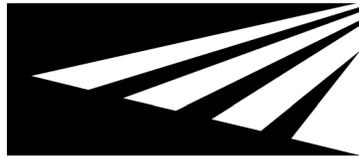


**RYE NECK UNION FREE SCHOOL DISTRICT, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2023**

**RYE NECK UNION FREE SCHOOL DISTRICT
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Rye Neck Union Free School District, New York:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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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 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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 4-14 and 46-49, respectively, 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 District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The other supplementary information required by the New York State Education Department and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2023, on our consideration of the 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 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 District's internal control over financial reporting and compliance.

Hauppauge, New York
October 5, 2023



**RYE NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following is a discussion and analysis of the Rye Neck Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2023. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: required supplementary information including management's discussion and analysis (this section), the basic financial statements and other supplementary information. The basic financial statements include two kinds of financial statements that present different views of the District:

- The first two financial statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining financial statements are *governmental fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide financial statements. The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the financial statements.

**RYE NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Table A-1: Major Features of the District-Wide and Fund Financial Statements		
	District-Wide Financial Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

District-Wide Financial Statements

The District-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide financial statements report the District's *net position* and how it has changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial status is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as *governmental activities*. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and State formula aid finance most of these activities.

**RYE NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has Governmental funds, which are described as follows:

- Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, reconciliations of the District-wide and governmental funds financial statements are provided which explain the relationship (or differences) between them.

FINANCIAL HIGHLIGHTS

- The General Fund's total fund balance, as reflected in the fund financial statements, was \$17,102,900 which is an increase of \$2,311,484 (see pages 17 and 19).
- The District's expenses, on the full accrual basis of accounting, for the year, totaled \$51,358,149. Of this amount, \$1,836,279 was offset by program charges for services, operating grants and contributions. General revenues of \$48,201,289 amount to 96% of total revenues.
- The District's net position, as reflected in the District-wide financial statements, shows a deficit of \$45,190,240. The driver of this deficit is the District's Other Post Employment Benefit liability (OPEB) of \$80,068,631. The recognition of this liability is mandated by GASB Statement No. 75, which requires the District to report (based on actuarial assumptions) the cumulative total of its other post-employment benefits.

**RYE NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position decreased by 3.0% from the year before to a net deficit balance of \$45,190,240 as detailed in Tables A-2 and A-3.

The restricted net position balance of \$12,627,384 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2023, the District has an unrestricted net deficit position of \$70,424,976. This deficit is driven by the District's required recognition of the total other post-employment benefits ("OPEB") liability of \$80,068,631 as required by GASB Statement No. 75.

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 21,486,094	\$ 39,920,697	\$ (18,434,603)	(46.2)
Capital assets, net	44,567,104	44,929,959	(362,855)	(0.8)
Total assets	<u>66,053,198</u>	<u>84,850,656</u>	<u>(18,797,458)</u>	(22.2)
Deferred outflows of resources	<u>31,033,624</u>	<u>27,893,241</u>	<u>3,140,383</u>	11.3
Current liabilities	5,398,855	6,261,365	(862,510)	(13.8)
Long-term liabilities	<u>114,752,274</u>	<u>102,000,998</u>	<u>12,751,276</u>	12.5
Total liabilities	<u>120,151,129</u>	<u>108,262,363</u>	<u>11,888,766</u>	11.0
Deferred inflows of resources	<u>22,125,933</u>	<u>48,351,193</u>	<u>(26,225,260)</u>	(54.2)
Net position:				
Net investment in capital assets	12,607,352	12,130,134	477,218	3.9
Restricted	12,627,384	11,410,003	1,217,381	10.7
Unrestricted (deficit)	<u>(70,424,976)</u>	<u>(67,409,796)</u>	<u>(3,015,180)</u>	(4.5)
Total net position	<u>\$ (45,190,240)</u>	<u>\$ (43,869,659)</u>	<u>\$ (1,320,581)</u>	(3.0)

The District's current and other assets decreased \$18,434,603 mainly due to the District's proportionate share of pension assets becoming pension liabilities after recent valuations performed during the fiscal year.

Long-term liabilities increased \$12,751,276 primarily due to the net change in the total OPEB liability as well as the District's proportionate share of pension assets becoming pension liabilities after recent valuations performed during the fiscal year.

Changes in Net Position

The District's revenues on the full accrual basis of accounting increased \$2,198,559 or 4.6% to \$50,037,568 (See Table A-3). Property, other tax items and non-property tax items and State sources accounted for most of the District's revenue by contributing 85 cents and 8 cents, respectively, of every dollar raised (See Table A-4). The remainder came from fees charged for services, operating grants, use of money and property, sale of property and compensation for loss and other miscellaneous sources.

- Real property taxes and other tax items increased \$752,917, or 1.84%, as a result of the budgeted increase in the tax levy.

**RYE NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

The District's fiscal year 2023 expenses totaled \$51,358,149 (See Table A-3). These expenses (79 percent) are predominantly related to instruction (See Table A-6). The District's administrative and business activities accounted for 16 percent of total costs.

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 488,120	\$ 185,064	\$ 303,056	163.8
Operating grants and contributions	1,348,159	1,908,727	(560,568)	(29.4)
General revenues:				
Real property taxes	40,154,173	39,274,659	879,514	2.2
Other tax items	1,465,178	1,591,775	(126,597)	(8.0)
Non-property tax items	911,020	837,583	73,437	8.8
Unrestricted State sources	4,072,356	3,315,060	757,296	22.8
Use of money and property	873,339	44,149	829,190	NM
Sale of property and compensation for loss	123,853	116,209	7,644	6.6
Miscellaneous	601,370	565,783	35,587	6.3
Total revenues	<u>50,037,568</u>	<u>47,839,009</u>	<u>2,198,559</u>	4.6
Expenses				
General support	8,110,467	8,158,322	(47,855)	(0.6)
Instruction	40,725,243	36,038,445	4,686,798	13.0
Pupil transportation	988,722	1,041,790	(53,068)	(5.1)
Food service program	681,059	640,469	40,590	6.3
Debt service - interest	852,658	863,903	(11,245)	(1.3)
Total expenses	<u>51,358,149</u>	<u>46,742,929</u>	<u>4,615,220</u>	9.9
Increase (decrease) in net position	(1,320,581)	1,096,080	(2,416,661)	(220.5)
Net position, beginning of year	<u>(43,869,659)</u>	<u>(44,965,739)</u>	1,096,080	2.4
Net position, end of year	<u>\$ (45,190,240)</u>	<u>\$ (43,869,659)</u>	<u>\$ (1,320,581)</u>	(3.0)

**RYE NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Table A-4: Revenues for Fiscal Year 2023

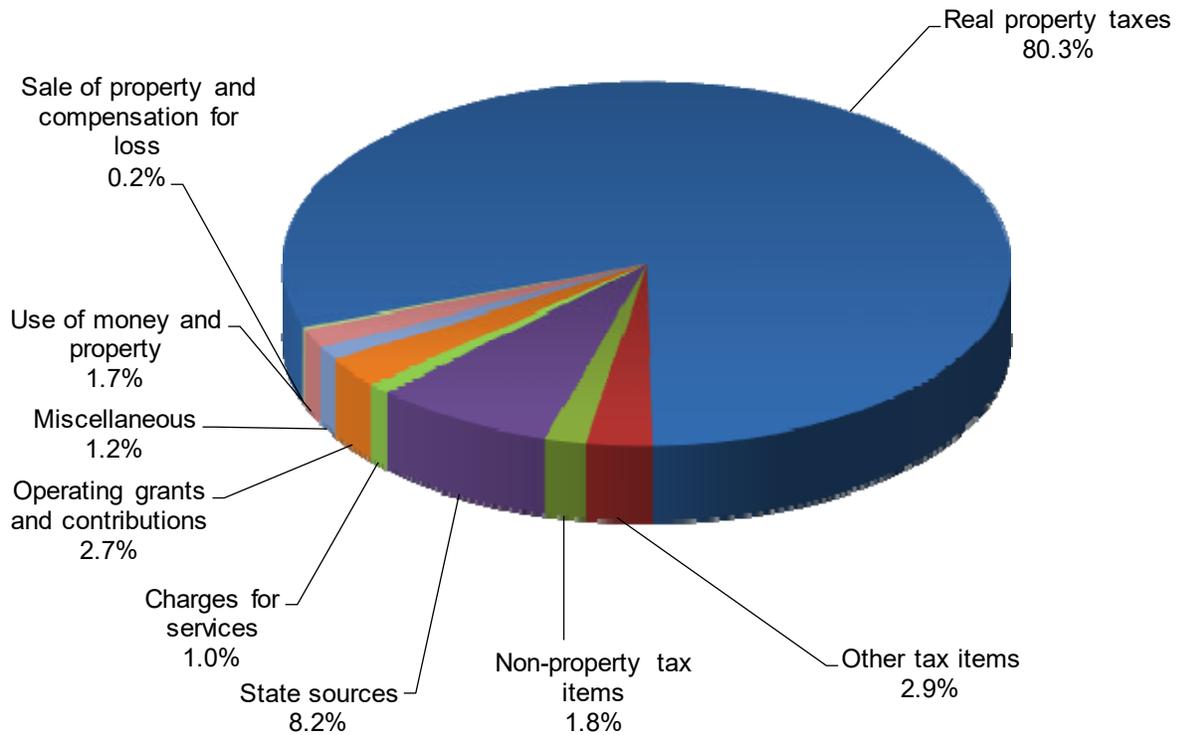
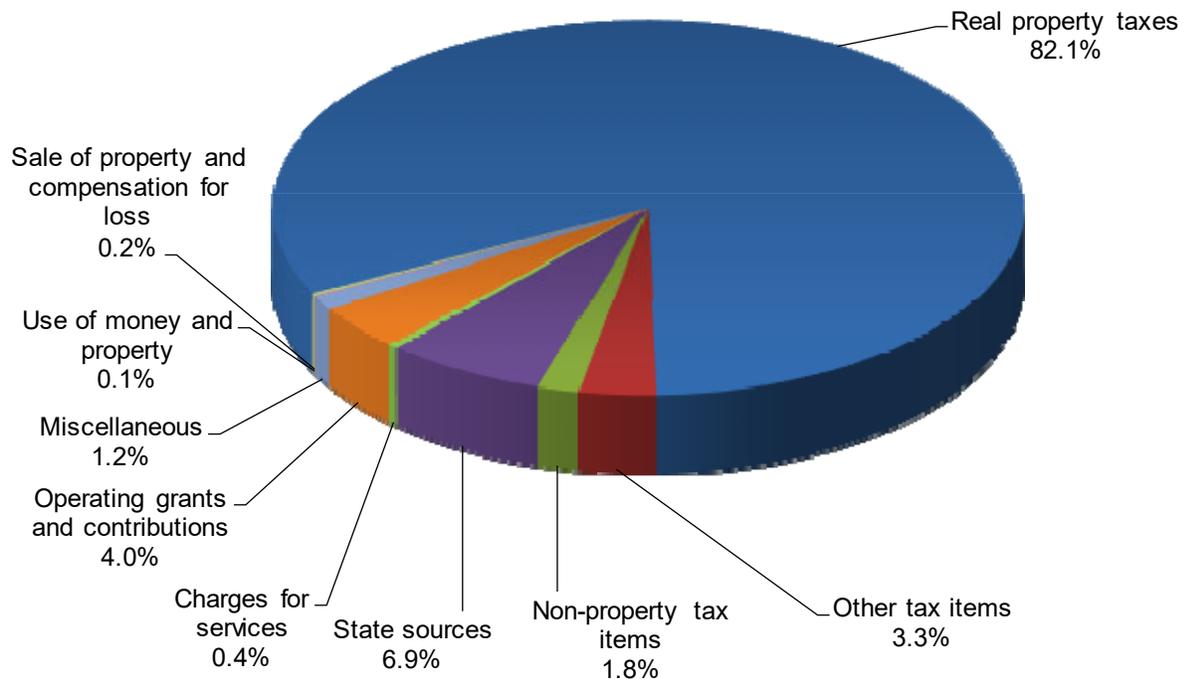


Table A-5: Revenues for Fiscal Year 2022



**RYE NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Table A-6: Expenses for Fiscal Year 2023

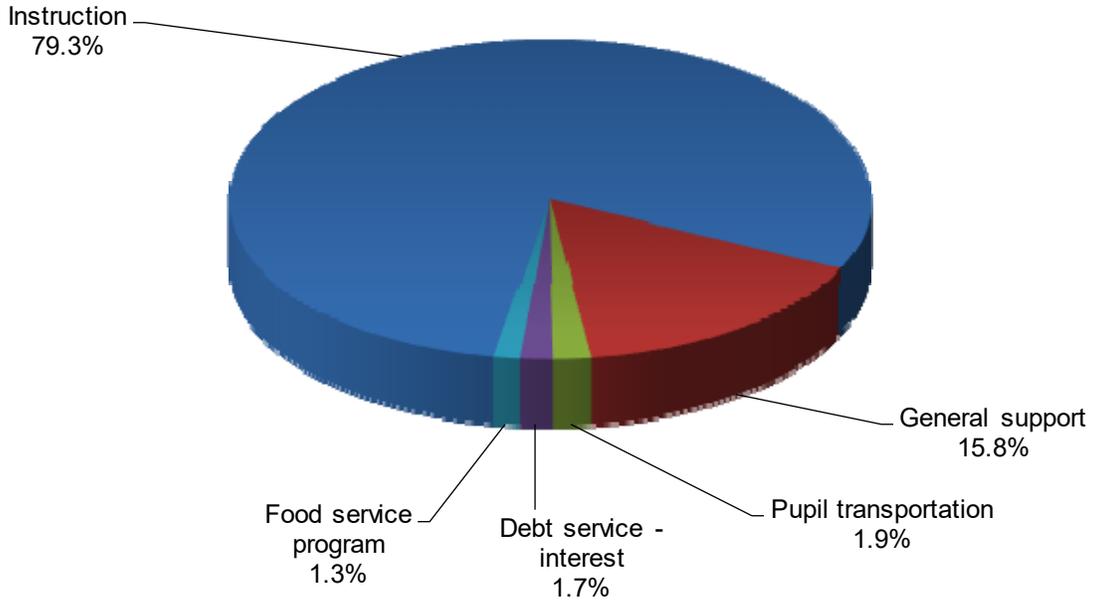
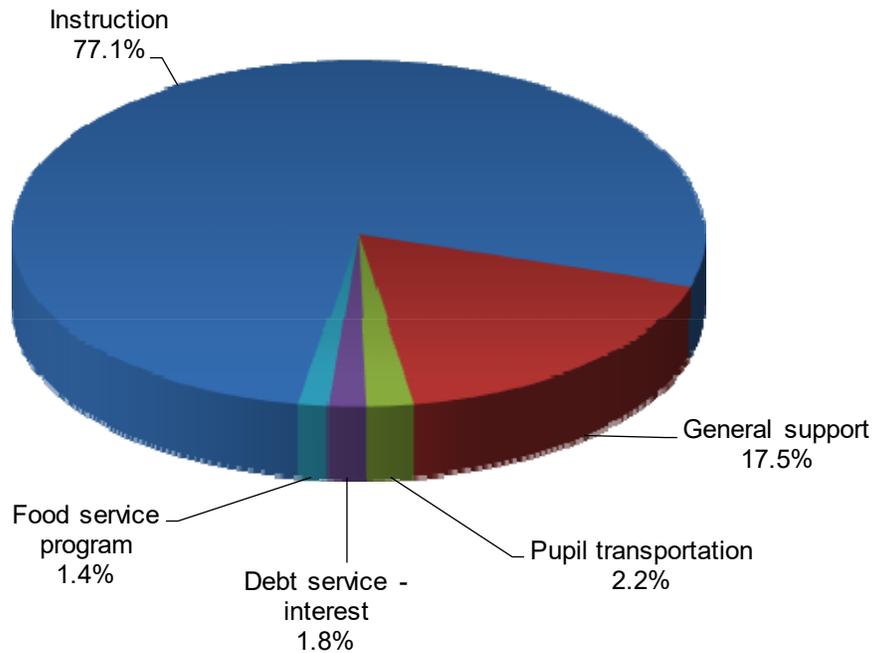


Table A-7: Expenses for Fiscal Year 2022



**RYE NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$18,492,583, which is an increase of \$2,753,579 from June 30, 2022. Fund balances for the District's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds				
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Restricted:				
Debt Service	\$ 991,435	\$ 821,436	\$ 169,999	20.7
Insurance	2,150,533	2,069,436	81,097	3.9
Retirement Contributions				
Employees' Retirement System	3,313,939	3,179,400	134,539	4.2
Teachers' Retirement System	1,892,512	1,450,976	441,536	30.4
Tax Certiorari	2,007,189	1,952,343	54,846	2.8
Capital	2,052,367	1,360,359	692,008	50.9
Assigned:				
Designated for subsequent year's expenditures	1,100,000	1,100,000	-	-
Encumbrances	1,608,864	954,659	654,205	68.5
Unassigned	<u>1,986,061</u>	<u>1,902,807</u>	<u>83,254</u>	4.4
Total General Fund	<u>17,102,900</u>	<u>14,791,416</u>	<u>2,311,484</u>	15.6
School Lunch Fund				
Nonspendable:				
Inventory	4,386	9,215	(4,829)	(52.4)
Assigned:				
Food service operations	<u>403,805</u>	<u>362,320</u>	<u>41,485</u>	11.4
Total School Lunch Fund	<u>408,191</u>	<u>371,535</u>	<u>36,656</u>	9.9
Other Miscellaneous Special Revenue Fund				
Restricted:				
Scholarships and student activities	<u>219,409</u>	<u>190,576</u>	<u>28,833</u>	15.1
Total Other Miscellaneous Special Revenue Fund	<u>219,409</u>	<u>190,576</u>	<u>28,833</u>	15.1
Capital Projects Fund				
Restricted:				
Capital Improvements	<u>762,083</u>	<u>385,477</u>	<u>376,606</u>	97.7
Total Capital Projects Fund	<u>762,083</u>	<u>385,477</u>	<u>376,606</u>	97.7
Total fund balance	<u>\$ 18,492,583</u>	<u>\$ 15,739,004</u>	<u>\$ 2,753,579</u>	17.5

**RYE NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

General Fund

The General Fund reported an increase in fund balance of \$2,311,484 for fiscal 2023, as compared to a decrease in fund balance of \$283,683 for fiscal 2022. Revenues increased \$2,389,348 mainly as a result of an increase in the budgeted property tax levy, state sources and use of money and property. Use of money and property represents interest and earnings. Expenditures decreased \$416,046 mainly due to decreases in general support and debt service-principal offset by increases in instruction and employee benefits.

School Lunch Fund

The School Lunch Fund reported an increase in fund balance of \$36,656 for fiscal 2023, as compared to an increase of \$188,730 for fiscal 2022. Federal sources decreased by \$418,999 as a result of decreased federal grants due to the discontinuation of the free school lunch program offered. Sales increased by \$300,593 for fiscal 2023 mainly as a result of the removal of the federal "free lunch for all" program. Expenses related to school lunch operations increased \$40,590 mainly due to the purchases of equipment.

Capital Projects Fund

The Capital Projects Fund reported an increase in fund balance of \$376,606 for fiscal 2023, as compared to a decrease in fund balance of \$7,228,074 for fiscal 2022. Revenues remained minimally consistent year over year, while capital outlay totaled \$817,098 during fiscal 2023.

General Fund Budgetary Highlights

Reference is made to the schedule on page 46 which presents original and final budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were greater than the final budgeted revenues by \$1,473,054. Non-property tax items and use of money and property were greater than budgeted by \$1,158,529. Non-property tax items are made up of the District's portion of County taxes collected and can vary from year to year.
- Actual expenditures were \$45,471,493 and encumbrances were \$1,608,864 resulting in a \$1,267,033 overall favorable budget variance.

**RYE NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

At June 30, 2023, the District's unassigned fund balance was \$1,986,061 which was within the allowable 4% of the subsequent year's budget as promulgated by New York State (see page 50). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2023.

Unassigned fund balance, beginning of year	\$ 1,902,807
Add:	
Prior-year appropriated fund balance	1,100,000
Prior-year encumbrances	954,659
Board-approved use of Tax Certiorari Reserve	26,015
Less:	
Current-year appropriated fund balance	(1,100,000)
Current-year encumbrances	(1,608,864)
Net change in fund balance	2,311,484
Transfer to Debt Service Reserve (including allocated interest)	(169,999)
Transfer to Insurance Reserve (including allocated interest)	(81,097)
Transfer to Retirement Contribution Reserve (including allocated interest)	(134,538)
Transfer to TRS Subfund in the Retirement Contribution Reserve (including allocated interest)	(441,536)
Transfer to Tax Certiorari Reserve (including allocated interest)	(80,862)
Transfer to Capital Reserve (including allocated interest)	(692,008)
Unassigned fund balance, end of year	\$ 1,986,061

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal 2023, the District had invested \$44,567,104 net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. See Note 6 in the accompanying notes to the financial statements for more information on capital assets.

Table A-9: Capital Assets (net of depreciation)

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 720,725	\$ 720,725	\$ -	-
Construction-in-progress	-	649,657	(649,657)	(100.0)
Land improvements	194,974	138,417	56,557	40.9
Buildings and building improvements	41,282,763	41,510,398	(227,635)	(0.5)
Furniture and equipment	2,150,318	1,910,762	239,556	12.5
Right-to-use lease assets	218,324	285,014	(66,690)	(23.4)
Totals	\$ 44,567,104	\$ 45,214,973	\$ (647,869)	(1.4)

**RYE NECK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Long-Term Liabilities

At year-end, the District had \$112,925,573 in general obligation bonds and other long-term liabilities.

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>\$ Change</u>	<u>% Change</u>
Bonds payable, net	\$ 31,642,635	\$ 32,426,697	\$ (784,062)	(2.4)
Capital note payable	992,457	1,111,714	(119,257)	(10.7)
Lease liabilities	221,850	287,291	(65,441)	(22.8)
Other post-employment benefits	<u>80,068,631</u>	<u>70,079,818</u>	<u>9,988,813</u>	14.3
Totals	<u>\$ 112,925,573</u>	<u>\$ 103,905,520</u>	<u>\$ 9,020,053</u>	8.7

FACTORS BEARING ON THE FUTURE OF DISTRICT

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that may affect its financial health in the future:

- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the Law is expected to make budgetary decisions more difficult.
- The General Fund Budget for the 2023-2024 school year is impacted by certain trends affecting school districts. These include potential increases in health insurance costs, retirement costs, workers' compensation judgments, and potential unemployment insurance claims, which are beyond the District's control.
- The possibility of New York State allowing for the establishment of other post-employment benefit reserve funds is being discussed in the legislature. This would allow for the District to set aside monies to meet other post-employment retirement benefits such as health insurance. The establishment of that reserve would increase the District's ability to plan for the future.
- Due to tax law changes, homeowners will only be allowed to deduct \$10,000 of their property tax payments on their personal income tax returns. This change may affect voters' decisions in approving future District budgets, which in turn could result in a reduction of services provided.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Rye Neck Union Free School District
Attn: Carolyn Mahar
310 Hornidge Road
Mamaroneck, NY 10543-3898

**RYE NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS	
Unrestricted cash	\$ 6,703,201
Receivables:	
State and federal aid	715,005
Other receivables	18,395
Inventories	4,386
Restricted cash	14,045,107
Capital assets:	
Non-depreciable	720,725
Depreciable, net	<u>43,846,379</u>
Total assets	<u>66,053,198</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from charges from refunding bonds	33,744
Deferred outflows from OPEB	18,110,509
Deferred outflows from pensions	<u>12,889,371</u>
Total deferred outflows of resources	<u>31,033,624</u>
LIABILITIES	
Accounts payable	429,488
Accrued interest payable	150,680
Accrued liabilities	47,727
Due to teachers' retirement system	2,344,342
Due to employees' retirement system	116,941
Unearned revenue	55,013
Long-term liabilities, due within one year:	
Bonds payable, net	2,056,446
Capital note	122,173
Lease liability	76,045
Long-term liabilities, due after one year:	
Bonds payable, net	29,586,189
Capital note	870,284
Proportionate share of net pension liability	4,081,365
Other post-employment benefits	80,068,631
Lease liability	<u>145,805</u>
Total liabilities	<u>120,151,129</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pensions	1,160,389
Deferred inflows from OPEB	<u>20,965,544</u>
Total deferred inflows of resources	<u>22,125,933</u>
NET POSITION	
Net investment in capital assets	12,607,352
Restricted:	
Debt service	991,435
Retirement contributions	5,206,451
Tax certiorari	2,007,189
Insurance reserve	2,150,533
Capital improvements	2,052,367
Scholarships and student activities	219,409
Unrestricted	<u>(70,424,976)</u>
Total net position	<u>\$ (45,190,240)</u>

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

**RYE NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
Functions and programs:				
General support	\$ 8,110,467	\$ -	\$ -	\$ (8,110,467)
Instruction	40,725,243	303	1,123,853	(39,601,087)
Pupil transportation	988,722	-	-	(988,722)
Food service program	681,059	487,817	224,306	31,064
Debt service - interest	852,658	-	-	(852,658)
Total functions and programs	<u>\$ 51,358,149</u>	<u>\$ 488,120</u>	<u>\$ 1,348,159</u>	<u>(49,521,870)</u>
General revenues:				
Real property taxes				40,154,173
Other tax items				1,465,178
Unrestricted State sources				4,072,356
Non-property tax items				911,020
Use of money and property				873,339
Sale of property and compensation for loss				123,853
Miscellaneous				601,370
Total general revenues				<u>48,201,289</u>
Change in net position				(1,320,581)
Total net position, beginning of year				<u>(43,869,659)</u>
Total net position, end of year				<u>\$ (45,190,240)</u>

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

**RYE NECK UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Major Funds					Total Governmental Funds
	General	Special Revenue			Capital Projects	
		Special Aid	School Lunch	Other Miscellaneous Special Revenue		
ASSETS						
Unrestricted cash	\$ 6,703,201	\$ -	\$ -	\$ -	\$ -	\$ 6,703,201
Receivables:						
State and federal aid	395,256	304,714	15,035	-	-	715,005
Due from other funds	452,907	-	-	-	-	452,907
Other	14,657	-	-	3,738	-	18,395
Inventories	-	-	4,386	-	-	4,386
Restricted cash	12,407,975	68,897	482,321	222,468	863,446	14,045,107
Total assets	\$ 19,973,996	\$ 373,611	\$ 501,742	\$ 226,206	\$ 863,446	\$ 21,939,001
LIABILITIES						
Payables:						
Accounts payable	\$ 362,086	\$ 2,582	\$ 38,538	\$ 514	\$ 25,768	\$ 429,488
Accrued liabilities	47,727	-	-	-	-	47,727
Due to other funds	-	371,029	-	6,283	75,595	452,907
Due to teachers' retirement system	2,344,342	-	-	-	-	2,344,342
Due to employees' retirement system	116,941	-	-	-	-	116,941
Unearned revenues	-	-	55,013	-	-	55,013
Total liabilities	2,871,096	373,611	93,551	6,797	101,363	3,446,418
FUND BALANCE						
Fund balance:						
Nonspendable	-	-	4,386	-	-	4,386
Restricted	12,407,975	-	-	219,409	762,083	13,389,467
Assigned	2,708,864	-	403,805	-	-	3,112,669
Unassigned	1,986,061	-	-	-	-	1,986,061
Total fund balance	17,102,900	-	408,191	219,409	762,083	18,492,583
Total liabilities and fund balance	\$ 19,973,996	\$ 373,611	\$ 501,742	\$ 226,206	\$ 863,446	\$ 21,939,001

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

**RYE NECK UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balance - Governmental Funds \$ 18,492,583

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:		
Non-depreciable	\$ 720,725	
Depreciable	71,637,651	
Accumulated depreciation	<u>(27,791,272)</u>	44,567,104

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Lease liabilities, net	(221,850)	
Capital note payable	(992,457)	
Bonds payable, net	<u>(31,642,635)</u>	(32,856,942)

Deferred charge from refunding bonds. 33,744

Proportionate share of long-term asset and liability, deferred outflows of resources and deferred inflows of resources associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the fund financial statements:

Deferred outflows of resources - pension related	12,889,371	
Proportionate share of net pension liability	(4,081,365)	
Deferred inflows of resources - pension related	<u>(1,160,389)</u>	7,647,617

Total OPEB liability, deferred outflows of resources and deferred inflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the fund financial statements.

Deferred outflows of resources - OPEB related	18,110,509	
Total OPEB liability	(80,068,631)	
Deferred inflows of resources - OPEB related	<u>(20,965,544)</u>	(82,923,666)

Interest payable applicable to the District's activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.

(150,680)

Net Position - Governmental Activities \$ (45,190,240)

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

RYE NECK UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds					Total Governmental Funds
	General	Special Revenue			Capital Projects	
		Special Aid	School Lunch	Other Miscellaneous Special Revenue		
REVENUES						
Real property taxes	\$ 40,154,173	\$ -	\$ -	\$ -	\$ -	\$ 40,154,173
Other tax items	1,465,178	-	-	-	-	1,465,178
Non-property tax items	911,020	-	-	-	-	911,020
Charges for services	303	-	2,766	-	-	3,069
Use of money and property	872,509	-	-	830	-	873,339
Sale of property and compensation for loss	123,853	-	-	-	-	123,853
State sources	4,182,727	88,147	7,632	-	-	4,278,506
Federal sources	153,317	772,018	216,674	-	-	1,142,009
Sales	-	-	485,051	-	-	485,051
Miscellaneous	198,676	-	-	402,694	-	601,370
Total revenues	48,061,756	860,165	712,123	403,524	-	50,037,568
EXPENDITURES						
Current:						
General support	6,256,370	-	-	-	-	6,256,370
Instruction	25,170,472	785,507	-	374,691	-	26,330,670
Pupil transportation	801,402	35,015	-	-	-	836,417
Employee benefits	10,487,970	57,732	-	-	-	10,545,702
Cost of sales	-	-	681,059	-	-	681,059
Debt service:						
Principal	1,813,161	-	-	-	-	1,813,161
Interest	942,118	-	-	-	-	942,118
Capital outlay	-	-	-	-	817,098	817,098
Total expenditures	45,471,493	878,254	681,059	374,691	817,098	48,222,595
Excess (deficiency) of revenues over (under) expenditures	2,590,263	(18,089)	31,064	28,833	(817,098)	1,814,973
OTHER FINANCING SOURCES (USES)						
Proceeds of serial bond issuance	-	-	-	-	925,143	925,143
Issuance of leases	13,463	-	-	-	-	13,463
Transfers in	31,296	18,089	5,592	-	299,857	354,834
Transfers out	(323,538)	-	-	-	(31,296)	(354,834)
Total other financing sources (uses)	(278,779)	18,089	5,592	-	1,193,704	938,606
Change in fund balance	2,311,484	-	36,656	28,833	376,606	2,753,579
Fund balance, beginning of year	14,791,416	-	371,535	190,576	385,477	15,739,004
Fund balance, end of year	<u>\$ 17,102,900</u>	<u>\$ -</u>	<u>\$ 408,191</u>	<u>\$ 219,409</u>	<u>\$ 762,083</u>	<u>\$ 18,492,583</u>

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

**RYE NECK UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balance - Governmental Funds	\$	2,753,579
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:</p>		
Capital outlay	\$ 1,726,604	
Depreciation expense	(2,362,683)	
Retirement of partially depreciated capital assets	<u>(11,790)</u>	(647,869)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.</p>		
Lease liabilities issued	(13,463)	
Principal payments on lease liabilities	78,904	
Repayment of capital note principal	119,257	
Repayment of bond principal	1,615,000	
Proceeds from serial bond	<u>(925,143)</u>	874,555
<p>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:</p>		
Amortization of refunding bond premiums	94,205	
Amortization of deferred charge on refunding bond	(6,749)	
Accrued interest costs	<u>2,004</u>	89,460
<p>Changes in the proportionate share of the collective pension expense of the State retirement plans reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.</p>		
Teachers' Retirement System	(639,296)	
Employees' Retirement System	<u>(366,870)</u>	(1,006,166)
<p>Changes in the amounts related to the OPEB liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.</p>		
		<u>(3,384,140)</u>
Change in Net Position - Governmental Activities	\$	<u><u>(1,320,581)</u></u>

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

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rye Neck Union Free School District (the "District") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board ("GASB"), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies used by the District are described below:

A. Reporting entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on such criteria, the District has not identified any component units to be included as part of the reporting entity.

B. Joint venture

The District is a component district in the Southern Westchester Board of Cooperative Educational Services ("BOCES"). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under Section 1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the New York State General Municipal Law.

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

In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$1,466,594 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$295,839.

Financial statements for BOCES are available from the BOCES administrative office.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

C. Basis of presentation

1. District-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These financial statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, depreciation and amortization, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds include the following:

Special Aid Fund: Used to account for proceeds from State and federal grants that are restricted for specific educational programs.

School Lunch Fund: Used to account for child nutrition or other activities whose funds are restricted as to use.

Other Miscellaneous Special Revenue Fund: Used to account for the activities of student groups, extraclassroom activity funds and scholarships for students.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

D. Measurement focus and basis of accounting

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 or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

E. Property taxes

Real property taxes attach as an enforceable lien on real property as of July 1st and are payable in two installments in September and January for the Town of Rye ("Town") and August and December for the City of Rye ("City"). The Town and City are responsible for the billing and collection of the taxes. The Town and City guarantee the full payment of the District warrant and assume responsibility for uncollected taxes.

F. Restricted resources

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

G. Interfund transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the District-wide financial statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities). Eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds Balance Sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, potential contingent liabilities, useful lives of long-lived assets and proportionate share of net pension assets and liabilities.

I. Cash and investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

J. Accounts receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Inventories and prepaid items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of other inventory items, such as supplies, in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures (nonspendable).

L. Other assets/restricted assets

Certain proceeds from serial bonds, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements as their use is limited by applicable bond covenants.

In the District-wide financial statements, bond discounts, premiums and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

M. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 1975. For assets acquired prior to July 1, 1975, estimated historical costs, based on independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction-in-progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land improvements	\$ 10,000	Straight line	20 years
Buildings and building improvements	\$ 10,000	Straight line	20-50 years
Furniture and equipment	\$ 1,000	Straight line	5-20 years

N. Right-to-use assets

The District has recorded right-to-use assets as a result of implementing GASB Statement No. 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

O. Unearned revenue

The District reports unearned revenue on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. Another example is the prepayment for student food sale vouchers not yet redeemed in the School Lunch Fund. In subsequent periods, when the District has legal claim to resources, or the food sale vouchers are used, the liability for unearned revenue is removed and revenue is recognized.

P. Deferred outflows of resources

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Q. Deferred inflows of resources

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

R. Compensated absences

The District does not compensate employees for unused sick leave and vacation is generally taken in the year earned.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

S. Other benefits

District employees participate in the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

T. Short-term debt

The District may issue Revenue Anticipation Notes ("RAN") and Tax Anticipation Notes ("TAN"), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes ("BAN"), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within seven years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

U. Accrued liabilities and long-term obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and other post-employment benefits that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

V. Leases

The District is a lessee for noncancellable leases for equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the District-wide financial statements.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

1. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
2. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

W. Equity classifications

District-wide financial statements

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

1. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements 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 also are included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. Restricted net position: Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
3. Unrestricted net position: Is the amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position, and is deemed to be available for general use by the District.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Fund financial statements

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

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances within the General Fund:

Debt Service

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of school district property or capital improvement.

Insurance

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

Tax Certiorari

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

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The sub-fund for contributions to the New York State Teachers' Retirement System is included in this reserve, but is separately administered and complies with all existing provisions of General Municipal Law §6-r.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Capital Reserve

The Capital Reserve is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the people at any special or annual meeting. Such authorization is further required for payments from the capital reserve. The form of the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of Education Law.

3. Committed - Includes amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Education is the decision-making authority that can, by Board resolution, commit fund balance.
4. Assigned - Includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed, except for tax stabilization. The intent can be expressed by the Board or through the Board delegating this responsibility to the District administration through the budgetary process. The classification also includes the remaining positive fund balances for all governmental funds except for the General Fund.
5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the District. The unassigned classification also includes negative residual balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balances.

Fund balances for all governmental funds as of June 30, 2023 were distributed as follows:

	General	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
Nonspendable:					
Inventory	\$ -	\$ 4,386	\$ -	\$ -	\$ 4,386
Total nonspendable	-	4,386	-	-	4,386
Restricted:					
Capital	2,052,367	-	-	762,083	2,814,450
Debt Service	991,435	-	-	-	991,435
Insurance	2,150,533	-	-	-	2,150,533
Retirement Contributions					
Employees' Retirement System	3,313,939	-	-	-	3,313,939
Teachers' Retirement System	1,892,512	-	-	-	1,892,512
Tax Certiorari	2,007,189	-	-	-	2,007,189
Scholarships and student activities	-	-	219,409	-	219,409
Total restricted	12,407,975	-	219,409	762,083	13,389,467
Assigned:					
Designated for subsequent year's expenditures	1,100,000	-	-	-	1,100,000
Encumbrances	1,608,864	-	-	-	1,608,864
Food service operations	-	403,805	-	-	403,805
Total assigned	2,708,864	403,805	-	-	3,112,669
Unassigned	1,986,061	-	-	-	1,986,061
Total	\$ 17,102,900	\$ 408,191	\$ 219,409	\$ 762,083	\$ 18,492,583

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

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Order of use of fund balance

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

Sometimes the District will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the District-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions.

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The categories are shown below:

1. Long-term revenue/expense differences

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

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund financial statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items and right-to-use assets in the fund financial statements and depreciation and amortization expense on those items as recorded in the Statement of Activities.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund financial statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension and Other Postemployment Benefits differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting whereby an expenditure is recognized for health insurance premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

The portion of the District's School Lunch Fund fund balance subject to federal regulations 7CFR Part 210.14(b) limit exceeded the amount allowable, which is three months average expenditure level. Actions the District has taken to address this issue include issuing purchase orders for furniture and equipment.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Generally, all unencumbered appropriations lapse at year-end, except those for capital project funds. Open encumbrances at fiscal year-end are included in restricted or assigned fund balance, as appropriate. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

4. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT AND INTEREST RATE RISK

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances disclosed in the financial statements, included balances not covered by depository insurance at year-end, are collateralized as follows:

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, in the District's name	\$ 3,588,201
Collateralized with securities held by the pledging financial institution's trust department or agent not in the District's name	\$ 16,820,729

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$14,045,107 in the governmental funds.

5. RECEIVABLES

Due from State and Federal aid at June 30, 2023, consisted of the following:

General Fund	
New York State Aid - BOCES	\$ 295,839
New York State Aid - excess cost aid	98,031
New York State Aid - general aid	1,386
Special Aid Fund	
State and Federal grants	304,714
School Lunch Fund	
School breakfast and lunch reimbursement	15,035
Totals	\$ 715,005

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 720,725	\$ -	\$ -	\$ 720,725
Construction-in-progress	649,657	-	(649,657)	-
Total nondepreciable assets	<u>1,370,382</u>	<u>-</u>	<u>(649,657)</u>	<u>720,725</u>
Capital assets that are depreciated:				
Land improvements	1,054,361	76,842	-	1,131,203
Buildings and building improvements	64,303,534	1,010,386	649,657	65,963,577
Furniture and equipment	3,574,642	625,913	(27,960)	4,172,595
Right-to-use lease assets	356,813	13,463	-	370,276
Total depreciable assets	<u>69,289,350</u>	<u>1,726,604</u>	<u>621,697</u>	<u>71,637,651</u>
Less accumulated depreciation:				
Land improvements	915,944	20,285	-	936,229
Buildings and building improvements	22,793,136	1,887,678	-	24,680,814
Furniture and equipment	1,663,880	374,567	(16,170)	2,022,277
Right-to-use lease assets	71,799	80,153	-	151,952
Total accumulated depreciation	<u>25,444,759</u>	<u>2,362,683</u>	<u>(16,170)</u>	<u>27,791,272</u>
Total depreciated assets, net	<u>43,844,591</u>	<u>(636,079)</u>	<u>637,867</u>	<u>43,846,379</u>
Total capital assets, net	<u>\$ 45,214,973</u>	<u>\$ (636,079)</u>	<u>\$ (11,790)</u>	<u>\$ 44,567,104</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 135,329
Instruction	2,215,845
Food service program	11,509
	<u>\$ 2,362,683</u>

7. SHORT-TERM DEBT

Short-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN matured on 3/15/23 at 0.93%	\$ 1,225,000	\$ -	\$ 1,225,000	\$ -

Interest on short-term debt for the year was \$11,393.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

8. LONG-TERM DEBT LIABILITIES

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 31,065,000	\$ 925,143	\$ 1,615,000	\$ 30,375,143	\$ 1,962,241
Unamortized bond premiums	1,361,697	-	94,205	1,267,492	94,205
Total bonds payable, net	32,426,697	925,143	1,709,205	31,642,635	2,056,446
Other long-term liabilities:					
Capital note payable	1,111,714	-	119,257	992,457	122,173
Lease liabilities	287,291	13,463	78,904	221,850	76,045
Other post-employment benefits	70,079,818	11,822,181	1,833,368	80,068,631	-
Total long-term liabilities	<u>\$ 103,905,520</u>	<u>\$ 12,760,787</u>	<u>\$ 3,740,734</u>	<u>\$ 112,925,573</u>	<u>\$ 2,254,664</u>

The General Fund has typically been used to liquidate the District's long-term liabilities presented above.

Bonds payable

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2023
Serial bond	05/13/14	05/01/29	2.000 - 2.750%	\$ 3,815,000
Serial bond	05/22/19	06/15/34	2.500 - 5.000%	4,450,000
Serial bond	06/16/20	06/15/50	2.000 - 5.000%	10,865,000
Serial bond	03/16/21	03/15/48	2.000 - 5.000%	9,145,000
Refunding bond	03/25/21	01/15/28	5.00%	1,175,000
Serial bond	03/14/23	03/01/26	3.625 - 3.825%	925,143
				<u>\$ 30,375,143</u>

The following is a summary of maturing debt service requirements for the District's bonds:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,962,241	\$ 869,943	\$ 2,832,184
2025	2,042,795	793,273	2,836,068
2026	2,120,107	711,234	2,831,341
2027	1,860,000	625,368	2,485,368
2028	1,930,000	552,765	2,482,765
2029-2033	6,160,000	1,991,412	8,151,412
2034-2038	4,260,000	1,363,463	5,623,463
2039-2043	4,245,000	942,300	5,187,300
2044-2048	4,720,000	461,400	5,181,400
2049-2050	1,075,000	40,500	1,115,500
	<u>\$ 30,375,143</u>	<u>\$ 8,351,658</u>	<u>\$ 38,726,801</u>

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Capital note payable

The following is a summary of maturing debt service requirements for the District's capital note payable:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 122,173	\$ 23,379	\$ 145,552
2025	125,160	20,392	145,552
2026	128,220	17,332	145,552
2027	131,354	14,198	145,552
2028	134,566	10,986	145,552
2029-2031	<u>350,984</u>	<u>12,896</u>	<u>363,880</u>
	<u>\$ 992,457</u>	<u>\$ 99,183</u>	<u>\$ 1,091,640</u>

Lease liabilities

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 therefore, they have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on July 1, 2019, to lease a copier machine and requires 60 monthly payments of \$369. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.8%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of \$4,591 at June 30, 2023.

The second agreement was executed on September 24, 2019, to lease a postage machines and requires 48 monthly payments of \$723. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.7%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of \$4,191 at June 30, 2023.

The third agreement was executed on July 13, 2021, to lease copier machines and requires 60 monthly payments of \$5,610. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.7%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of \$199,053 at June 30, 2023.

The fourth agreement was executed on July 13, 2021, to lease copier machines and requires 60 monthly payments of \$263. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.4%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use asset with a net book value of \$10,489 at June 30, 2023.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 76,045	\$ 3,197	\$ 79,242
2025	68,905	1,939	70,844
2026	69,705	770	70,475
2027	<u>7,195</u>	<u>19</u>	<u>7,214</u>
	<u>\$ 221,850</u>	<u>\$ 5,925</u>	<u>\$ 227,775</u>

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Interest on long-term debt liabilities

Interest on long-term debt for the year was comprised of:

Interest paid	\$	930,725
Plus amortization of premium and deferred charges		(87,456)
Less interest accrued in the prior year		(152,684)
Plus interest accrued in the current year		150,680
		150,680
Interest expense	\$	841,265

9. PENSION OBLIGATIONS

The District participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS") (the "Systems").

Plan descriptions and benefits provided

Employees' Retirement System

The New York State and Local Employees' Retirement System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the NYSERS. NYSERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in NYSERS, 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 District also participates in the Public Employees' Group Life Insurance Plan ("NYSGGLIP"), which provides death benefits in the form of life insurance. NYSERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Teachers' Retirement System

The New York State Teachers' Retirement System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS is governed by a 10 member Board of Trustees. NYSTRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York public schools and BOCES who elected to participate in NYSTRS. Once a public employer elects to participate in NYSTRS, 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. Additional information regarding NYSTRS, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial Report which can be found on the NYSTRS website at www.nystrs.org.

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Contributions

The Systems are noncontributory for the employee who joined prior to July 27, 1976 (tiers I and II). For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary (tiers III and IV). For NYSERS, employees who joined the System between January 1, 2010 and April 1, 2012, are required to contribute 3% of their salary (tier V). For NYSTRS, employees who joined the System between January 1, 2010 and April 1, 2012, are required to contribute 3.5% of their salary (tier V). In addition, employee contribution rates (3% to 6%) under NYSERS and NYSTRS tier VI (those who joined after April 1, 2012) vary based on a sliding salary scale. With the exception of NYSERS and NYSTRS tier V and VI employees, employees in the System more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were as follows:

Year	NYSERS		NYSTRS	
	Contribution	Percentage Of Covered Payroll Contributed	Contribution	Percentage Of Covered Payroll Contributed
2023	\$ 353,860	8.89%	\$ 1,922,116	9.50%
2022	455,184	13.64%	1,773,095	9.03%
2021	398,346	13.14%	1,623,813	8.62%

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

The net pension liability was measured as of March 31, 2023 for NYSERS and June 30, 2022 for NYSTRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSERS and NYSTRS Systems in reports issued to the District.

At June 30, 2023, the District reported the following for its proportionate share of the net pension liability for each of the Systems.

	NYSERS	NYSTRS
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Net pension liability	\$ 1,956,868	\$ 2,124,497
District's portion of the Plan's total net pension liability	0.0091255%	0.110715%

For the year ended June 30, 2023, the District recognized pension expense of \$740,697 for NYSERS and pension expense of \$2,709,873 for NYSTRS. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

	Deferred Outflows of Resources - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSTRS
Differences between expected experience and actual experience	\$ 208,422	\$ 2,226,204	\$ (54,956)	\$ (42,571)
Changes of assumptions	950,381	4,121,165	(10,503)	(855,808)
Net difference between projected and actual earnings on pension plan investments	-	2,745,052	(11,497)	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	139,260	37,604	(20,824)	(164,230)
Employer contributions subsequent to the measurement date	116,941	2,344,342	-	-
Total	<u>\$ 1,415,004</u>	<u>\$ 11,474,367</u>	<u>\$ (97,780)</u>	<u>\$ (1,062,609)</u>

District contributions subsequent to the measurement date will be recognized as an addition of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	NYSERS	NYSTRS
2024	\$ 296,979	\$ 1,577,573
2025	(73,208)	790,130
2026	427,117	(376,076)
2027	549,395	5,374,596
2028	-	674,990
Thereafter	-	26,203

Actuarial assumptions

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

	NYSERS	NYSTRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Discount rate	5.90%	6.95%
Salary scale	4.40%	*Rates of increase differ based on service
Decrement tables	April 1, 2015 to March 31, 2020 System's Experience	July 1, 2015 to June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

*The salary scale used for NYSTRS changes based upon levels of service as defined below:

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

For NYSERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For NYSTRS, annuitant mortality rates are based on July 1, 2015 - June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2021.

For NYSERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For NYSTRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

The long-term 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 returns net of investment expense 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 each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	NYSERS		NYSTRS	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
Measurement date	March 31, 2023		June 30, 2022	
Asset type				
Cash	1.00%	0.00%	1.00%	-0.30%
Domestic equity	32.00%	4.30%	33.00%	6.50%
Domestic fixed income	-	-	16.00%	1.10%
Global equities	-	-	4.00%	6.90%
Global fixed income	-	-	2.00%	0.60%
High-yield fixed income	-	-	1.00%	3.30%
International equity	15.00%	6.85%	16.00%	7.20%
Opportunistic portfolio	3.00%	5.38%	-	-
Credit	4.00%	5.43%	-	-
Fixed income	23.00%	1.50%	-	-
Private debt	-	-	2.00%	5.30%
Private equity	10.00%	7.50%	8.00%	9.90%
Real assets	3.00%	5.84%	-	-
Real estate debt	-	-	6.00%	2.40%
Real estate equities	9.00%	4.60%	11.00%	6.20%
	100%		100%	

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Discount rate

The discount rate used to calculate the total pension liability was 5.90% for NYSERS and 6.95% for NYSTRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for NYSERS and 6.95% for NYSTRS, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.90% for NYSERS and 5.95% for NYSTRS) or 1% point higher (6.90% for NYSERS and 7.95% for NYSTRS) than the current rate:

<u>NYSERS</u>	<u>1% Decrease (4.90%)</u>	<u>Current assumption (5.90%)</u>	<u>1% Increase (6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (4,728,910)	\$ (1,956,868)	\$ 359,496
<u>NYSTRS</u>	<u>1% Decrease (5.95%)</u>	<u>Current assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (19,588,860)	\$ (2,124,497)	\$ 12,562,917

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of the respective measurement dates, were as follows:

	<u>(Dollars in Thousands)</u>	
	<u>NYSERS</u>	<u>NYSTRS</u>
Valuation date	April 1, 2022	June 30, 2021
Employers' total pension liability	\$ 232,627,259	\$ 133,883,474
Plan net position	<u>211,183,223</u>	<u>131,964,582</u>
Employers' net pension liability	<u>\$ 21,444,036</u>	<u>\$ 1,918,892</u>
Ratio of plan net position to the employers' total pension liability	<u>90.78%</u>	<u>98.57%</u>

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Payables to the pension plan

For NYSERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid NYSERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$116,941.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2023 are primarily paid to the system in September, October and November 2023 through a State aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid NYSTRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued retirement contributions including employee contributions, as of June 30, 2023 amounted to \$2,344,342.

10. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Fund	Interfund			
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 452,907	\$ -	\$ 31,296	\$ 323,538
Special Aid	-	371,029	18,089	-
School Lunch	-	-	5,592	-
Other Miscellaneous Special Revenue	-	6,283	-	-
Capital Projects	-	75,595	299,857	31,296
Totals	<u>\$ 452,907</u>	<u>\$ 452,907</u>	<u>\$ 354,834</u>	<u>\$ 354,834</u>

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

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

11. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”)

A. General information about the OPEB plan

Plan description

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

Benefits provided

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

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Employees covered by benefit terms

As of July 1, 2022, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	178
Active plan members	<u>240</u>
Total plan members	<u><u>418</u></u>

B. Total OPEB liability

The District's total OPEB liability of \$80,068,631 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial assumptions and other inputs

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

Inflation	2.40%
Salary increases	2.40% average, including inflation
Discount rate	3.65%
Healthcare cost trend rates	5.8% scaling down to 3.8% over 55 years
Retirees' share of benefit-related costs	0% to 35% of projected health insurance premiums for retirees

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

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for Teaching positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions projected to the valuation date with Scale MP-2021.

C. Changes in the total OPEB liability

Balance as of June 30, 2022	<u>\$ 70,079,818</u>
<u>Changes for the year -</u>	
Service cost	2,880,538
Interest	2,550,629
Effect of demographic gain or losses	476,550
Effect of assumptions or other inputs	5,914,464
Benefit payments	<u>(1,833,368)</u>
Net changes	<u>9,988,813</u>
Balance as of June 30, 2023	<u><u>\$ 80,068,631</u></u>

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Sensitivity of the total OPEB liability to changes in the discount rate

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

	1% Decrease (2.65%)	Current assumption (3.65%)	1% Increase (4.65%)
Total OPEB liability as of June 30, 2023	\$ 94,732,069	\$ 80,068,631	\$ 68,442,367

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.80%) or one percentage point higher (6.80%) than the current discount rate:

	1% Decrease (4.80% decreasing to 2.80%)	Current assumption (5.80% decreasing to 3.80%)	1% Increase (6.80% decreasing to 4.80%)
Total OPEB liability as of June 30, 2023	\$ 66,025,750	\$ 80,068,631	\$ 98,566,335

D. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$5,217,508. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Difference between expected experience and actual experience	\$ 1,432,626	\$ (3,178,643)
Changes of assumptions	16,677,883	(17,786,901)
Total	\$ 18,110,509	\$ (20,965,544)

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

<u>Year Ended June 30,</u>		
2024	\$	(213,659)
2025		(213,659)
2026		(237,530)
2027		(248,752)
2028		(1,218,460)
Thereafter		(722,975)

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

12. RISK MANAGEMENT

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

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

There have been no significant reductions in insurance coverage as compared to the prior years, and there were no settlements in excess of coverage over the last three years.

The District has not purchased any annuity contracts.

13. CONTINGENCIES AND COMMITMENTS

Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. During the fiscal year ended June 30, 2023, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance	
General Fund	
General support	\$ 870,165
Instruction	<u>738,699</u>
	<u>\$ 1,608,864</u>

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Government grants

The District has received grants, which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, would be immaterial.

Unissued debt

The District currently has authorized \$24.2 million in debt, of which approximately \$1 million was issued during 2023 and \$23.2 million was issued previously.

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2022, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent, plus the inflation factor (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller set the allowable levy growth factor for local governments for fiscal years beginning July 1, 2022 at 4.70% (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

Litigation

The District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

14. FUTURE ACCOUNTING STANDARDS

The District will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 100	Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62	June 30, 2024
Statement No. 101	Compensated Absences	June 30, 2025

15. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 5, 2023, which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

**RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Year-end Encumbrances	Variance
REVENUES					
Local sources:					
Real property taxes	\$ 41,618,836	\$ 40,153,658	\$ 40,154,173		\$ 515
Other tax items	-	1,465,178	1,465,178		-
Non-property tax items	600,000	600,000	911,020		311,020
Charges for services	500	500	303		(197)
Use of money and property	25,000	25,000	872,509		847,509
Sale of property and compensation for loss	-	118,563	123,853		5,290
Miscellaneous	100,000	100,000	198,676		98,676
Total local sources	42,344,336	42,462,899	43,725,712		1,262,813
State sources	4,125,803	4,125,803	4,182,727		56,924
Federal sources	-	-	153,317		153,317
Total revenues	46,470,139	46,588,702	48,061,756		1,473,054
OTHER FINANCING SOURCES					
Interfund transfers	-	-	31,296		31,296
Leases	-	13,463	13,463		-
Prior year encumbrances	954,659	954,659	-		(954,659)
Appropriated reserves and fund balance	1,100,000	1,126,015	-		(1,126,015)
Total revenues and other financing sources	48,524,798	48,682,839	48,106,515		(576,324)
EXPENDITURES					
General support:					
Board of Education	41,388	46,387	42,491	\$ -	3,896
Central administration	366,708	370,525	364,146	-	6,379
Finance and legal	1,110,235	1,035,635	946,180	40,213	49,242
Human resources	132,946	122,164	118,020	900	3,244
Central services	4,182,373	5,100,024	4,074,702	829,052	196,270
Special items	608,800	722,372	710,831	-	11,541
Total general support	6,442,450	7,397,107	6,256,370	870,165	270,572
Instruction:					
Instruction, administration and improvement	1,386,205	1,327,507	1,288,940	596	37,971
Teaching - regular school	13,403,105	13,365,595	13,136,861	1,342	227,392
Programs for children with handicapping conditions	5,782,380	5,057,812	4,742,411	465	314,936
Teaching - special school	338,338	179,383	160,130	-	19,253
Instructional media	2,228,134	2,991,686	2,244,399	707,313	39,974
Pupil services	3,622,795	3,751,341	3,597,731	28,983	124,627
Total instruction	26,760,957	26,673,324	25,170,472	738,699	764,153
Pupil transportation	1,043,237	863,353	801,402	-	61,951
Employee benefits	11,276,597	10,655,433	10,487,970	-	167,463
Debt service:					
Principal	2,034,114	1,815,972	1,813,161	-	2,811
Interest	937,443	942,201	942,118	-	83
Total expenditures	48,494,798	48,347,390	45,471,493	1,608,864	1,267,033
OTHER FINANCING USES					
Operating transfers out	30,000	335,449	323,538	-	11,911
Total expenditures and other financing uses	48,524,798	48,682,839	45,795,031	\$ 1,608,864	1,278,944
Net change in fund balance	\$ -	\$ -	2,311,484		\$ 702,620
Fund balance, beginning of year			14,791,416		
Fund balance, end of year			\$ 17,102,900		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS

Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability:						
Service cost	\$ 2,880,538	\$ 4,091,701	\$ 3,608,668	\$ 2,870,569	\$ 3,304,823	\$ 2,511,763
Interest	2,550,629	1,905,634	1,786,864	2,239,477	1,966,441	1,853,282
Effect of plan changes	-	-	-	-	852,857	-
Effect of demographic gain or losses	476,550	-	(4,767,965)	-	2,224,593	334,185
Effect of assumptions or other inputs	5,914,464	(19,188,067)	7,919,896	12,667,227	(7,825,979)	-
Benefit payments	<u>(1,833,368)</u>	<u>(1,713,908)</u>	<u>(1,606,998)</u>	<u>(1,681,084)</u>	<u>(1,624,306)</u>	<u>(1,814,896)</u>
Net change in total OPEB liability	9,988,813	(14,904,640)	6,940,465	16,096,189	(1,101,571)	2,884,334
Total OPEB liability - beginning of year	<u>70,079,818</u>	<u>84,984,458</u>	<u>78,043,993</u>	<u>61,947,804</u>	<u>63,049,375</u>	<u>60,165,041</u>
Total OPEB liability - end of year	<u>\$ 80,068,631</u>	<u>\$ 70,079,818</u>	<u>\$ 84,984,458</u>	<u>\$ 78,043,993</u>	<u>\$ 61,947,804</u>	<u>\$ 63,049,375</u>
Covered payroll	\$ 21,903,312	\$ 21,126,727	\$ 21,126,727	\$ 20,094,681	\$ 20,094,681	\$ 18,384,278
Total OPEB liability as a percentage of covered payroll	365.55%	331.71%	402.26%	388.38%	308.28%	342.95%
Discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%

Notes to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow school districts to establish this type of trust. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION ASSET/LIABILITY - NYSERS & NYSTRS
LAST NINE FISCAL YEARS
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
ERS									
District's proportionate share of the net pension asset (liability)	0.00913%	0.00853%	0.00870%	0.00894%	0.00883%	0.00882%	0.00951%	0.01022%	0.00970%
District's proportionate share of the net pension asset (liability)	\$ (1,957)	\$ 697	\$ (9)	\$ (2,368)	\$ (625)	\$ (285)	\$ (894)	\$ (1,640)	\$ (328)
District's covered payroll	\$ 3,338	\$ 3,254	\$ 3,008	\$ 2,971	\$ 2,947	\$ 2,920	\$ 3,048	\$ 2,949	\$ 2,808
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	58.62%	21.42%	0.29%	79.70%	21.21%	9.75%	29.32%	55.62%	11.67%
Plan fiduciary net position as a percentage of the total pension asset (liability)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.50%	7.50%

The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

TRS									
District's proportionate share of the net pension asset (liability)	0.11071%	0.10962%	0.10798%	0.10686%	0.10648%	0.10586%	0.10881%	0.11153%	0.11112%
District's proportionate share of the net pension asset (liability)	\$ (2,124)	\$ 18,995	\$ (2,984)	\$ 2,776	\$ 1,925	\$ 805	\$ (1,165)	\$ 11,584	\$ 12,378
District's covered payroll	\$ 19,643	\$ 18,827	\$ 18,969	\$ 16,005	\$ 20,061	\$ 17,099	\$ 17,004	\$ 16,344	\$ 16,344
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	10.82%	100.89%	15.73%	17.34%	9.60%	4.71%	6.85%	70.88%	75.73%
Plan fiduciary net position as a percentage of the total pension asset (liability)	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

Note to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS & NYSTRS
LAST NINE FISCAL YEARS
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
ERS									
Contractually required contribution	\$ 354	\$ 455	\$ 398	\$ 393	\$ 419	\$ 455	\$ 473	\$ 577	\$ 594
Contributions in relation to the contractually required contribution	354	455	398	393	419	455	473	577	594
Contribution deficiency (excess)	<u>\$ -</u>								
District's covered payroll	\$ 3,980	\$ 3,337	\$ 3,032	\$ 2,962	\$ 2,961	\$ 2,971	\$ 3,048	\$ 3,026	\$ 2,807
Contributions as a percentage of covered payroll	8.89%	13.64%	13.14%	13.27%	14.15%	15.31%	15.52%	19.08%	21.19%
TRS									
Contractually required contribution	\$ 1,922	\$ 1,773	\$ 1,624	\$ 1,894	\$ 1,700	\$ 1,966	\$ 2,004	\$ 2,260	\$ 2,981
Contributions in relation to the contractually required contribution	1,922	1,773	1,624	1,894	1,700	1,966	2,004	2,260	2,981
Contribution deficiency (excess)	<u>\$ -</u>								
District's covered payroll	\$ 20,227	\$ 19,643	\$ 18,827	\$ 18,969	\$ 16,005	\$ 20,061	\$ 17,099	\$ 17,004	\$ 16,344
Contributions as a percentage of covered payroll	9.50%	9.03%	8.62%	9.99%	10.62%	9.80%	11.72%	13.29%	18.24%

Note to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

Change from adopted budget to final budget:

Adopted budget		\$ 47,570,139
Add:		
Prior year's encumbrances		954,659
Budget revisions		158,041
		158,041
Final budget		\$ 48,682,839

Section 1318 of the Real Property Tax Law Limit calculation:

2023-2024 voter-approved expenditure budget		\$ 49,651,520
		49,651,520
Maximum allowed (4% of 2023-2024 budget)		\$ 1,986,061
		1,986,061

General Fund fund balance subject to §1318 of Real Property Tax Law:

Unrestricted fund balance:		
Assigned fund balance	\$ 2,708,864	
Unassigned fund balance	1,986,061	\$ 4,694,925
		4,694,925
Less:		
Appropriated fund balance	1,100,000	
Encumbrances	1,608,864	2,708,864
		2,708,864
General Fund fund balance subject to §1318 of Real Property Tax Law		\$ 1,986,061
Actual percentage		4.00%

RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2023

Project Title	Original Budget	Revised Budget	Expenditures				Unexpended Balance	Methods of Financing				Fund Balance June 30, 2023	
			Prior Years	Current Year	Transfers	Total		Proceeds of Obligations	Transfers	State Aid	Local Sources		Total
Construction of MS Gym	\$ 6,200,745	\$ 9,979,779	\$ 9,639,364	\$ 85,114	\$ -	\$ 9,724,478	\$ 255,301	\$ 10,125,745	\$ (401,267)	\$ -	\$ -	\$ 9,724,478	\$ -
Construction of New Wing at HS/MS	14,675,000	14,958,966	13,363,258	185,911	-	13,549,169	1,409,797	11,500,143	1,574,840	-	1,155,558	14,230,541	681,372
Daniel Warren Slate Roof Replacement	838,280	838,280	335,485	477,200	-	812,685	25,595	-	(25,595)	-	838,280	812,685	-
Gymnasium Oil Tank	449,255	449,255	299,671	68,873	-	368,544	80,711	449,255	-	-	-	449,255	80,711
Totals	\$ 22,163,280	\$ 26,226,280	\$ 23,637,778	\$ 817,098	\$ -	\$ 24,454,876	\$ 1,771,404	\$ 22,075,143	\$ 1,147,978	\$ -	\$ 1,993,838	\$ 25,216,959	\$ 762,083

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

**OTHER
SUPPLEMENTARY
INFORMATION**

**RYE NECK UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

Capital assets, net		\$ 44,567,104
Deduct:		
Short-term portion of bonds payable, net	\$ 2,056,446	
Long-term portion of bonds payable, net	29,586,189	
Short-term portion of lease liability	76,045	
Long-term portion of lease liability	145,805	
Short-term portion of capital note payable	122,173	
Long-term portion of capital note payable	<u>870,284</u>	32,856,942
Add:		
Unspent bond proceeds	863,446	
Deferred charge from refunding bonds	<u>33,744</u>	<u>897,190</u>
Net investment in capital assets		<u><u>\$ 12,607,352</u></u>

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

**RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/CLUSTER TITLE/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	TOTAL FEDERAL EXPENDITURES
<u>U.S. Department of Education</u>			
Passed - Through New York State Department of Education			
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-23-1091	\$ 308,410
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-22-1091	9,440
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-23-1091	6,779
IDEA, Part B, Section 611, American Rescue Plan, Special Education Grants to States	84.027X	5532-22-1091	<u>41,334</u>
Total Special Education Cluster			<u>365,963</u>
ESEA, Title I, Part A, Grants to Local Education Agencies	84.010A	0021-23-3790	50,264
ESEA, Title I, Part A, Grants to Local Education Agencies	84.010A	0021-22-3790	27,987
ESEA, Title II, Part A, Improving Teacher Quality State Grants	84.367A	0147-23-3790	23,846
ESEA, Title II, Part A, Improving Teacher Quality State Grants	84.367A	0147-22-3790	10,195
ESEA, Title III, Part A, English Language Acquisition	84.365A	0293-23-3790	4,087
ESEA, Title III, Part A, English Language Acquisition	84.365A	0149-23-3790	81,466
ESEA, Title III, Part A, English Language Acquisition	84.365A	0149-22-3790	4,052
ESEA, Title IV, Part A, Student Support and Academic Enrichment	84.424A	0204-23-3790	8,228
ESEA, Title IV, Part A, Student Support and Academic Enrichment	84.424A	0204-22-3790	3,317
ARP Act, ESF, Elementary and Secondary School Emergency Relief	84.425U	5880-21-3790	190,769
ARP Act, ESF, Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	5218-22-3790	<u>1,844</u>
Total U.S. Department of Education			<u>772,018</u>
<u>U.S. Department of Homeland Security</u>			
Disaster Grants - Public Assistance	97.036	N/A	<u>153,317</u>
<u>U.S. Department of Agriculture</u>			
Passed - Through New York State Office of General Services			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	5,299
National School Lunch Program	10.555	N/A	209,491
Pandemic EBT Administrative Funds	10.649	N/A	<u>1,884</u>
Total Child Nutrition Cluster			<u>216,674</u>
Total U.S. Department of Agriculture			<u>216,674</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 1,142,009</u>

**RYE NECK UNION FREE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Rye Neck Union Free School District (the "District") under programs of the federal government for the year ended June 30, 2023. 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 District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

2. BASIS OF ACCOUNTING

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. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

Non-monetary assistance is reported in the schedule at the fair market value of commodities received, which is provided by New York State.

3. INDIRECT COSTS

The Rye Neck Union Free School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS

No amounts were provided to subrecipients.

5. OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

6. MAJOR PROGRAM DETERMINATION

The District was deemed to be a "low-risk auditee", therefore, major programs were determined based on 20% of total federal award expenditures.



CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of the
Rye Neck Union Free School District, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Rye Neck Union Free School District (the "District") as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

Report on Compliance and Other Matters

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

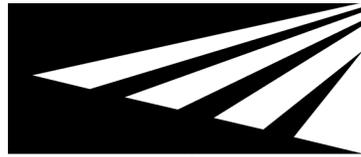
NawrockiSmith

Purpose of this Report

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

Hauppauge, New York
October 5, 2023

Nawrocki Smith LLP



NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of the
Rye Neck Union Free School District, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 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 District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

NawrockiSmith

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 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 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 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Hauppauge, New York
October 5, 2023



**RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

A. Summary Of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies or material weaknesses were reported during the audit of the financial statements.
3. No instances of noncompliance were disclosed during the audit of the financial statements.
4. No significant deficiencies or material weaknesses were reported during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs that are required to be reported in accordance with section 2 CFR 200.516 (a) of the Uniform Guidance, were disclosed during the audit.
7. The programs tested as a major program included:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	<i>U.S. Department of Education -</i>
84.027A	IDEA, Part B, Section 611, Special Education Grants to States
84.027X	IDEA, Part B, Section 611, American Rescue Plan, Special Education Grants to States
84.173A	IDEA, Part B, Section 619, Special Education Preschool Grants

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Auditee was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

None reported.

C. Findings And Questioned Costs - Major Federal Award Program Audit

None reported.

**RYE NECK UNION FREE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Findings - Financial Statement Audit

None reported.

Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

**RYE NECK UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2023**

This section presents our findings and recommendations noted during the audit of the financial statements of the Rye Neck Union Free School District as of and for the year ended June 30, 2023, as well as the status of recommendations made in connection with prior audits of the financial statements.

CURRENT YEAR FINDING AND RECOMMENDATION:

1. **Capitalization Policy**

During the current year's audit, we noted that the District does not have a formal capitalization policy for right-to-use assets and subscription-based information technology arrangements. The absence of a formal policy may increase the risk that an inconsistent approach to capitalizing assets may occur.

We recommend that the District develop a formal capitalization policy for right-to-use assets and subscription-based information technology arrangements. In this manner, financial reporting of right-to-use assets and subscription-based information technology arrangements may be enhanced.

STATUS OF PRIOR YEAR RECOMMENDATIONS:

None noted