

ROTTERDAM-MOHONASEN
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2023

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Rotterdam-Mohonasen Central School District:

Report on the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Rotterdam-Mohonasen Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Rotterdam-Mohonasen Central School District's basic financial statements as listed in the table of contents.

Opinions

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary funds of the Rotterdam-Mohonasen Central School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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 opinion. 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 aggregate, they would influence the judgment made by a reasonable user based on the basic financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic 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 basic 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 Rotterdam-Mohonasen Central School District's internal control. Accordingly, no such opinion is expressed.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rotterdam-Mohonasen Central School District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of changes in total OPEB liability, District's proportionate share of the net pension asset/liability, and the District's contributions on pages M1-M10 and 48-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Rotterdam-Mohonasen Central School District's basic financial statements as a whole. The other supplementary information comprises the additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023 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 this report is 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 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 Rotterdam-Mohonasen Central School District's internal control over financial reporting and compliance.

Raymond G. Preusser, CPA, P.C.

Claverack, New York
October 19, 2023

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2023

Introduction

The following is a discussion and analysis of Rotterdam-Mohonasen Central 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 government-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.

Financial Highlights

- The total assets of the District were lower than its total liabilities at the close of the fiscal year by \$1.2 million (net position).
- The District's total net position decreased \$5,205,070 compared to the 2021-22 reporting period. This change results primarily from the increase in liabilities was greater than the increase in assets.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

*The first two statements are districtwide financial statements that provide both short-term and long-term information about the School District's overall financial status.

*The remaining statements are fund financial statements that focus on individual parts of the School District, report the District's operations in more detail than the districtwide statements. The fund financial statements concentrate on the District's most significant funds with all the other non-major funds listed in total in one column.

*The governmental funds 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.

*Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The 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.

Figure 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 of MD&A highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the Districtwide and Fund Financial Statements

	Districtwide Statements	Fund Statements	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District government (except fiduciary funds)	The activities of the School District that are not fiduciary such as School Lunch and Capital spending	Instances where the School District is the trustee or agent for someone else's resources, such as payroll taxes and scholarships
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

Districtwide Financial Statements

The districtwide 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 districtwide statements report the District's net position and how it 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 position is improving or deteriorating, respectively.

*To assess the District's overall health, you need to consider additional informational factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the districtwide 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 finances most of these activities.

**Rotterdam-Mohonasen Central School District's Net Position
June 30, 2022 and 2023**

	Governmental Activities		Variance Increase (Decrease)
	2022	2023	
Current Assets	\$ 18,951,410	\$ 18,197,051	\$ (754,359)
Capital and Intangible Assets, Net	93,836,642	94,098,967	262,325
Net Pension Asset	22,122,130	-	(22,122,130)
Total Assets	<u>134,910,182</u>	<u>112,296,018</u>	<u>(22,614,164)</u>
Deferred Outflows of Resources	<u>54,662,159</u>	<u>47,554,498</u>	<u>(7,107,661)</u>
Total Assets and Outflows of Resources	<u>189,572,341</u>	<u>159,850,516</u>	<u>(29,721,825)</u>
Current Liabilities	7,993,106	4,405,035	(3,588,071)
Noncurrent Liabilities	127,850,735	116,757,973	(11,092,762)
Net Pension Liability	-	6,105,229	6,105,229
Total Liabilities	<u>135,843,841</u>	<u>127,268,237</u>	<u>(8,575,604)</u>
Deferred Inflows of Resources	<u>49,681,643</u>	<u>33,740,492</u>	<u>(15,941,151)</u>
Total Liabilities and Inflows of Resources	<u>185,525,484</u>	<u>161,008,729</u>	<u>(24,516,755)</u>
Net Position:			
Net Investment in Capital and Intangible Assets	49,410,603	50,272,099	861,496
Restricted	7,631,696	10,477,214	2,845,518
Unrestricted	<u>(52,995,442)</u>	<u>(61,907,526)</u>	<u>(8,912,084)</u>
Total Net Position	<u>\$ 4,046,857</u>	<u>\$ (1,158,213)</u>	<u>\$ (5,205,070)</u>

Maintaining adequate fund balance (reserved and unappropriated) has several internal benefits. Fund balance can provide for cash flow needs until major revenues are received (thereby reducing or eliminating the need for cash flow borrowing), provide funds to leverage state and federal grants, and provide for various contingency expenses.

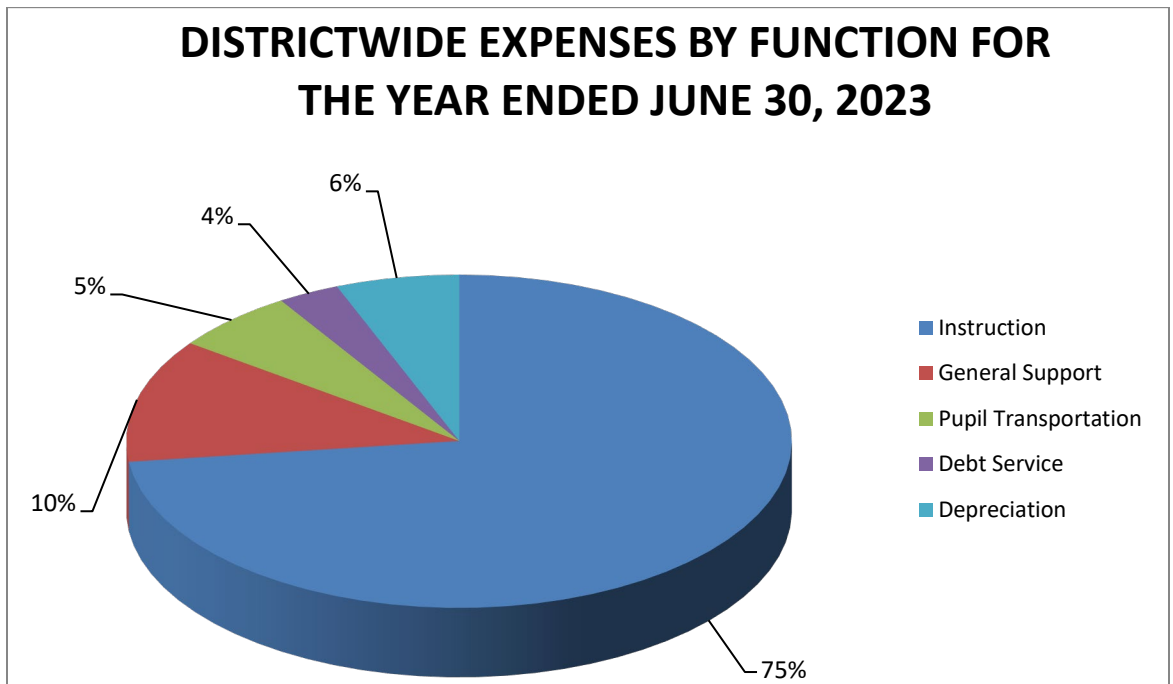
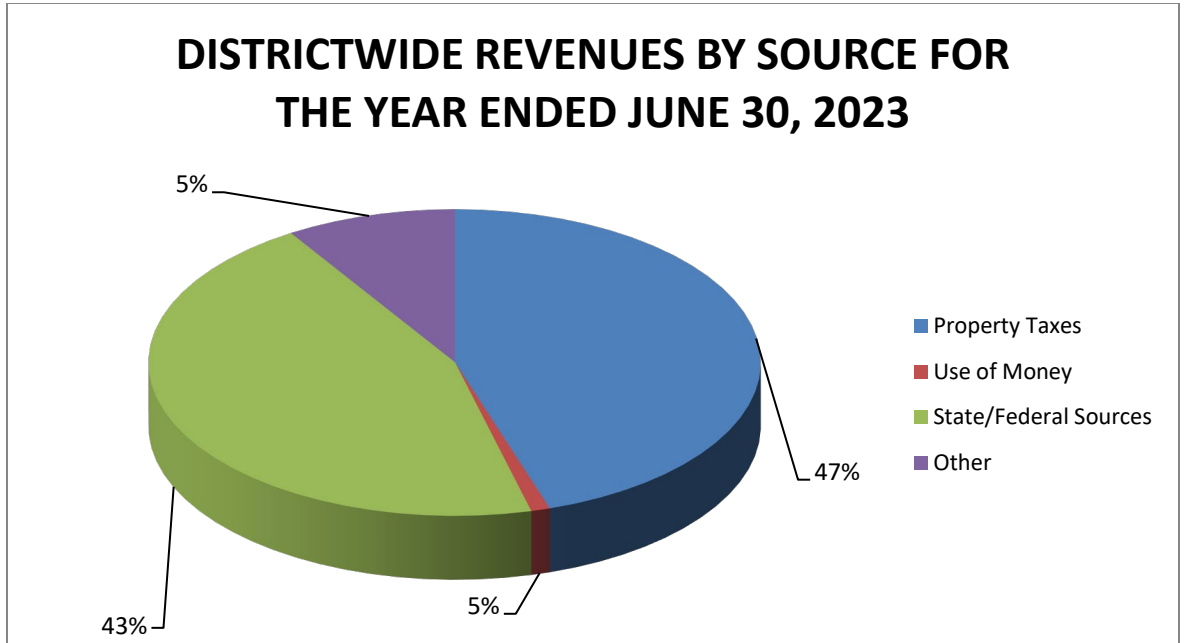
The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, and equipment); less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide educational services. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. Capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used (e.g. capital projects, debt service and other specified purposes). The remaining balance of unrestricted net position may be used to meet the District's ongoing obligation to provide educational services.

**Rotterdam-Mohonasen Central School District's
Changes in Net Position
For the Years Ended June 30, 2022 and 2023**

	Governmental Activities		Variance Increase (Decrease)
	2022	2023	
Revenues:			
Program Revenues:			
Charges for Services	\$ 177,155	\$ 645,600	\$ 468,445
Operating Grants and Contributions	8,129,151	5,499,475	(2,629,676)
Total Program Revenues	<u>\$ 8,306,306</u>	<u>\$ 6,145,075</u>	<u>\$ (2,161,231)</u>
General Revenues:			
Real Property Taxes	26,387,422	27,377,357	\$ 989,935
Other Tax Items	3,274,716	3,111,272	(163,444)
Use of Money and Property	390,600	311,611	(78,989)
Sale of Property and Compensation for Loss	205,506	312,759	107,253
Miscellaneous	1,249,094	387,901	(861,193)
State Sources	24,696,542	27,050,207	2,353,665
Premium on Obligations	-	406,559	406,559
Federal Sources	815,112	341,112	(474,000)
Total General Revenues	<u>57,018,992</u>	<u>59,298,778</u>	<u>2,279,786</u>
Expenses (Net of Program Revenues):			
Instruction	43,329,674	47,116,567	3,786,893
General Support	6,203,237	7,153,535	950,298
Transportation	3,687,726	4,591,138	903,412
Community Service	2,023	2,063	40
Debt Service-Interest	2,003,638	1,792,263	(211,375)
Depreciation-Unallocated	3,400,255	3,420,255	20,000
Amortization-Leases	38,060	43,627	5,567
Fiscal Agent Fees	-	203,780	203,780
School Lunch	(132,883)	180,620	313,503
Total Expenses	<u>58,531,730</u>	<u>64,503,848</u>	<u>5,972,118</u>
Increase (Decrease) in Net Position	<u>\$ (1,512,738)</u>	<u>\$ (5,205,070)</u>	<u>\$ (3,692,332)</u>

The following charts provide the percentage breakdown of all revenues by source and all expenses by function for the entire District.



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 two kinds of funds:

- **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 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 statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the districtwide financial statements because it cannot use these assets to finance its operations.

The following is a summary of the fund balances by individual major funds:

	<u>Fund Balance</u> <u>2022</u>	<u>Fund Balance</u> <u>2023</u>	<u>Variance</u> <u>Increase</u> <u>(Decrease)</u>
General	\$ 10,522,958	\$ 12,904,793	\$ 2,381,835
School Lunch	133,033	26,548	(106,485)
Special Aid	368,868	90,000	(278,868)
Capital	(186,555)	603,488	790,043
Debt Service	631,914	644,201	12,287
Totals	<u>\$ 11,470,218</u>	<u>\$ 14,269,030</u>	<u>\$ 2,798,812</u>

By law, school districts are only allowed to retain 4% of the subsequent year's general fund budget as unreserved or unassigned fund balance. The unassigned fund balance in the General Fund totals \$2,578,000 which is 4% of the 2023-24 General Fund Budget of \$64.5 million. The assigned fund balance of \$1,018,587 is composed of \$518,587 for encumbrances and \$500,000 as revenue to support the 2023-24 General Fund budget.

Capital Assets (Net of Depreciation)

	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>Increase</u> <u>(Decrease)</u>
Land	\$ 1,652,526	\$ 1,652,526	\$ 0
Construction in Progress	186,713	2,646,671	2,459,958
Buildings and Improvements	88,925,913	86,843,578	(2,082,335)
Buses	1,042,382	1,294,870	252,488
Machinery and Equipment	<u>1,917,213</u>	<u>1,546,447</u>	<u>(370,766)</u>
Total	<u>\$93,724,747</u>	<u>\$ 93,984,992</u>	<u>\$ 259,345</u>

General Fund Budgetary Highlights

For the 2022-2023 school year, the voters of the District approved a budget of \$60,200,000. That budget was subsequently increased by \$505,798. This total is comprised of several different components listed in more detail below:

- \$492,521 represents encumbrances carried over from the prior year.
- \$13,277 is the result of use of reserves.

The District considers the results regarding the 2022-23 to be very positive, but also largely the result of unique circumstances related to one-time funding streams, including approximately \$2.0 million in federal funding. These funds allowed the District to maintain staffing and resources to continue to mitigate and remediate the impact of the pandemic. In addition to the one-time funds the District also saw a \$2.2 million increase in Foundation Aid in the 2022-23 school year. The full funding of Foundation Aid in 2023-24 is expected to be an additional revenue of over \$4.5 million. This is a recurring revenue that will be vital in the long-term stability of the District, but there is also some concern about the state's ability to continue to fund this if the economy takes a downward turn. The other major factors impacting the end of year surplus were decreases in expenses related to unfilled, non-instructional positions and the associated benefits that come with these positions. Finally, there were also some unexpected revenues related to insurance claims which cannot be counted on in the future.

Enrollment

Public school enrollment gathered by the state each October has been relatively consistent the past few years with enrollment leveling off at approximately 2,800 students. Based on projections it is expected that the enrollment will remain at this level for the next several years.

Debt Administration

The District issued a new five-year bond with a principal amount of \$638,765 in April 2023 to finance the purchase of school buses. The voters of the district authorized the purchase during the annual vote held May 2022.

The Mohonasen School District received a bond rating of Aa3 from Moodys in May 2023, which is an upgrade from prior years. The amount of general obligation debt a school district may issue is limited to 10 percent of its total assessed valuation, pursuant to Section 104.00 of the Local Finance Law. The current debt obligation of the District is well within the stipulated limitation.

Outstanding Long-Term Debt

	<u>2022</u>	<u>2023</u>	<u>Increase (Decrease)</u>
General Obligation Bonds	\$44,127,431	\$43,758,600	\$ (368,831)

Factors Impacting the District's Future

The wealth of the Mohonasen Central School District is based upon income and full value of taxable real property. Using those variables, the District is thus classified as being less than average in comparison to the state average wealth ratio. An average wealth school district in New York State has a combined wealth ratio (CWR), for state aid purposes of 1.0. Mohonasen's CWR for 2021-22 was .658 and increased to .665 for 2022-23 (a ratio of resident income and property values). This indicates that the district's overall wealth increased very slightly from the prior year in relation other districts around the state. The state aid formulas are designed to help districts with combined wealth ratios of less than 1.0. Generally these districts receive more state aid than wealthier ones and are consequently more dependent on such aid. At the same time the 3-Year Average Free and Reduced Price Lunch (FRPL) percentage has also increased to a high of over 42%. This number, a main student need indicator, also impacts formulas used to calculate state aid. Mohonasen relies heavily on state aid as a revenue source. Approximately 49% of the District's revenue is from state aid.

The District has worked hard to stay in compliance with the tax cap legislation since its inception in 2013. It has remained within the cap each year, even when the revenue from taxes has been extremely low due to the volatility of the various factors. This will continue to be the goal of the District moving forward as it will plan to time new capital projects so that they will replace expiring debt so as to not create any major impacts on the Tax Cap Formula.

The financial audit for the year-end 2022-23 shows that the district was able to maintain the 4% unassigned fund balance allowed by law, and fully accrue both the Teacher's and Employee's retirement system obligations. The employee's retirement reserve continued to be a priority to mitigate potential rate spikes in the future. The District was able to allocate an additional \$3,028,034 of its surplus to the ERS Reserve while still funding the TRS sub-fund to the extent allowed by law. The two retirement system reserves are instrumental in stabilizing and maintaining the financial status of the district in these difficult economic times.

Contacting the School 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 questions about this report or need additional financial information, contact the Business Office, Rotterdam-Mohonasen Central School District, 2072 Curry Road, Schenectady, New York 12303.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2023

ASSETS

Unrestricted cash	\$	7,699,174	
Restricted cash		6,460,770	
Other receivables, net		508,094	
State and federal aid receivable		2,427,168	
Due from other governments		1,020,036	
Inventories		80,754	
Due from fiduciary funds		1,055	
Intangible lease assets, net		114,875	
Capital assets, net		93,984,092	
Total Assets		112,296,018	\$

DEFERRED OUTFLOW OF RESOURCES

Pensions	\$	15,502,922	
OPEB-GASB 75		32,051,576	
Total Deferred Outflows of Resources		47,554,498	\$

LIABILITIES

Current Liabilities:

Accounts payable	\$	1,067,607	
Accrued liabilities		753,078	
Due to teachers' retirement system		2,368,379	
Due to employees' retirement system		164,770	
Due to other governments		297	
Unearned revenue		44,082	
Overpayments and collections in advance		6,822	

Long-Term Liabilities:

Due and payable within one year

Bonds payable		4,124,913	
Leases payable		39,581	

Due and payable after one year

Bonds payable		39,633,687	
Leases payable		28,687	
Compensated absences payable		224,606	
Other postemployment benefits payable		72,706,499	
Net pension liability- proportionate share		6,105,229	

Total Liabilities		127,268,237	\$
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DEFERRED INFLOWS OF RESOURCES

Premium on advanced refunding		212,813	
Pensions		1,592,942	
OPEB-GASB 75		31,934,737	
Total Deferred Inflows of Resources		33,740,492	\$

NET POSITION

Net Investment in Capital and Intangible Assets		50,875,428	
Restricted		10,477,214	
Unrestricted		(62,510,855)	
Total Net Position		(1,158,213)	\$

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For Year Ended June 30, 2023

	Expenses	Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General support	\$ 5,323,619	\$ 1,829,916	\$ -	\$ -	\$ (7,153,535)
Instruction	33,736,938	17,863,660	90,757	4,393,274	(47,116,567)
Pupil transportation	3,090,148	1,558,939	-	57,949	(4,591,138)
Community services	2,063	-	-	-	(2,063)
Employee benefits	21,556,957	(21,556,957)	-	-	-
Debt service-Interest	1,792,263	-	-	-	(1,792,263)
Depreciation-unallocated	3,420,255	-	-	-	(3,420,255)
Amortization- leases	43,627	-	-	-	(43,627)
Fiscal agent fees	203,780	-	-	-	(203,780)
School lunch program	1,479,273	304,442	554,843	1,048,252	(180,620)
Total Functions and Programs	\$ 70,648,923	\$ -	\$ 645,600	\$ 5,499,475	(64,503,848)
GENERAL REVENUES					
Real property taxes					27,377,357
Other tax items					3,111,272
Use of money and property					311,611
Sale of property and compensation for loss					312,759
Miscellaneous					387,901
State sources					27,050,207
Federal sources					341,112
Premium on obligations					406,559
Total General Revenues					59,298,778
Change in Net Position					(5,205,070)
Total Net Position - Beginning of year					4,046,857
Total Net Position - End of year					\$ (1,158,213)

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
June 30, 2023

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted cash	\$ 7,699,174	\$ -	\$ -	\$ 7,699,174
Restricted cash	6,460,770	-	-	6,460,770
Accounts receivable, net	508,094	-	-	508,094
Due from other funds	5,750,070	-	(5,750,070)	-
Due from fiduciary funds	-	-	1,055	1,055
State and federal aid receivable	2,427,168	-	-	2,427,168
Due from other governments	1,020,036	-	-	1,020,036
Inventories	80,754	-	-	80,754
Intangible lease assets, net	-	114,875	-	114,875
Capital assets, net	-	93,984,092	-	93,984,092
Total Assets	\$ 23,946,066	\$ 94,098,967	\$ (5,749,015)	\$ 112,296,018
DEFERRED OUTFLOW OF RESOURCES				
Pensions	\$ -	\$ 15,502,922	\$ -	\$ 15,502,922
OPEB-GASB 75	-	32,051,576	-	32,051,576
Total Deferred Outflows of Resources	\$ -	\$ 47,554,498	\$ -	\$ 47,554,498
LIABILITIES				
Accounts payable	\$ 1,067,607	\$ -	\$ -	\$ 1,067,607
Accrued liabilities	276,064	477,014	-	753,078
Bonds payable	-	43,758,600	-	43,758,600
Leases payable	-	68,268	-	68,268
Other post employment benefits payable	-	72,706,499	-	72,706,499
Compensated absences	-	224,606	-	224,606
Due to other funds	5,749,015	-	(5,749,015)	-
Due to teachers' retirement system	2,368,379	-	-	2,368,379
Due to employees' retirement system	164,770	-	-	164,770
Due to other governments	297	-	-	297
Unearned revenue	44,082	-	-	44,082
Overpayments and collections in advance	6,822	-	-	6,822
Net pension liability- proportionate share	-	6,105,229	-	6,105,229
Total Liabilities	\$ 9,677,036	\$ 123,340,216	\$ (5,749,015)	\$ 127,268,237
DEFERRED INFLOWS OF RESOURCES				
Premium on advanced refunding	\$ -	\$ 212,813	\$ -	\$ 212,813
Pensions	-	1,592,942	-	1,592,942
OPEB-GASB 75	-	31,934,737	-	31,934,737
Total Deferred Inflows of Resources	\$ -	\$ 33,740,492	\$ -	\$ 33,740,492
FUND BALANCE/NET POSITION				
Total Fund Balance\Net Position	\$ 14,269,030	\$ (15,427,243)	\$ -	\$ (1,158,213)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 23,946,066	\$ 141,653,465	\$ (5,749,015)	\$ 159,850,516

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For Year Ended June 30, 2023

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 27,377,357	\$ -	\$ -	\$ -	\$ 27,377,357
Other tax items	3,111,272	-	-	-	3,111,272
Charges for services	90,757	-	-	-	90,757
Use of money and property	311,611	-	-	-	311,611
Sale of property and compensation for loss	312,759	-	-	-	312,759
Miscellaneous	387,901	-	-	-	387,901
Local sources	10,375	-	-	-	10,375
State sources	27,508,141	-	-	-	27,508,141
Federal sources	5,372,278	-	-	-	5,372,278
Sales - school lunch	554,843	-	-	-	554,843
Total Revenues	<u>65,037,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,037,294</u>
EXPENDITURES\EXPENSES					
General support	5,362,416	-	(38,797)	-	5,323,619
Instruction	34,247,867	9,731	(477,033)	(43,627)	33,736,938
Pupil transportation	3,108,588	-	(18,440)	-	3,090,148
Community services	2,063	-	-	-	2,063
Employee benefits	13,043,666	8,513,291	-	-	21,556,957
Debt service-Principal	4,161,083	-	-	(4,161,083)	-
-Interest	1,933,569	(141,306)	-	-	1,792,263
Cost of sales	1,479,273	-	-	-	1,479,273
Capital outlay	3,145,330	-	(3,145,330)	-	-
Depreciation	-	-	3,420,255	-	3,420,255
Amortization-leases	-	-	43,627	-	43,627
Total Expenditures	<u>66,483,855</u>	<u>8,381,716</u>	<u>(215,718)</u>	<u>(4,204,710)</u>	<u>70,445,143</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,446,561)</u>	<u>(8,381,716)</u>	<u>215,718</u>	<u>4,204,710</u>	<u>(5,407,849)</u>
OTHER SOURCES AND USES					
Proceeds from debt	3,578,765	-	-	(3,578,765)	-
Premium on obligations	725,778	-	-	(319,219)	406,559
Proceeds from advanced refunding	4,115,000	-	-	(4,115,000)	-
Payment to escrow agent	(4,326,998)	-	-	4,326,998	-
Fiscal agent fees	(203,780)	-	-	-	(203,780)
Bond anticipation notes redeemed	310,000	-	-	(310,000)	-
Proceeds from leases	46,608	-	-	(46,608)	-
Operating transfers in	163,032	(163,032)	-	-	-
Operating transfers (out)	(163,032)	163,032	-	-	-
Total Other Sources (Uses)	<u>4,245,373</u>	<u>-</u>	<u>-</u>	<u>(4,042,594)</u>	<u>202,779</u>
Net Change for the Year	<u>\$ 2,798,812</u>	<u>\$ (8,381,716)</u>	<u>\$ 215,718</u>	<u>\$ 162,116</u>	<u>\$ (5,205,070)</u>

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30, 2023

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	\$ 3,928,340	\$ 6,411	\$ 45,947	\$ -	\$ 3,718,476	\$ 7,699,174
Restricted cash	5,819,046	-	-	641,724	-	6,460,770
State and federal aid receivable	348,318	1,871,492	68,674	-	138,684	2,427,168
Due from other governments	1,020,036	-	-	-	-	1,020,036
Accounts receivable, net	508,094	-	-	-	-	508,094
Due from other funds	5,472,167	91,466	183,960	2,477	-	5,750,070
Inventories	-	-	80,754	-	-	80,754
Total Assets	\$ 17,096,001	\$ 1,969,369	\$ 379,335	\$ 644,201	\$ 3,857,160	\$ 23,946,066
LIABILITIES						
Accounts payable	\$ 1,065,159	\$ 2,448	\$ -	\$ -	\$ -	\$ 1,067,607
Accrued liabilities	249,509	4,254	21,106	-	1,195	276,064
Bond anticipation notes payable	-	-	-	-	-	-
Due to other funds	336,569	1,844,733	315,236	-	3,252,477	5,749,015
Due to teachers' retirement system	2,368,379	-	-	-	-	2,368,379
Due to employees' retirement system	164,770	-	-	-	-	164,770
Due to other governments	-	-	297	-	-	297
Overpayments and collections in advance	6,822	-	-	-	-	6,822
Unearned revenue	-	27,934	16,148	-	-	44,082
Total Liabilities	4,191,208	1,879,369	352,787	-	3,253,672	9,677,036
FUND BALANCES						
Non-spendable	-	-	80,754	-	-	80,754
Restricted	9,307,406	84,621	6,486	644,201	434,500	10,477,214
Assigned	1,018,587	5,379	-	-	-	1,023,966
Unassigned (Deficit)	2,578,800	-	(60,692)	-	168,988	2,687,096
Total Fund Balances	12,904,793	90,000	26,548	644,201	603,488	14,269,030
Total Liabilities and Fund Balances	\$ 17,096,001	\$ 1,969,369	\$ 379,335	\$ 644,201	\$ 3,857,160	\$ 23,946,066

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- GOVERNMENTAL
FUNDS
For Year Ended June 30, 2023

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 27,377,357	\$ -	\$ -	\$ -	\$ -	\$ 27,377,357
Other tax items	3,111,272	-	-	-	-	3,111,272
Charges for services	90,757	-	-	-	-	90,757
Use of money and property	298,399	-	925	12,287	-	311,611
Sale of property and compensation for loss	312,759	-	-	-	-	312,759
Miscellaneous	387,723	-	178	-	-	387,901
Local sources	-	10,375	-	-	-	10,375
State sources	27,050,207	424,532	33,402	-	-	27,508,141
Federal sources	341,112	4,016,316	1,014,850	-	-	5,372,278
Sales	-	-	554,843	-	-	554,843
Total Revenues	58,969,586	4,451,223	1,604,198	12,287	-	65,037,294
EXPENDITURES						
General support	5,362,416	-	-	-	-	5,362,416
Instruction	29,485,725	4,762,142	-	-	-	34,247,867
Pupil transportation	3,050,639	57,949	-	-	-	3,108,588
Community services	2,063	-	-	-	-	2,063
Employee benefits	12,739,224	-	304,442	-	-	13,043,666
Debt service-Principal	3,851,083	-	-	310,000	-	4,161,083
-Interest	1,933,569	-	-	-	-	1,933,569
Cost of sales	-	-	1,479,273	-	-	1,479,273
Capital outlay	-	-	-	-	3,145,330	3,145,330
Total Expenditures	56,424,719	4,820,091	1,783,715	310,000	3,145,330	66,483,855
Excess (Deficiency) of Revenues Over Expenditures	2,544,867	(368,868)	(179,517)	(297,713)	(3,145,330)	(1,446,561)
OTHER SOURCES AND USES						
Proceeds from debt	-	-	-	-	3,578,765	3,578,765
Premiums on obligations	-	-	-	725,778	-	725,778
Proceeds from advanced refunding	-	-	-	4,115,000	-	4,115,000
Payment to escrow agent	-	-	-	(4,326,998)	-	(4,326,998)
Fiscal agent fees	-	-	-	(203,780)	-	(203,780)
Bond anticipation notes redeemed	-	-	-	-	310,000	310,000
Proceeds from leases	-	-	-	-	46,608	46,608
Operating transfers in	-	90,000	73,032	-	-	163,032
Operating transfers (out)	(163,032)	-	-	-	-	(163,032)
Total Other Sources (Uses)	(163,032)	90,000	73,032	310,000	3,935,373	4,245,373
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	2,381,835	(278,868)	(106,485)	12,287	790,043	2,798,812
Fund Balance- Beginning of year	10,522,958	368,868	133,033	631,914	(186,555)	11,470,218
Fund Balance- (Deficit) End of year	\$ 12,904,793	\$ 90,000	\$ 26,548	\$ 644,201	\$ 603,488	\$ 14,269,030

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION

June 30, 2023

	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
ASSETS			
Cash	\$ 139,411	\$ 184,067	\$ 91,360
Due from governmental funds	-	-	-
Total Assets	\$ 139,411	\$ 184,067	\$ 91,360
 LIABILITIES			
Due to governmental funds	\$ -	\$ 1,055	\$ -
Total Liabilities	-	1,055	-
 NET POSITION			
Reserved for scholarships	\$ 139,411	-	-
Individuals, Organizations and Other governments	-	183,012	91,360
Total Net Position	\$ 139,411	\$ 183,012	\$ 91,360

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For Year Ended June 30, 2023

	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
ADDITIONS			
Contributions	\$ 11,810	\$ -	\$ -
Interest	793	-	-
Unclassified	-	109,070	159,594
Total Additions	<u>12,603</u>	<u>109,070</u>	<u>159,594</u>
DEDUCTIONS			
Scholarships and awards	13,600	-	-
Other custodial activities	-	119,144	144,228
Total Deductions	<u>13,600</u>	<u>119,144</u>	<u>144,228</u>
Net Increase (Decrease) in Fiduciary Net Position	(997)	(10,074)	15,366
Net Position - Beginning of year	<u>140,408</u>	<u>193,086</u>	<u>75,994</u>
Net Position - End of year	<u>\$ 139,411</u>	<u>\$ 183,012</u>	<u>\$ 91,360</u>

See auditor's report. See notes to financial statements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The financial statements of the Rotterdam-Mohonasen Central School District have been prepared in conformity with generally accepted accounting principles (GAAP). Those principles are as 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 utilized by the District are described below:

A. Reporting Entity

The Rotterdam-Mohonasen Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 7 members. 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 Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. 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 School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Rotterdam-Mohonasen Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds are included in these financial statements. The District accounts for assets held as an agent for various student organizations in a custodial fund.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

B. Joint Venture

The Rotterdam-Mohonasen Central School District is one of 23 component school districts in the Albany, Schoharie, Schenectady and Saratoga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

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

During the year ended June 30, 2023, the Rotterdam-Mohonasen Central School District was billed \$4,621,870 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$2,138,558. Financial statements for BOCES Aid are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

1. Districtwide Statements (Continued)

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 Net Position presents the financial position of the District at fiscal year-end. 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. 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

2. Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following funds:

a. Major Governmental Funds

- (1) 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.
- (2) Special Aid Fund** - These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **Summary of Significant Accounting Policies (Continued)**

C. **Basis of Presentation (Continued)**

2. **Fund Financial Statements (Continued)**

a. **Major Governmental Funds (Continued)**

- (3) **School Lunch Fund** – Used to account for transactions of the District’s lunch and breakfast programs.
- (4) **Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.
- (5) **Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

b. **Fiduciary Funds**

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the districtwide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

- (1) **Private Purpose Trust Funds** – These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- (2) **Custodial Funds** – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

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.

The districtwide and fiduciary fund 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. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. 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 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 districts. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

F. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 15. Taxes are collected during the period September 1 to November 1.

Uncollected real property taxes are subsequently enforced by the Counties of Albany and Schenectady. An amount representing uncollected real property taxes is transmitted to the Counties for enforcement and is paid by the Counties to the District no later than the forthcoming April 1.

G. Restricted Resources

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

H. 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 expenditure and revenues to provide financing or other services.

In the districtwide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between funds, with the exception of those due from or to the fiduciary 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 IV for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

I. Estimates

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

J. Receivables

Accounts receivables 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 an 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 that approximates market. Purchases of inventorable items 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. Under 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 fund balance has been classified as nonspendable to indicate that inventory does not constitute an available spendable resource.

L. Other Assets/Restricted Assets

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

L. Other Assets/Restricted Assets (Continued)

In the districtwide financial statements, bond discounts and 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.

M. Capital Assets

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Site Improvements	\$ 5,000	20
Buildings and Improvements	\$ 5,000	15-50
Furniture and Equipment	\$ 5,000	5-15
Vehicles	\$ 5,000	8

N. Compensated Absences

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

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

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

N. Compensated Absences (Continued)

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vested method and an accrual for that liability is included in the Districtwide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available resources. These amounts are expensed on a pay-as-you-go basis.

O. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the districtwide 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 compensated absences that will be paid from governmental funds are reported as a liability in the fund's 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.

P. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category, two of which relate to pensions. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the districtwide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

R. Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claim to the resources.

S. Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision 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.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

T. Short-Term Debt

The School District may issue Revenue and Tax Anticipation Notes in anticipation of 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 revenue anticipation and tax anticipation notes 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 School District may issue Bond Anticipation Notes in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

U. Equity Classifications

1. Districtwide Statements

In the districtwide statements there are three classes of net position:

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

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

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **Summary of Significant Accounting Policies (Continued)**

U. **Equity Classifications (Continued)**

2. **Fund Statements**

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$80,754.

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. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

1. **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

2. **Unemployment Insurance**

This reserve is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

3. Employee Benefit Accrued Liability

This reserve is used to set aside funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

4. Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

5. Employee Retirement Contributions

This reserve is used for future employee's retirement and teacher's retirement obligations. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

6. Tax Reduction

This reserve is for the gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the district is permitted to retain the proceeds of the sale for a period not to exceed ten years and to use them during that period for tax reduction. This reserve is accounted for in the General Fund.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Restricted fund balance includes the following:

General Fund:

Employee Benefit Accrued Liability	\$ 224,606
Unemployment Insurance	196,540
Employee Retirement Contributions	6,399,169
Teacher's Retirement Contributions	1,726,498
Tax Certiorari	397,688
Tax Reduction	362,905
Debt Service Fund	644,201
School Lunch Fund	6,486
Special Aid Fund	84,621
Capital Fund	434,500
Total restricted funds	<u><u>\$ 10,477,214</u></u>

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

Assigned – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as **Assigned Fund Balance** in the General Fund. Encumbrances reported in the General Fund amounted to \$518,587 and the appropriated fund balance amounted to \$500,000.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (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.

V. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. On June 30, 2023, the District implemented the following new standards issued by GASB:

GASB has issued Statement 91, Conduit Debt Obligations, effective for the year ending June 30, 2023.

GASB has issued Statement 96, Subscription-based Information technology Arrangements, effective for the year ending June 30, 2023.

W. Future Changes in Accounting Standards

GASB has issued Statement 100, Accounting Changes and Error Corrections, effective after year ending June 30, 2023.

GASB has issued Statement 101, Compensated Absences, effective for the year ending December 15, 2023.

The school district will evaluate the impact that these pronouncements may have on its financial statements and will implement them as applicable and when material.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements

Due to differences in the measurement focus and basis of accounting used in the governmental fund statements and the districtwide 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 Statement of Activities, compared with the current financial resources focus of the governmental funds.

1. 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 additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets.

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

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

a. Long-term revenue differences:

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

b. Capital related differences:

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

c. Long-term debt transaction differences:

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

d. Pension differences:

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

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

Original cost of capital assets	\$151,668,835
Accumulated depreciation	<u>57,684,743</u>
Capital assets, net	<u>\$ 93,984,092</u>

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds payable	<u>\$43,758,600</u>
OPEB obligations	<u>\$72,706,499</u>
Compensated Absences	<u>\$ 224,606</u>
Leases payable	<u>\$ 68,268</u>
Net pension liability-proportionate share	<u>\$ 6,105,229</u>

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$3,420,255 was less than capital expenditures of \$3,679,600 in the current year.

Repayment of bond and leases principal of \$8,531,708 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities decreased by \$141,306.

III. Cash and Investments

A. Deposits

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

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. Cash and Investments (Continued)

A. Deposits (Continued)

Custodial credit risk is the risk that in an event of a bank failure, the District’s deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District’s custodial bank in the School District’s name.

IV. Interfund Transaction

Interfund balances at June 30, 2023 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 5,472,167	\$ 336,569	\$ -	\$ 163,032
Special Aid Fund	91,466	1,844,733	90,000	-
School Lunch Fund	183,960	315,236	73,032	-
Capital Fund	-	3,252,477	-	-
Debt Service Fund	2,477	-	-	-
Total governmental activities	<u>5,750,070</u>	<u>5,749,015</u>	<u>\$ 163,032</u>	<u>\$ 163,032</u>
Trust Custodial Fund	<u>-</u>	<u>1,055</u>		
Totals	<u>\$ 5,750,070</u>	<u>\$ 5,750,070</u>		

The District typically transfers from the General Fund to the Special Aid Fund to pay its’ share of the Summer Handicapped Program.

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

V. Capital Assets

A summary of changes in general fixed assets follows:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
<u>Capital assets-not depreciated:</u>				
Land	\$ 1,652,526	\$ -	\$ -	\$ 1,652,526
Construction in progress	186,713	2,459,958	-	2,646,671
Total capital assets-not depreciated:	<u>1,839,239</u>	<u>2,459,958</u>	<u>-</u>	<u>4,299,197</u>
<u>Other capital assets:</u>				
Buildings and improvements	131,796,822	-	-	131,796,822
Machinery and equipment	8,984,438	277,773	-	9,262,211
Vehicles	5,368,736	941,869	-	6,310,605
Total other capital assets:	<u>146,149,996</u>	<u>1,219,642</u>	<u>-</u>	<u>147,369,638</u>
<u>Less accumulated depreciation:</u>				
Buildings and improvements	42,870,909	2,082,335	-	44,953,244
Machinery and equipment	7,067,225	648,539	-	7,715,764
Vehicles	4,326,354	689,381	-	5,015,735
Total accumulated depreciation	<u>54,264,488</u>	<u>3,420,255</u>	<u>-</u>	<u>57,684,743</u>
Other capital assets, net	<u>91,885,508</u>	<u>(2,200,613)</u>	<u>-</u>	<u>89,684,895</u>
Total	<u>\$ 93,724,747</u>	<u>\$ 259,345</u>	<u>\$ -</u>	<u>\$ 93,984,092</u>

Depreciation expense for the period was shown as unallocated in the Statement of Activities.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans

1. General Information

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

2. Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This 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. The System is governed by a 10-member Board of Trustees. System 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 TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This 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 System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

Funding Policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

Contributions

	<u>ERS</u>	<u>TRS</u>
2023	\$637,471	\$2,368,379
2022	\$809,885	\$2,066,963
2021	\$784,909	\$1,882,266

3. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	1-Apr-23	30-Jun-22
Net pension (asset)/liability	\$3,717,046	\$2,388,183
District's portion of the Plan's total net pension (asset)/liability	.0173337%	.124456%
Change in proportion since the prior measurement date	.0014711%	.00428%

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

For the year ended June 30, 2023, the District's recognized pension expense of \$1,396,170 for ERS and \$2,979,607 for TRS. On June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resource:</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$395,894	\$2,502,514	\$104,389	\$47,855
Changes of assumptions	1,805,237	4,632,672	19,951	962,028
Net difference between projected and actual earnings on pension plan investments	0	3,085,759	21,837	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	249,050	298,647	74,794	362,088
District's contributions subsequent to the measurement date	164,770	2,368,379	0	0
Total	<u>\$2,614,951</u>	<u>\$12,887,971</u>	<u>\$220,971</u>	<u>\$1,371,971</u>

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

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2023	\$ -	\$ 1,761,729
2024	\$ 549,529	\$ 932,235
2025	\$ (159,236)	\$ (355,026)
2026	\$ 798,773	\$ 6,059,075
2027	\$ 1,050,145	\$ 737,266
2028	\$ -	\$ -
Thereafter	\$ -	\$ 12,342

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

4. 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 updated procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.9%	6.95%
Salary scale	4.40%	1.95%-5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.9%	2.40%
COLA's	1.5%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, 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 MP-2021.

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

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 weighing the expected future real rates of return by each the 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:

Measurement date	<u>ERS</u> March 31, 2023	<u>TRS</u> June 30, 2022
<u>Asset Type</u>	<u>%</u>	<u>%</u>
Domestic Equities	4.30%	6.50%
International Equities	6.85%	7.20%
Global equities	0.00%	6.90%
Private Equity	7.50%	9.90%
Real Estate Equity	4.60%	6.20%
Domestic fixed income securities	0.00%	1.10%
Global bonds	0.00%	0.60%
Private debt	0.00%	5.30%
Absolute return strategies	5.38%	0.00%
Real estate debt	0.00%	2.40%
Cash Equivalents	0.00%	-0.30%
High yield fixed income securities	0.00%	3.30%
Real assets	5.84%	0.00%

5. Discount Rate

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

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

ERS	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$8,982,506	\$3,717,046	(\$682,858)
TRS	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$22,020,170	\$2,388,183	(\$14,122,189)

7. Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset)/liability of the employers as of the respective valuation dates, were as follows:

	<u>ERS</u> March 31, 2023	<u>TRS</u> June 30, 2022
Measurement date		
Employers' total pension liability	\$ 232,627,259	\$ 133,883,473,797
Plan Fiduciary Net Position	211,183,223	131,964,582,107
Employers' net pension liability/(asset)	21,444,036	1,918,891,690
Plan fiduciary net position as a percentage of total pension (asset)/liability	90.7800%	98.6000%

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$164,770.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$2,368,379.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Short-Term Debt Obligations

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2022</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance 6/30/23</u>
BAN	2023	1.99%	<u>\$3,250,000</u>	\$ -	<u>\$3,250,000</u>	\$ -

Interest on short-term debt for the year was composed of:

Interest paid	<u>\$64,675</u>
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VIII. Long-Term Debt Obligations

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

1. **Long-Term Debt Interest**

Interest paid	\$1,933,569
Less interest accrued in the prior year	(511,914)
Plus, interest accrued in the current year	<u>477,014</u>

Amortization of premium on advanced refunding	<u>(106,406)</u>
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Total expense	<u>\$1,792,263</u>
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2. **Changes**

	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>	<u>Due Within One Year</u>
Serial Bonds	\$ 44,127,431	\$ 7,788,765	\$ 8,157,596	\$ 43,758,600	<u>\$ 4,124,913</u>
Operating Leases	111,895	-	43,627	68,268	<u>\$ 39,581</u>
Compensated Absences	214,875	9,731	-	224,606	
OPEB Obligations	83,396,534	-	10,690,035	72,706,499	
Net Pension Liability- Proportionate Share	-	6,105,229	-	6,105,229	
Totals	<u>\$ 127,850,735</u>	<u>\$ 13,903,725</u>	<u>\$ 18,891,258</u>	<u>\$ 122,863,202</u>	

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Long-Term Debt Obligations (Continued)

3. Maturity

a. The following is a summary of the debt issued:

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2023
Serial Bonds:				
Advanced refunding	2015	2027	2-5%	\$ 960,000
Advanced refunding	2022	2025	5%	2,840,000
Construction	2016	2031	2-3%	5,855,000
Construction	2017	2046	3-5%	21,495,000
Construction	2024	2038	5%	2,940,000
Construction	2018	2033	5.00%	7,180,000
Construction	2018	2034	3.62-4%	720,000
Buses	2019	2025	2.96%	93,461
Buses	2019	2024	2.96%	243,374
Buses	2021	2026	0.99%	288,000
Buses	2022	2027	0.99%	505,000
Buses	2023	2028	2-5%	638,765
Total				<u>\$ 43,758,600</u>

b. The following is a summary of maturing principal debt service requirements:

	Year	Principal	Interest	Total
Serial Bonds:	2024	\$ 4,124,913	\$ 1,952,685	\$ 6,077,598
	2025	4,132,687	1,739,163	5,871,850
	2026	2,716,000	1,566,027	4,282,027
	2027	2,730,000	1,459,064	4,189,064
	2028	2,450,000	1,346,770	3,796,770
	2029 and thereafter	27,605,000	10,165,338	37,770,338
Total		<u>\$ 43,758,600</u>	<u>\$ 18,229,047</u>	<u>\$ 61,987,647</u>

Prior-Year Defeasance of Debt

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

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Long-Term Debt Obligations (Continued)

Current-Year Defeasance of Debt

On October 4, 2022, the District issued \$4,326,998 in general obligation bonds with an interest rate of 5.0% to advance refund \$4,305,000 of outstanding serial bonds with an average interest rate of 3%. The net proceeds of \$4,115,000 (after payment of \$107,221 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds.

4. Operating Leases

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance June 30,2023
Copiers	5/30/2018	5 years	\$ 5,200	3.25%	\$23,970	\$ -
Copiers	4/22/2019	5 years	19,380	2.83%	90,001	19,041
Copiers	12/23/2019	5 years	12,618	2.37%	59,539	18,540
Copiers	7/23/2021	5 years	3,163	3.26%	14,530	9,716
Copiers	3/19/2021	5 years	1,597	3.22%	7,389	4,187
Copiers	5/20/2023	5 years	4,649	4.91%	20,586	<u>16,784</u>
						<u>\$ 68,268</u>

The District leases copiers from BOCES for use throughout the District. All leases are for a term of 5 years at various interest rates.

Annual requirements to amortize long-term obligations and related interest are as follows:

Operating Leases:	Year	Principal	Interest	Total
	2024	\$ 39,581	\$ 1,826	\$ 41,408
	2025	14,846	873	15,718
	2026	8,547	463	9,010
	2027	5,294	147	5,440
	Total	<u>\$ 68,268</u>	<u>\$ 3,309</u>	<u>\$ 71,576</u>

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Postemployment (Health Insurance) Benefits

A. General Information about the OPEB Plan

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

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

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

Inactive members or beneficiaries currently receiving benefit payments	171
Inactive members entitled to but not yet receiving benefit payments	-
Active members	<u>476</u>
Total membership	647

B. Total OPEB Liability

The District’s total OPEB liability of \$72,706,499 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs- The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Postemployment (Health Insurance) Benefits (Continued)

B. Total OPEB Liability (Continued)

Inflation	2.7%
Salary Increases	varied by years of service and retirement system
Discount Rate	4.13%
Healthcare Cost Trend Rates	6.5% for 2024, decreasing to an ultimate rate of 4.14% by 2076

Retiree’s Share of Benefit-Related Costs 45% of projected health insurance premiums for retirees

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

Mortality rates were based on the PUB-2010 Headcount-Weighted Table projected fully generationally using MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$83,396,534</u>
<u>Changes for the Year</u>	
Service cost	3,380,425
Interest	3,039,206
Changes of benefit terms	7,821
Differences between expected and actual experience	(10,595,904)
Changes in assumptions or other inputs	(4,657,994)
Benefit payments	<u>(1,863,589)</u>
Net Changes	<u>(10,690,035)</u>
Balance at June 30, 2023	<u>\$72,706,499</u>

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Postemployment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 4.13% in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate- The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

	(3.13%) <u>1% Decrease</u>	Current Discount Rate (4.13%)	(5.13 %) <u>1% Increase</u>
Total OPEB Liability	<u>\$86,484,651</u>	<u>\$72,706,499</u>	<u>\$61,820,281</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates- The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.5%) or 1 percentage point higher (6.5%) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	Healthcare Cost Trend Rates <u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$60,264,557</u>	<u>\$72,706,499</u>	<u>\$89,057,272</u>

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Postemployment (Health Insurance) Benefits (Continued)

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$7,048,823. On June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,922,931	(\$ 9,271,416)
Changes of assumptions or other inputs	<u>24,128,645</u>	<u>(22,663,321)</u>
Total	<u>\$32,051,576</u>	<u>(\$31,934,737)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2024	\$2,484,960
2025	2,484,960
2026	2,484,960
2027	2,699,163
2028	(3,290,802)
Thereafter	(6,746,402)

X. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

The Rotterdam-Mohonasen Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

X. Commitments and Contingencies (Continued)

A. Risk Financing and Related Insurance

2. Workers' Compensation Insurance

The Rotterdam-Mohonasen Central School District participates in a risk-sharing pool, New York State Public Schools Statewide Workers' Compensation Trust, to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims.

3. Grants

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

4. Litigation

There are currently pending tax certiorari proceedings, the results of which could require the payments of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. The School District has established a tax certiorari reserve to cover a portion of the potential refund exposure and the District has legal authority to borrow funds to repay school taxes when needed.

The District is in defense of a lawsuit that was filed against it in the New York State Supreme Court, County of Albany, under the New York Child Victims Act. The lawsuit alleges that a volunteer for the District sexually abused the plaintiff in the 1970s and 1980s. The plaintiff is seeking compensatory damages for physical, emotional injuries, psychological injuries, and pain and suffering, as well as any other relief available to him. One of the defendants in this lawsuit is the Boy Scouts of America (BSA). Due to the BSA's pending bankruptcy proceedings, this lawsuit has been stayed. If the stay is lifted, the District intends to defend against this lawsuit. At this time, it is premature for the attorney to offer an opinion as to the likelihood of an unfavorable outcome or an estimate of the potential loss. The District has not been able to locate insurance coverage for this claim.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Other Disclosures

A. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Total governmental fund balance	\$ 14,269,030
Capital assets (net)	93,984,092
Intangible assets	114,875
Deferred outflows of resources	47,554,498
Bonds payable	(43,758,600)
Leases payable	(68,268)
Accrued interest payable	(477,014)
Net pension liability- proportionate share	(6,105,229)
Deferred inflows of resources	(33,740,492)
Compensated absences	(224,606)
OPEB obligations	(72,706,499)
Total net position	<u>\$ (1,158,213)</u>

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Other Disclosures (Continued)

B. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Net changes in fund balance – total governmental funds	\$2,798,812
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	3,679,600
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(3,420,255)
Amortization of leases is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(43,627)
Repayments of Long-term Debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position	8,531,708
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2022/23 results in less expense.	141,306
Proceeds from debt are recognized as revenue in the Governmental Funds, but not in the Statement of Activities	(8,050,373)
Premium on advanced refunding to be amortized	(319,219)
(Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers’ Retirement System	(667,222)
Employees’ Retirement System	(774,976)
Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
OPEB obligations	(7,071,093)
Compensated absences	<u>(9,731)</u>
Change in Net Position – Governmental Activities	<u>(\$5,205,070)</u>

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XII. Stewardship, Compliance and Accountability

A. Budgetary Procedures and Budgetary Accounting

1. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the 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 adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations lapse at the fiscal year end 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.

The General Fund budget was increased to reflect the use of reserves in the amount of \$13,277 and the carryover encumbrances in the amount of \$492,521.

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 funds 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.

Special Aid Fund and School Lunch Fund have not been included because they do not have legally authorized budgets.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XII. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Procedures and Budgetary Accounting (Continued)

2. 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. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time as the liability is incurred or the commitment is paid.

XIII. Subsequent Events

There were no significant subsequent events to report from the period of July 1, 2023 to October 19, 2023.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND
For Year Ended June 30, 2023

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	\$ 27,364,479	\$ 27,364,479	\$ 27,377,357	\$ 12,878
Other tax items	3,109,927	3,109,927	3,111,272	1,345
Charges for services	95,813	95,813	90,757	(5,056)
Use of money and property	59,750	59,750	298,399	238,649
Sale of property and compensation for loss	1,500	1,500	312,759	311,259
Miscellaneous	175,000	175,000	387,723	212,723
Total Local Sources	30,806,469	30,806,469	31,578,267	771,798
State sources	27,183,531	27,183,531	27,050,207	(133,324)
Federal sources	160,000	160,000	341,112	181,112
Total Revenues	58,150,000	58,150,000	58,969,586	819,586
Other Financing Sources				
Operating transfers in	-	-	-	-
Total Revenue and Other Financing Sources	58,150,000	58,150,000	58,969,586	\$ 819,586
Appropriated Fund Balance	1,250,000	1,250,000		
Appropriated Reserves	800,000	1,305,798		
Total Revenues, Other Sources, Appropriated Reserves and Fund Balance	\$ 60,200,000	\$ 60,705,798		

See paragraph on required supplementary information included in auditor's report.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-
GENERAL FUND
For Year Ended June 30, 2023

	Original Budget	Revised Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of education	\$ 38,500	\$ 39,740	\$ 27,434	\$ -	\$ 12,306
Central administration	215,500	215,823	209,816	-	6,007
Finance	563,725	603,265	561,175	10,500	31,590
Staff	291,000	311,888	251,445	4,329	56,114
Central services	3,507,700	4,047,266	3,698,875	56,253	292,138
Special items	657,500	656,451	613,671	-	42,780
Total General Support	5,273,925	5,874,433	5,362,416	71,082	440,935
Instructional					
Instruction, administration and improvement	2,561,750	2,584,372	2,448,467	-	135,905
Teaching - regular school	17,702,250	17,892,088	16,906,035	346,353	639,700
Programs for children with handicapping conditions	5,590,800	5,237,807	4,961,703	7,026	269,078
Occupational education	1,100,000	1,019,300	1,015,748	-	3,552
Teaching - special school	174,975	146,679	86,102	-	60,577
Instructional media	1,695,600	2,031,243	1,875,831	46,132	109,280
Pupil services	2,251,500	2,492,042	2,191,839	24,611	275,592
Total Instructional	31,076,875	31,403,531	29,485,725	424,122	1,493,684
Pupil transportation	3,244,500	3,461,739	3,050,639	23,383	387,717
Community services	2,700	2,700	2,063	-	637
Employee benefits	14,542,000	13,888,720	12,739,224	-	1,149,496
Debt Service					
Principal	3,882,000	3,882,000	3,851,083	-	30,917
Interest	1,938,000	1,952,675	1,933,569	-	19,106
Total Expenditures	59,960,000	60,465,798	56,424,719	518,587	3,522,492
OTHER USES					
Operating transfers out	240,000	240,000	163,032	-	76,968
Total Expenditures and Other Uses	\$ 60,200,000	\$ 60,705,798	56,587,751	\$ 518,587	\$ 3,599,460
Net change in fund balance			2,381,835		
Fund balance- Beginning			10,522,958		
Fund balance- Ending			\$ 12,904,793		

See paragraph on required supplementary information included in auditor's report.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
For Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service Cost at end of year	\$ 3,380,425	\$ 4,911,116	\$ 4,563,125	\$ 2,974,820	\$ 1,354,934
Interest	3,039,206	2,281,373	2,230,187	2,622,590	1,612,142
Changes of benefit terms	7,821	-	(12,715,299)	-	-
Difference between expected and actual experience	(10,595,904)	349,294	7,472,509	271,640	6,423,349
Changes of assumptions or other inputs	(4,657,994)	(23,812,667)	4,918,388	20,777,446	23,998,347
Benefit payments	(1,863,589)	(2,070,142)	(2,151,581)	(1,921,619)	(1,973,072)
Net change in Total OPEB Liability	(10,690,035)	(18,341,026)	4,317,329	24,724,877	31,415,700
Total OPEB Liability- beginning	83,396,534	101,737,560	97,420,231	72,695,354	41,279,654
Total OPEB Liability- ending	<u>\$ 72,706,499</u>	<u>\$ 83,396,534</u>	<u>\$ 101,737,560</u>	<u>\$ 97,420,231</u>	<u>\$ 72,695,354</u>
Covered-employee payroll	25,949,446	26,306,890	23,482,810	26,802,381	23,009,589
Total OPEB Liability as a percentage of covered-employee payroll	280.20%	317.00%	433.20%	363.50%	315.90%

See paragraph on required supplementary information included in auditor's report

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
June 30, 2023

	<u>Teachers' Retirement System</u>					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District 's proportion of the net pension asset/liability	.124456%	.120176%	.119157%	.122278%	.127645%	.124081%
District's proportionate share of the net pension (asset)/liability	\$ 2,388,183	\$ (20,825,427)	\$ 3,292,626	\$ (3,176,796)	\$ (2,308,158)	\$ (943,142)
District's covered-employee payroll	\$ 23,016,318	\$ 22,608,467	\$ 20,832,080	\$ 20,711,407	\$ 21,083,482	\$ 2,126,175
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	10.37%	92.11%	15.81%	15.34%	10.95%	4.43%
Plan fiduciary net position as a percentage of the total pension liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%
	<u>Employees' Retirement System</u>					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District 's proportion of the net pension liability	.0173337%	.0158626%	.0162454%	.0174046%	.0174566%	.0172365%
District's proportionate share of the net pension liability/(asset)	\$ 3,717,046	\$ (1,296,703)	\$ 16,176	\$ 4,608,835	\$ 1,236,850	\$ 556,298
District's covered-employee payroll	\$ 5,632,962	\$ 5,448,118	\$ 6,676,267	\$ 6,956,628	\$ 5,424,157	\$ 5,646,191
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		23.80%	0.24%	66.25%	22.80%	9.85%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%

See paragraph on required supplementary information included in auditor's report.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
June 30, 2023

	<u>Teachers' Retirement System</u>					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,368,379	\$ 2,215,630	\$ 1,985,297	\$ 1,835,031	\$ 2,215,864	\$ 2,083,693
Contributions in relation to the contractually required contribution	<u>2,368,379</u>	<u>2,215,630</u>	<u>1,985,297</u>	<u>1,835,031</u>	<u>2,215,864</u>	<u>2,083,693</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 23,016,318</u>	<u>\$ 22,608,467</u>	<u>\$ 20,832,080</u>	<u>\$ 20,711,407</u>	<u>\$ 21,083,482</u>	<u>\$ 21,262,175</u>
Contributions as a percentage of covered employee payroll	10.29%	9.80%	9.53%	8.86%	10.5%	9.8%

	<u>Employees' Retirement System</u>					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 637,471	\$ 809,885	\$ 784,909	\$ 807,584	\$ 830,915	\$ 794,027
Contributions in relation to the contractually required contribution	<u>637,471</u>	<u>809,885</u>	<u>784,909</u>	<u>807,584</u>	<u>830,915</u>	<u>794,027</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 5,632,962</u>	<u>\$ 5,448,118</u>	<u>\$ 6,676,267</u>	<u>\$ 6,956,628</u>	<u>\$ 5,424,157</u>	<u>\$ 5,646,191</u>
Contributions as a percentage of covered employee payroll	11.3%	14.9%	11.8%	11.6%	15.3%	14.1%

See paragraph on required supplementary information included in auditor's report.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND
THE REAL PROPERTY TAX LIMIT
For Year Ended June 30, 2023

CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET

Original Budget		\$	60,200,000
Additions:			
Prior year's encumbrances	\$		492,521
Reserves			13,277
			505,798
Final Budget		\$	60,705,798

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 Voter-approved Expenditure Budget		\$	64,470,000
Maximum allowed (4% of 2023-2024 Budget)			2,578,800

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

Unrestricted fund balance:			
Committed fund balance	\$		-
Assigned fund balance			1,018,588
Unassigned fund balance			2,578,800
Total unrestricted fund balance		\$	3,597,388

Less:			
Appropriated fund balance	\$		500,000
Encumbrances included in committed and assigned fund balance			518,588
Total adjustments		\$	1,018,588

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		\$	2,578,800
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Actual percentage			4.00%
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* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (originally Issued November 2010), the portion of General Fund Fund Balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
For Year Ended June 30, 2023

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Revenues			Fund Balance June 30, 2023	
			Prior Years	Current Year	Total		Proceeds of Obligations	NYS Sources	Local Sources		Total
Districtwide Renovations	\$ 3,500,000	\$ 3,500,000	\$ 186,713	\$ 2,459,958	\$ 2,646,671	\$ 853,329	\$ 2,940,000	\$ -	\$ 310,000	\$ 3,250,000	\$ 603,329
Buses-22/23	645,000	645,000	-	638,764	638,764	6,236	638,765	-	-	638,765	1
Smart Schools Bond Act	1,737,958	1,737,958	1,351,195	-	1,351,195	386,763	-	1,351,195	-	1,351,195	-
DASNY Grant	336,000	336,000	332,076	-	332,076	3,924	-	332,076	-	332,076	-
Leases	46,608	46,608	-	46,608	46,608	-	46,608	-	-	46,608	-
Buses-Prior Years	-	-	-	-	-	-	-	-	-	-	158
Totals	<u>\$ 6,265,566</u>	<u>\$ 6,265,566</u>	<u>\$ 1,869,984</u>	<u>\$ 3,145,330</u>	<u>\$ 5,015,314</u>	<u>\$ 1,250,252</u>	<u>\$ 3,625,373</u>	<u>\$ 1,683,271</u>	<u>\$ 310,000</u>	<u>\$ 5,618,644</u>	<u>\$ 603,488</u>

See paragraph on required supplementary information included in auditor's report.

ROTTERDAM-MOHONASEN CENTRAL SCHOOL DISTRICT
 SCHEDULE OF INVESTMENT IN CAPITAL AND INTANGIBLE ASSETS, NET OF RELATED
 DEBT
 FOR THE YEAR ENDED JUNE 30, 2023

Capital assets, net	\$ 93,984,092	
Intangible assets, net	<u>114,875</u>	<u>94,098,967</u>
Deduct:		
Short-term portion of bonds payable	\$ 4,124,913	
Long-term portion of bonds payable	39,633,687	
Short-term portion of leases payable	39,581	
Long-term portion of leases payable	28,687	
less: unspent portion of bonds	<u>(603,329)</u>	<u>43,223,539</u>
Net investment in Capital Assets		<u><u>\$ 50,875,428</u></u>

See paragraph on required supplementary information included in auditor's report.

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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
Rotterdam-Mohonasen Central School District:

We have audited, 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, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Rotterdam-Mohonasen Central School 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 and have issued our report thereon dated October 19, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rotterdam-Mohonasen Central School District's internal control over financial reporting (internal control) to determine the 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 Rotterdam-Mohonasen Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Rotterdam-Mohonasen Central School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Raymond G. Preusser, CPA, P.C.

Claverack, New York
October 19, 2023