

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL SCHEDULES**

**JUNE 30, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

To the President and the Other Members  
of the Board of Education of the  
Canajoharie Central School District  
Canajoharie, New York

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress – changes in total other post-employment benefits liability and related ratios, and schedule of local government's proportionate share of the net pension liability and contributions on pages 4 through 14 and 52 through 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 57 through 59 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section 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 them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*WEST & COMPANY CPA PC*

Gloversville, New York  
October 12, 2023

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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*The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School 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 School District's financial statements, which immediately follow this section.*

**FINANCIAL HIGHLIGHTS**

The Canajoharie Central School District continues to exercise strategic management of the District's resources. The administration also believes that the District must be flexible to adjust to the unpredictable nature of inequity in state aid distribution, the uncertainty of federal funding, inflation, unfunded mandates, while minimizing the effect upon the taxpayers.

The District continues to offer all curricular programs and student services. We have been able to maintain and in some areas, enhance, curricular, music, art, and sports programs and learning experiences through technology upgrades. This has been possible because of the strict management over other expenditures such as health insurance costs and utilities and the infusion of funds from the pandemic initiated federal grants that the District recently received. We have also acquired other grants funds with regard to technology and Pre-k to help offset some of the increases. The District has also budgeted a tax levy increase at or under the tax levy cap every year since the implementation of the tax cap and will continue to strive to do so in the future.

Although the unassigned fund balance is above the 4% recommended limit, resources have been placed in several reserves, including the Capital Reserve for Bus Replacement, Retirement Contribution Reserve, Capital Building Project and Equipment Reserves. The Teachers Retirement and Employees Retirement contributions have decreased compared to significant increases over the last several years. The administration is actively working to reduce the unassigned fund balance and believes that allocating money to the reserves is important in planning for the unforeseeable future, the current state of inflation, possible recession and unfunded mandates. In addition, ensuring that funds are available for maintenance issues or concerns that are not annual costs in the budget.

The District is ready to begin a \$5.6 million capital project that includes heating system and roof upgrades, safety and security upgrades, facility enhancements and preventative work on all buildings. An Energy Performance Contract (EPC) has been completed for a few years and will save energy costs for the next 18 years.

The District has taken advantage of every opportunity to refund bonds. In May, 2016, a refunding was done that resulted in a savings of approximately \$100,000 over the next ten years. This is in addition to other refundings: one in 2014 resulting in a savings of \$95,000 and one in 2012 with a savings of approximately \$100,000.

The Canajoharie Central School District continues to be a member of the ONC BOCES Shared Business Office and uses the shared services offered. This provides segregation of duties and streamlines certain business office functions. To help reduce additional costs, the District utilizes HFM BOCES for other shared positions and services, implemented a tuition charge for out of district students and have merged some extracurricular activities with a neighboring district.

## 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 *District-wide* 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, reporting the School District's operations in more detail than the District-wide statements.

The *governmental funds statements* tell how basic services such as general 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 School District acts solely as a custodian for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

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

**Table A-1** Major Features of the District-wide and Fund Financial Statements

	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as instruction, special education and building maintenance	Instances in which the School District administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

## District-Wide Statements

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

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

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differs from the governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position.

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
  - Net investment in capital assets.
  - Restricted net position are those with constraints placed on use by external sources or imposed by law.
  - Unrestricted net position are net position that do not meet any of the above restrictions.

## Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School 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 School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily 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 School 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 differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.
- **Fiduciary Fund:** The School District is the custodian for assets that belong to others. The School 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 School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Table A-2**

**Condensed Statement of Net Position**

	<b>Fiscal Year 2023</b>	<b>Fiscal Year 2022</b>	<b>% Change (Incr.: - Decr.)</b>
<b>Assets</b>			
Current and other assets	\$ 13,742,488	\$ 20,389,371	-32.6%
Capital assets	<u>27,963,439</u>	<u>29,074,687</u>	-3.8%
<b>Total Assets</b>	41,705,927	49,464,058	-15.7%
<b>Deferred Outflows of Resources</b>	10,369,549	12,841,489	-19.2%
<b>Liabilities</b>			
Current liabilities	3,751,365	3,772,917	-0.6%
Long-term liabilities	<u>39,084,438</u>	<u>38,672,392</u>	1.1%
<b>Total Liabilities</b>	42,835,803	42,445,309	0.9%
<b>Deferred Inflows of Resources</b>	12,379,703	22,732,645	-45.5%
<b>Net Position</b>			
Net investment in capital assets	18,936,191	18,265,394	3.7%
Restricted	6,373,728	5,032,834	26.6%
Unrestricted	<u>(28,449,949)</u>	<u>(26,170,635)</u>	-8.7%
<b>Total Net Position</b>	<u><u>\$ (3,140,030)</u></u>	<u><u>\$ (2,872,407)</u></u>	-9.3%

## Changes in Net Position

The School District's 2023 revenue was \$28,207,667 (see Table A-3). Real property taxes and New York State aid accounted for the majority of revenue by contributing 24.1% and 53.3%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$28,123,145 for 2023. These expenses (76.6%) are predominantly for the education, supervision and transportation of students (see Table A-5). The School District's administrative and business activities accounted for 18.9% of total costs.

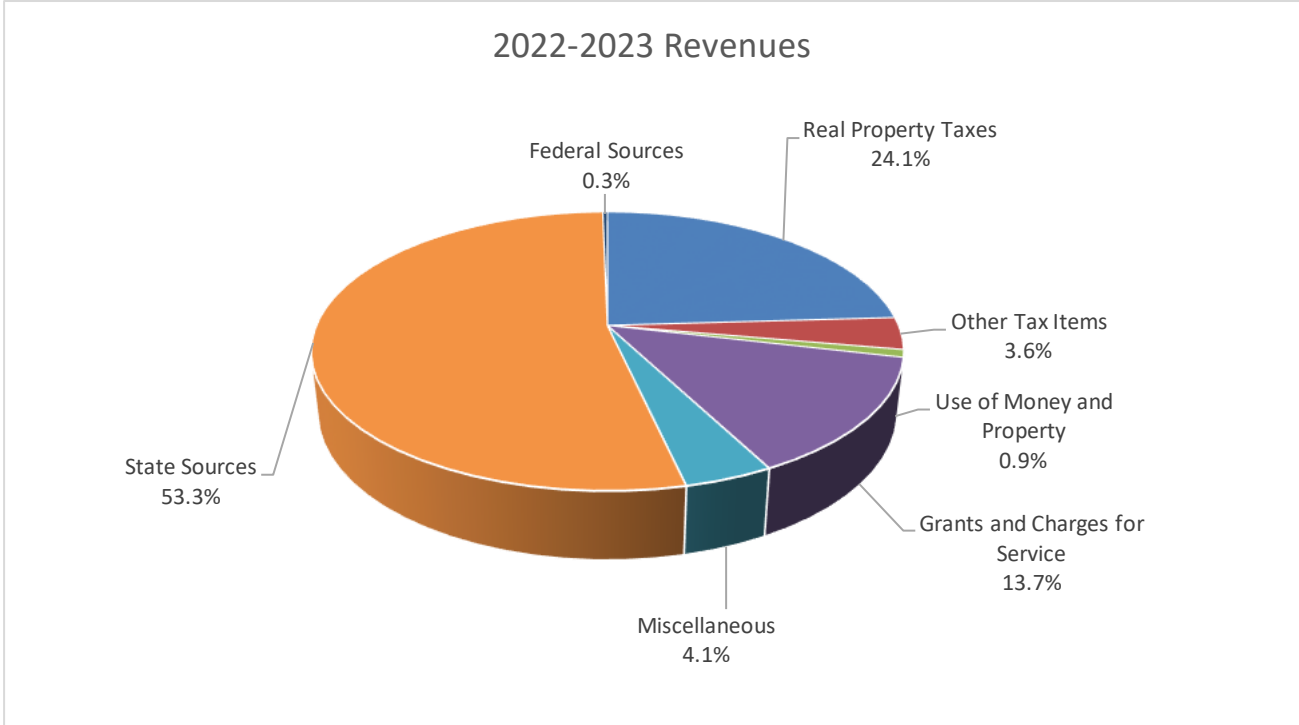
Net position decreased during the year by \$267,623 after an other decrease in net position of \$352,145.

**Table A-3**

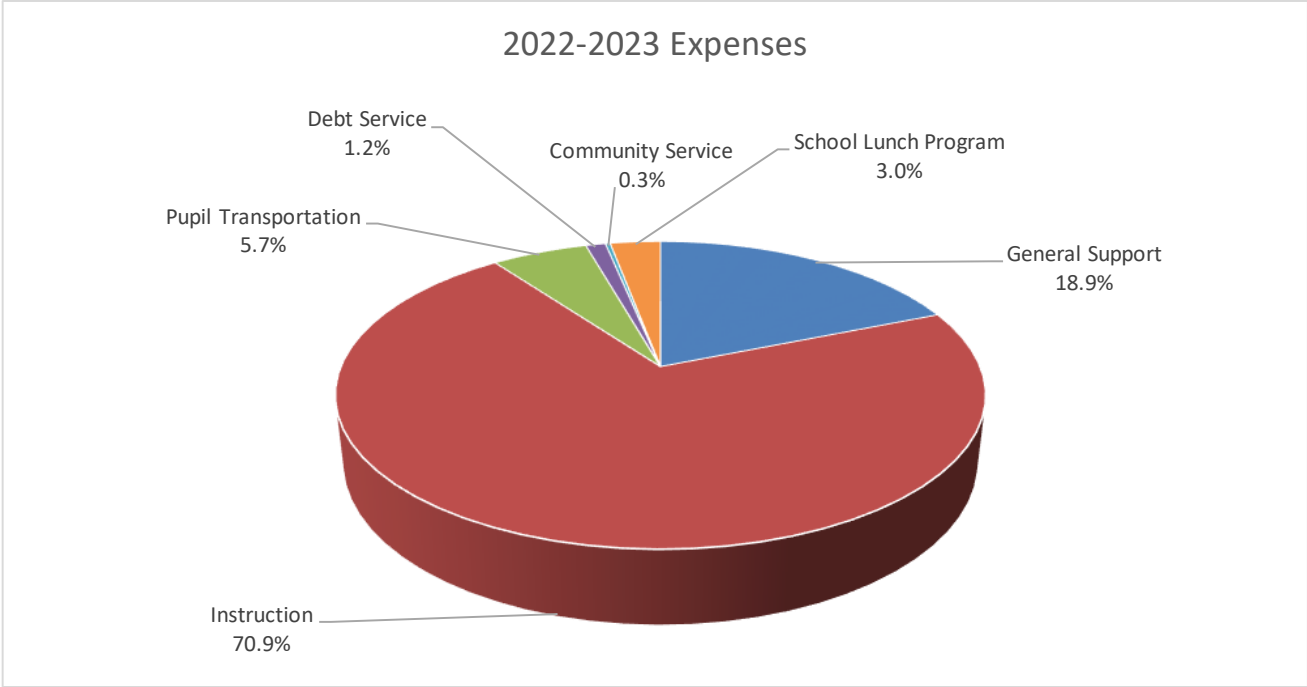
### Changes in Net Position from Operating Results

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>	<u>% Change (Incr.: - Decr.)</u>
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for services	\$ 148,518	\$ 107,422	38.3%
Operating grants and contributions	3,706,130	4,322,428	-14.3%
<b>General Revenues</b>			
Property taxes	7,834,915	7,602,100	3.1%
State formula aid	15,021,251	15,157,794	-0.9%
Federal sources	87,093	46,860	85.9%
Use of money and property	241,732	8,176	2856.6%
Sale of property and compensation for loss	6,114	54,014	-88.7%
Miscellaneous	1,161,914	967,139	20.1%
<b>Total Revenues</b>	<u>28,207,667</u>	<u>28,265,933</u>	-0.2%
<b>Expenses</b>			
General support	5,319,164	4,022,321	32.2%
Instruction	19,952,520	17,162,922	16.3%
Transportation	1,602,217	1,509,286	6.2%
Community service	79,015	54,339	45.4%
Debt service	330,525	493,436	-33.0%
Cost of sales – Lunch Program	839,704	670,958	25.2%
<b>Total Expenses</b>	<u>28,123,145</u>	<u>23,913,262</u>	17.6%
<b>Increase In Net Position from Operations</b>	84,522	4,352,671	-98.1%
<b>Other Changes in Net Position</b>	<u>(352,145)</u>	<u>0</u>	-100.0%
<b>Total Increase in Net Position</b>	<u>\$ (267,623)</u>	<u>\$ 4,352,671</u>	-106.1%

**REVENUES – TABLE A-4**



**EXPENDITURES – TABLE A-5**



## Governmental Activities

Revenue for the School District’s governmental activities totaled \$28,207,667 while total expenses were \$28,123,145 therefore, net position decreased by \$267,623 after an other decrease in net position of \$352,145.

**Table A-6** presents the cost of several of the School District’s major activities. The table also shows each activity’s net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District’s taxpayers by each of these functions.

**Table A-6**

### Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2023	2022	Change (Incr.: -Decr.)	2023	2022	Change (Incr.: -Decr.)
General support	\$ 5,319,164	\$ 4,022,321	32.2%	\$ 5,319,164	\$ 4,022,321	32.2%
Instruction	19,952,520	17,162,922	16.3%	16,649,970	13,430,677	24.0%
Pupil transportation	1,602,217	1,509,286	6.2%	1,602,217	1,509,286	6.2%
Community service	79,015	54,339	45.4%	79,015	54,339	45.4%
Debt service - interest	330,525	493,436	-33.0%	330,525	493,436	-33.0%
Cost of sales - lunch program	839,704	670,958	25.2%	287,606	(26,647)	1179.3%
<b>Totals</b>	<u>\$ 28,123,145</u>	<u>\$ 23,913,262</u>		<u>\$ 24,268,497</u>	<u>\$ 19,483,412</u>	

- The cost of all governmental activities for the year was \$28,123,145.
- The users of the School District’s programs financed \$148,518 of the costs.
- The federal and state government grants financed \$3,706,130.
- The majority of costs were financed by the School District’s taxpayers and state aid.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT’S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$11,304,856. The 2022-2023 increase in overall fund balance was \$1,646,241. Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District’s governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds’ projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets and the current payments for debt, including the principal and interest payment.

## General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General Fund.

The General Fund is the only fund for which a budget is legally adopted.

	Results vs. Budget		Actual (Budgetary Basis)	Variance Fav; (Unfav)
	Original Budget	Final Budget		
<b>REVENUES</b>				
Local Sources	\$ 8,206,623	\$ 8,206,623	\$ 8,706,575	\$ 499,952
State Sources	15,004,382	15,004,382	15,021,251	16,869
Federal Sources	45,000	45,000	87,093	42,093
<b>Total Revenues</b>	<b>23,256,005</b>	<b>23,256,005</b>	<b>23,814,919</b>	<b>558,914</b>
<b>EXPENDITURES</b>				
General Support	3,127,747	3,636,758	3,330,772	305,986
Instruction	10,859,128	11,085,122	10,177,406	907,716
Pupil Transportation	1,444,630	1,444,990	1,024,151	420,839
Community Services	57,000	79,015	79,015	0
Employee Benefits	5,467,500	4,869,896	4,535,103	334,793
Debt Service	2,165,000	2,570,577	2,552,773	17,804
<b>Total Expenditures</b>	<b>23,121,005</b>	<b>23,686,358</b>	<b>21,699,220</b>	<b>1,987,138</b>
<b>OTHER USES</b>				
Transfers Out	220,000	356,271	273,916	82,355
<b>Total Expenditures and Other Uses</b>	<b>23,341,005</b>	<b>24,042,629</b>	<b>21,973,136</b>	<b>\$ 2,069,493</b>
<b>Revenues Over (Under) Expenditures and Other Uses</b>	<b>(85,000)</b>	<b>(786,624)</b>	<b>1,841,783</b>	
<b>Beginning Fund Balance</b>	<b>8,488,021</b>	<b>8,488,021</b>	<b>8,488,021</b>	
<b>Other Change in Fund Balance</b>	<b>0</b>	<b>0</b>	<b>(353,044)</b>	
<b>Ending Fund Balance</b>	<b>\$ 8,403,021</b>	<b>\$ 7,701,397</b>	<b>\$ 9,976,760</b>	

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

As of June 30, 2023, the School District had \$28,863,345 (net of depreciation and amortization) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

### **Capital Assets**

**Table A-7**

#### **Capital Assets (Net of Depreciation and Amortization)**

	<b>Fiscal Year 2023</b>	<b>Fiscal Year 2022</b>
Land	\$ 391,626	\$ 391,626
Buildings	24,517,817	26,129,053
Improvements other than buildings	1,192,430	1,192,430
Construction in progress	506,185	360,466
Furniture and equipment	1,355,381	1,001,112
Right to use assets	899,906	938,818
<b>Totals</b>	<b>\$ 28,863,345</b>	<b>\$ 30,013,505</b>

### **Long-Term Debt**

As of June 30, 2023, the School District had \$38,577,254 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

**Table A-8**

#### **Outstanding Long-Term Debt**

	<b>Fiscal Year 2023</b>	<b>Fiscal Year 2022</b>
General obligation bonds (financed with property taxes)	\$ 9,660,815	\$ 11,392,992
Other debt	28,916,439	29,227,032
<b>Totals</b>	<b>\$ 38,577,254</b>	<b>\$ 40,620,024</b>

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

As with every industry and business right now, the District was greatly affected by inflation, unfunded mandates, along with the surrounding economy and community. As a small rural school district, the future is largely dependent on the fiscal status of New York State and the decision to fund or not fund public schools. State aid makes up almost 60% of the annual resources. Federal grant funds that have been given to the District will help offset pandemic costs and position the District for the future. Other contributing factors are the implementation of the tax levy cap that continues to impact the future potential of the District to raise adequate funds to close the gap between state aid revenue and expenditures. The continued addition of unfunded mandates such as the revised 3012-d APPR evaluation system, staff attendance records, special education services, and the Affordable Care Act requirements, redirect resources that were previously applied directly to students. We continue to manage these requirements through staff attrition, reducing expenditures, strategic use of our fund balance and established reserves. State aid must be distributed equitably if the District is to maintain the present educational offerings. An additional factor is the sale of the Beechnut Plant property for future economic development for the community and district. There has been some progress with this property but the loss of \$181,000 of tax revenue has been shifted to other taxpayers.

Enrollment is not increasing. The graduating class was 64 students in June of 2023, while the kindergarten enrollment is 51 students. Since state aid is driven by enrollment, this may decrease state aid in the future. The impact of the tax levy cap over the long-term adds additional uncertainty to the fiscal picture. We will need to continue to refine and extend long range fiscal planning to mitigate future uncertainty.

Overall, the immediate future looks stable, but the continued addition of mandates and inflation will make it difficult to continue providing a well-rounded education to our students.

## **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

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

Canajoharie Central School District  
Nick Fitzgerald, Superintendent  
136 Scholastic Way  
Canajoharie, New York 13317

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

**ASSETS**

Cash		
Unrestricted	\$	466,855
Restricted		7,824,778
Receivables		
State and federal aid		2,788,904
Due from other governments		1,201,910
Other receivables		542,741
Inventories		17,394
Right to use assets, net of amortization		899,906
Capital assets, net of depreciation		27,963,439
		<hr/>
<b>Total Assets</b>		<b>41,705,927</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Other post-employment (health insurance) benefits		4,787,015
Pensions		5,582,534
		<hr/>
<b>Total Deferred Outflows of Resources</b>		<b>10,369,549</b>

**LIABILITIES**

Payables		
Accounts payable		299,654
Accrued liabilities		185,780
Unearned revenues		119,807
Due to fiduciary funds		16,865
Long-term liabilities		
Due and payable within one year		
Due to Employees' Retirement System		87,570
Due to Teachers' Retirement System		828,050
Energy performance contract		160,000
Leases payable		423,639
Bonds payable		1,630,000
Due and payable after one year		
Energy performance contract		2,105,000
Leases payable		637,176
Bonds payable		4,705,000
Other post-employment benefits		28,856,237
Net pension liability - proportionate share		2,720,823
Compensated absences payable		60,202
		<hr/>
<b>Total Liabilities</b>		<b>42,835,803</b>

**DEFERRED INFLOWS OF RESOURCES**

Pensions		507,692
Other post-employment (health insurance) benefits		11,605,672
Deferred bond premium		266,339
		<hr/>
<b>Total Deferred Inflows of Resources</b>		<b>12,379,703</b>

**NET POSITION**

Net investment in capital assets		18,936,191
Restricted for:		
Employee benefit accrued liability reserve		60,587
Reserve for debt service		195,997
Capital reserve		2,454,108
Capital reserve - buses		387,934
Repair reserve		68,875
Retirement contribution reserve fund - ERS		2,603,541
Retirement contribution reserve fund - TRS		466,502
Unemployment insurance reserve		136,184
Unrestricted		(28,449,949)
		<hr/>
<b>Total Net Position</b>	<b>\$</b>	<b>(3,140,030)</b>

See notes to basic financial statements.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2023**

		<b>Program Revenues</b>		<b>Net (Expense)</b>
	<b>Expenses</b>	<b>Charges for</b>	<b>Operating</b>	<b>Revenue and</b>
		<b>Services</b>	<b>Grants</b>	<b>Changes in</b>
				<b>Net Position</b>
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 5,319,164	\$ 0	\$ 0	\$ (5,319,164)
Instruction	19,952,520	(136,303)	(3,166,247)	(16,649,970)
Pupil transportation	1,602,217	0	0	(1,602,217)
Debt service	330,525	0	0	(330,525)
Community service	79,015	0	0	(79,015)
School lunch program	839,704	(12,215)	(539,883)	(287,606)
	<b>\$ 28,123,145</b>	<b>\$ (148,518)</b>	<b>\$ (3,706,130)</b>	<b>(24,268,497)</b>
<b>GENERAL REVENUES</b>				
Real property taxes				6,786,267
Other tax items				1,048,648
Use of money and property				241,732
Sale of property and compensation for loss				6,114
Miscellaneous				1,161,914
State sources				15,021,251
Federal sources				87,093
				<b>24,353,019</b>
				<b>84,522</b>
<b>CHANGE IN NET POSITION</b>				<b>84,522</b>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>				<b>(2,872,407)</b>
<b>PRIOR PERIOD ADJUSTMENT</b>				<b>(352,145)</b>
<b>TOTAL NET POSITION - END OF YEAR</b>				<b>\$ (3,140,030)</b>

See notes to basic financial statements.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**JUNE 30, 2023**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital</u>	<u>CM Misc. Special Revenue</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash							
Unrestricted	\$ 46,877	\$ 159,612	\$ 45,140	\$ 0	\$ 215,226	\$ 0	\$ 466,855
Restricted	6,177,731	0	0	167,468	0	1,479,579	7,824,778
Due from other funds	3,537,022	0	0	28,529	0	0	3,565,551
State and federal aid receivable	334,805	2,115,307	39,885	0	298,907	0	2,788,904
Due from other governments	1,201,910	0	0	0	0	0	1,201,910
Other receivables	176,212	126,877	1,319	0	238,333	0	542,741
Inventories	0	0	17,394	0	0	0	17,394
<b>TOTAL ASSETS</b>	<b>\$ 11,474,557</b>	<b>\$ 2,401,796</b>	<b>\$ 103,738</b>	<b>\$ 195,997</b>	<b>\$ 752,466</b>	<b>\$ 1,479,579</b>	<b>\$ 16,408,133</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 265,013	\$ 24,919	\$ 8,490	\$ 0	\$ 0	\$ 1,232	\$ 299,654
Accrued liabilities	180,887	0	4,893	0	0	0	185,780
Unearned revenue	119,412	0	395	0	0	0	119,807
Due to other funds	0	2,376,877	47,753	0	1,140,921	0	3,565,551
Due to fiduciary funds	16,865	0	0	0	0	0	16,865
Due to Employees' Retirement System	87,570	0	0	0	0	0	87,570
Due to Teachers' Retirement System	828,050	0	0	0	0	0	828,050
<b>Total Liabilities</b>	<b>1,497,797</b>	<b>2,401,796</b>	<b>61,531</b>	<b>0</b>	<b>1,140,921</b>	<b>1,232</b>	<b>5,103,277</b>
<b>FUND BALANCE</b>							
Nonspendable							
Inventory	0	0	17,394	0	0	0	17,394
Restricted							
Employee benefit accrued liability reserve	60,587	0	0	0	0	0	60,587
Reserve for debt service	0	0	0	195,997	0	0	195,997
Capital reserve	2,454,108	0	0	0	0	0	2,454,108
Capital reserve - buses	387,934	0	0	0	0	0	387,934
Repair reserve	68,875	0	0	0	0	0	68,875
Retirement contribution reserve fund - ERS	2,603,541	0	0	0	0	0	2,603,541
Retirement contribution reserve fund - TRS	466,502	0	0	0	0	0	466,502
Unemployment insurance reserve	136,184	0	0	0	0	0	136,184
Assigned	201,157	44,067	24,813	0	0	1,478,347	1,748,384
Unassigned	3,597,872	(44,067)	0	0	(388,455)	0	3,165,350
<b>Total Fund Balance</b>	<b>9,976,760</b>	<b>0</b>	<b>42,207</b>	<b>195,997</b>	<b>(388,455)</b>	<b>1,478,347</b>	<b>11,304,856</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 11,474,557</b>	<b>\$ 2,401,796</b>	<b>\$ 103,738</b>	<b>\$ 195,997</b>	<b>\$ 752,466</b>	<b>\$ 1,479,579</b>	<b>\$ 16,408,133</b>

See notes to basic financial statements.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO STATEMENT OF NET POSITION**

**JUNE 30, 2023**

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Total balance - governmental funds balance sheet (page 17)	\$ 11,304,856
Add:	
Land, building and equipment, net of accumulated depreciation	27,963,439
Right to use assets	899,906
Pensions	2,354,019
Total	31,217,364
Deduct:	
Compensated absences	60,202
Other post-employment (health insurance) benefits	35,674,894
Deferred bond premium	266,339
Energy performance contract	2,265,000
Lease payable	1,060,815
Long-term bonds payable	6,335,000
Total	45,662,250
<b>NET POSITION, GOVERNMENTAL ACTIVITIES</b>	<b>\$ (3,140,030)</b>

See notes to basic financial statements.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital</u>	<u>CM Misc. Special Revenue</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Real property taxes	\$ 6,786,267	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,786,267
Other tax items	1,048,648	0	0	0	0	0	1,048,648
Charges for services	136,303	0	0	0	0	0	136,303
Use of money and property	231,089	0	11	181	76	10,375	241,732
Sale of property and compensation for loss	6,114	0	0	0	0	0	6,114
Miscellaneous	498,154	0	41,628	0	238,333	383,799	1,161,914
State sources	15,021,251	500,089	10,885	0	0	0	15,532,225
Federal sources	87,093	2,666,158	497,956	0	0	0	3,251,207
Surplus food	0	0	31,042	0	0	0	31,042
Sales - school lunch	0	0	12,215	0	0	0	12,215
<b>Total Revenues</b>	<u>23,814,919</u>	<u>3,166,247</u>	<u>593,737</u>	<u>181</u>	<u>238,409</u>	<u>394,174</u>	<u>28,207,667</u>
<b>EXPENDITURES</b>							
General support	3,330,772	0	0	0	0	257,792	3,588,564
Instruction	10,177,406	2,952,885	0	0	0	0	13,130,291
Pupil transportation	1,024,151	30,231	0	0	0	0	1,054,382
Community service	79,015	0	0	0	0	0	79,015
Employee benefits	4,535,103	212,545	14,566	0	0	0	4,762,214
Debt service							
Principal	2,089,372	0	0	0	0	0	2,089,372
Interest	463,401	0	0	0	0	0	463,401
Cost of sales	0	0	657,991	0	0	0	657,991
Capital outlay	0	0	0	0	785,342	0	785,342
<b>Total Expenditures</b>	<u>21,699,220</u>	<u>3,195,661</u>	<u>672,557</u>	<u>0</u>	<u>785,342</u>	<u>257,792</u>	<u>26,610,572</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>2,115,699</u>	<u>(29,414)</u>	<u>(78,820)</u>	<u>181</u>	<u>(546,933)</u>	<u>136,382</u>	<u>1,597,095</u>
<b>OTHER FINANCING SOURCES AND USES</b>							
Proceeds from debt	0	0	0	2,375,000	401,291	0	2,776,291
Payments to escrow agent	0	0	0	(2,375,000)	0	0	(2,375,000)
Operating transfers in	0	29,414	15,000	0	229,502	0	273,916
Operating transfers (out)	(273,916)	0	0	0	0	0	(273,916)
<b>Total Other Sources (Uses)</b>	<u>(273,916)</u>	<u>29,414</u>	<u>15,000</u>	<u>0</u>	<u>630,793</u>	<u>0</u>	<u>401,291</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES</b>	<u>1,841,783</u>	<u>0</u>	<u>(63,820)</u>	<u>181</u>	<u>83,860</u>	<u>136,382</u>	<u>1,998,386</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>8,488,021</u>	<u>0</u>	<u>106,027</u>	<u>195,816</u>	<u>(472,315)</u>	<u>1,341,066</u>	<u>9,658,615</u>
<b>OTHER CHANGE IN FUND BALANCE</b>	<u>(353,044)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>899</u>	<u>(352,145)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 9,976,760</u>	<u>\$ 0</u>	<u>\$ 42,207</u>	<u>\$ 195,997</u>	<u>\$ (388,455)</u>	<u>\$ 1,478,347</u>	<u>\$ 11,304,856</u>

See notes to basic financial statements.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2023**

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<b>REVENUES - STATEMENT OF ACTIVITIES</b>		\$ 28,207,667
<b>EXPENDITURES</b>	\$ 26,610,572	
Add:		
Depreciation and amortization	2,325,367	
Other post-employment (health insurance) benefits	1,844,234	
Increase in compensated absences	3,512	
Pensions	736,915	
	<u>4,910,028</u>	
Deduct:		
Change in fixed assets	773,916	
Change in right to use assets	401,291	
Amortization of bond premium	88,780	
Principal reduction of debt from bond refunding	44,096	
Principal payments of long-term debt (net)	2,089,372	
	<u>3,397,455</u>	
<b>EXPENDITURES - STATEMENT OF ACTIVITIES</b>		<u>28,123,145</u>
<b>CHANGE IN NET POSITION</b>		<u>\$ 84,522</u>

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Due from governmental funds	\$ 16,865
Accounts receivable	1,413
<b>Total Assets</b>	<u>\$ 18,278</u>
<b>NET POSITION</b>	
Restricted for PTA Playground	\$ 1,777
Restricted for flex plan	16,501
<b>Total Net Position</b>	<u>\$ 18,278</u>

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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2023

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<b>ADDITIONS</b>	
Contributions	\$ 23,917
<b>Total Additions</b>	23,917
<b>DEDUCTIONS</b>	
Flex plan expenditures	23,478
<b>Total Deductions</b>	<u>23,478</u>
<b>CHANGE IN NET POSITION</b>	439
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>17,839</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 18,278</u>

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See notes to basic financial statements.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

The Canajoharie 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 5 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 and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief description of an entity included in the District’s reporting entity.

**i) The Extraclassroom Activity Funds**

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found with these financial statements. The District accounts for these funds in the miscellaneous special revenue fund.

**B. Joint Venture**

The District is one of 15 component districts in the Hamilton, Fulton and Montgomery Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**B. Joint Venture – (Continued)**

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

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

During the year, the District was billed \$3,275,995 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$-0- of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$-0-.

The District's share of BOCES aid amounted to \$1,201,910.

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

**C. Basis of Presentation**

**1. District-Wide Statements**

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) 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 direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**2. Funds 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.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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

**2. Funds Statements – (Continued)**

The District reports the following major governmental funds:

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

**School Lunch Fund** – This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted for expenditures of the school breakfast and lunch programs.

**Special Aid Funds** – These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes 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.

**Capital Projects Fund** – These funds are used to account for financial resources used for acquisition, construction or major repair of capital facilities.

**Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of the related bonds outstanding.

**Miscellaneous Special Revenue Fund** – Miscellaneous Special Revenue Fund is used to account for those revenues that are legally restricted to expenditures for a specific purpose.

The District reports the following fiduciary fund:

**Custodial Fund** – Fiduciary activities are those in which the District acts as custodian for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District and are not available to be used.

**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.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**D. Measurement Focus and Basis of Accounting – (Continued)**

The District-wide 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, state aid, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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, pensions and other post-employment benefits, 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. Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the Counties of Montgomery and Schoharie. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

**F. Restricted Resources**

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

**G. Interfund Transactions**

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**G. Interfund Transactions – (Continued)**

In the District-wide 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 the 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 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**H. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

**I. Cash (and Cash Equivalents)/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.

Investments are stated at fair value.

**J. Accounts Receivable**

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**K. Inventories and Prepaid Items**

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable 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. A current asset for the prepaid amount is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these nonliquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**L. Capital Assets**

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, were used. Donated assets are reported at estimated fair market value at the time received.

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

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life</u></b>
Buildings	\$ 2,500	Straight-line	40
Building improvements	2,500	Straight-line	50
Furniture and equipment	2,500	Straight-line	20
Vehicles	2,500	Straight-line	10
Computer equipment	2,500	Straight-line	3-5

**M. Right to Use Assets**

Right to use assets are reported at actual cost or estimated historical cost. Right to use assets are amortized using the straight-line method over the estimated useful life of the asset. All right to use assets are furniture and equipment which are amortized over a 3-5 year period.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**N. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District’s proportion of the collective net pension asset or liability and difference during the measurement period between the District’s contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second is the District 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 District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District’s proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the District’s contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The third item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**Pension Assets, 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.

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
	March 31, 2023	June 30, 2022
Measurement date		
District's proportionate share of the net pension asset (liability)	\$ (1,911,152)	\$ (809,671)
District’s portion of the Plan’s total net pension asset (liability)	0.0089123%	0.042195%
Change in proportion since the prior measurement date	0.0004376%	0.00022%

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**N. Deferred Outflows and Inflows of Resources – (Continued)**

**Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)**

For the year ended June 30, 2023, the District recognized its proportionate share of pension expense of \$668,051 for ERS and \$1,027,285 for TRS. At June 30, 2023, the District’s reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 203,553	\$ 848,433	\$ 53,672	\$ 16,224
Changes of assumptions	928,179	1,570,625	10,258	326,159
Net difference between projected and actual earnings on pension plan investments	0	1,046,172	11,228	0
Changes in proportion and differences between the District’s contributions and proportionate share of contributions	88,559	86,700	14,602	75,549
District’s contributions subsequent to the measurement date	87,570	722,743	0	0
<b>Total</b>	<b>\$ 1,307,861</b>	<b>\$ 4,274,673</b>	<b>\$ 89,760</b>	<b>\$ 417,932</b>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2024 for ERS and June 30, 2024 for TRS. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2024	\$ 278,124	\$ 322,825
2025	(82,050)	(128,905)
2026	408,824	2,064,648
2027	525,633	256,852
2028	0	11,104
Thereafter	0	0

**Actuarial Assumptions**

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**N. Deferred Outflows and Inflows of Resources – (Continued)**

**Actuarial Assumptions – (Continued)**

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
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	4.4%	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%
Projected cost of living adjustments	1.5%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 through March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on July 1, 2015 through 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 through 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 through June 30, 2020.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**N. Deferred Outflows and Inflows of Resources – (Continued)**

**Actuarial Assumptions – (Continued)**

Measurement date	<b><u>ERS</u></b> March 31, 2023	<b><u>TRS</u></b> June 30, 2022
<b><u>Asset type</u></b>		
Domestic equity	4.30%	6.50%
International equity	6.85	7.20
Global equities	0	6.90
Real estate	4.60	6.20
Domestic fixed income securities	1.50	1.10
Global bonds	0	0.60
High-yield fixed income securities	0	3.30
Real estate debt	0	2.40
Private debt	0	5.30
Credit	5.43	0
Private equity/alternative investments	7.50	9.90
Opportunistic/ARS portfolio	5.38	0
Cash	0	(0.3)
Real assets	5.84	0

**Discount Rate**

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

**Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption**

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the 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% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**N. Deferred Outflows and Inflows of Resources – (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption – (Continued)**

<u>ERS</u>	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
District’s proportionate share of the net pension asset (liability)	\$ (4,618,434)	\$(1,911,152)	\$ 351,098
<u>TRS</u>	<u>1% Decrease (5.95%)</u>	<u>Current Assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
District’s proportionate share of the net pension asset (liability)	\$ (7,465,549)	\$ (809,671)	\$ 4,787,878

**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:

	(Dollars in thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Measurement date	March 31, 2023	June 30, 2022	
Employers’ total pension asset (liability)	\$(232,627,259)	\$(133,883,474)	\$(366,510,733)
Plan fiduciary net position asset (liability)	211,183,223	131,964,582	343,147,805
Employers’ net pension asset (liability)	(21,444,036)	(1,918,892)	(23,362,928)
Ratio of plan fiduciary net position to the employers’ total pension asset (liability)	90.78%	98.6%	93.6%

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31. 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 \$87,570.

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 amount to \$828,050.

Additional pension information can be found in Note 10.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**O. Unearned Revenue**

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized. The District had \$119,807 in unearned revenue at June 30, 2023.

**P. Vested Employee Benefits**

**Compensated Absences**

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

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.

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

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

**Q. Other Benefits**

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

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**R. Short-Term Debt**

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

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

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

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

**S. Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds 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.

**T. Equity Classifications**

**District-Wide Statements**

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

**i) 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.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**T. Equity Classifications – (Continued)**

**District-Wide Statements – (Continued)**

**ii) Restricted Net Position**

Reports net position when constraints placed on the assets or deferred outflows of resources 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.

**iii) Unrestricted Net Position**

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

**Funds Statements**

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

**1. Nonspendable**

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$17,394.

**2. Restricted**

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. 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:

**Currently Utilized by the District:**

**Capital**

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**T. Equity Classifications – (Continued)**

**Funds Statements – (Continued)**

**2. Restricted – (Continued)**

**Currently Utilized by the District: – (Continued)**

**Repairs**

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**Employee Benefit Accrued Liability**

According to General Municipal Law §6-p, must be used for payment of accrued employee benefit 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 under Restricted Fund Balance.

**Unemployment Insurance**

According to General Municipal Law §6-m, must be 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. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**Retirement Contributions**

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund under Restricted Fund Balance.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**T. Equity Classifications – (Continued)**

**Funds Statements – (Continued)**

**2. Restricted – (Continued)**

**Currently Utilized by the District: – (Continued)**

**Debt Service**

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

**3. Committed**

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

**4. Assigned**

Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

**5. Unassigned**

Includes all other General Fund amounts that do not meet the definitions of the above four classifications and are deemed to be available for general use by the District. 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, excluding the reserve for tax reduction, 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 balances of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent years and encumbrances are also excluded from the 4% limitation.

**Order of Use of Fund Balance**

The Board has adopted Policy #5560 allowing establishment or removal of assignments of fund balance through Board resolution based on the recommendation of the Director of Finance or Superintendent of Schools. Policy #5560 further denotes the order of use of fund balance to be recommended to the Board of Education by the Director of Finance or Superintendent of Schools on an annual basis.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**U. New Accounting Standards**

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

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023. This statement improves the financial reporting related to Public-Private and Public-Public Partnerships to provide services.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement requires the recognition of a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability for subscription-based information technology arrangements for government end users.

**V. Future Changes in Accounting Standards**

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, effective for the year ending June 30, 2024. This Statement amends GASB Statement No. 62 in order to enhance accounting and financial reporting requirements for accounting changes and error corrections.

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. This Statement amends the existing requirements related to Compensated Absences by updating the recognition and measurement guidance.

The School District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

**A. Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balance of the District’s governmental funds differs from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)**

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories, as shown below:

**i) Long-Term Revenue and Expense Differences**

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

**ii) 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.

**iii) 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.

**iv) 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.

**v) OPEB Differences**

OPEB differences occur as a result of changes in the District’s total OPEB liability and differences between the District’s contributions and OPEB expense.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Procedures and Budgetary Accounting**

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

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

Appropriations are adopted at the program line item level.

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

Use of reserves	\$ 527,000
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Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current 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.

**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 restrictions or assignments 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.

**Unreserved Undesignated General Fund Balance**

The portion of the District’s fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District’s budget for the upcoming school year.

**Deficit Fund Balance**

**Capital Fund:**

The Capital Fund has a deficit fund balance of \$388,455. This deficit will be eliminated when permanent financing is obtained.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS**

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

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

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agency, but not in the District’s name		5,101,501

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$7,824,778 within the governmental funds and \$-0- in the fiduciary funds.

**NOTE 5 – INVESTMENTS**

The District has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. The District’s investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

- a. Insured or registered, or investments held by the District or by the District’s agent in the District’s name, or
- b. Uninsured and unregistered, with the investments held by the financial institution’s trust department in the District’s name, or
- c. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District’s name.

**Investment**

<u>Fund</u>	<u>CM Misc. Special Revenue Fund</u>	<u>CM Misc. Special Revenue Fund</u>
Carrying amount (fair value)	\$ 10,407	\$ 1,144,572
Unrealized investment gain/loss	0	Unknown
Type of investment	Money Market	Mutual Funds
Category of investment	C	C

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 6 – CAPITAL ASSETS**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 391,626	\$ 0	\$ 0	\$ 391,626
Construction in process	360,466	145,719	0	506,185
Total nondepreciable historical cost	<u>752,092</u>	<u>145,719</u>	<u>0</u>	<u>897,811</u>
Capital assets that are depreciated:				
Buildings	50,507,591	122,736	0	50,630,327
Improvements other than buildings	1,192,430	0	0	1,192,430
Furniture and equipment	4,613,922	505,461	0	5,119,383
Total depreciable historical cost	<u>56,313,943</u>	<u>628,197</u>	<u>0</u>	<u>56,942,140</u>
Less accumulated depreciation:				
Buildings	24,378,538	1,733,972	0	26,112,510
Furniture and equipment	3,612,810	151,192	0	3,764,002
Total accumulated depreciation	<u>27,991,348</u>	<u>1,885,164</u>	<u>0</u>	<u>29,876,512</u>
Net depreciable historical cost	<u>28,322,595</u>	<u>(1,256,967)</u>	<u>0</u>	<u>27,065,628</u>
Right to use assets that are amortized:				
Equipment	2,049,712	401,291	(224,423)	2,226,580
Less accumulated amortization:				
Equipment	1,110,894	440,203	(224,423)	1,326,674
Net amortizable historical cost	<u>938,818</u>	<u>(38,912)</u>	<u>0</u>	<u>899,906</u>
<b>GRAND TOTAL - NET</b>	<b><u>\$ 30,013,505</u></b>	<b><u>\$ (1,150,160)</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 28,863,345</u></b>

Depreciation and amortization were allocated to the following programs as follows:

General support	\$ 425,845
Instruction	1,678,729
Pupil transportation	134,805
School lunch program	85,988
<b>TOTAL</b>	<b><u>\$ 2,325,367</u></b>

**NOTE 7 – SHORT-TERM DEBT**

There was no short-term debt for the year ended June 30, 2023.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 – LONG-TERM DEBT**

Interest paid on long-term debt was comprised of:

Interest paid	\$ 463,401
Less amortization of bond premium	<u>(88,780)</u>
Total expense	<u><u>\$ 374,621</u></u>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Serial bond payable	\$ 7,940,000	\$ 2,375,000	\$ 3,980,000	\$ 6,335,000	\$ 1,630,000
Energy Performance Contract	2,425,000	0	160,000	2,265,000	160,000
Lease purchase obligations	1,027,992	401,291	368,468	1,060,815	423,639
Other liabilities:					
Other post-employment benefits	29,170,342	0	314,105	28,856,237	0
Compensated absences, net	<u>56,690</u>	<u>3,512</u>	<u>0</u>	<u>60,202</u>	<u>0</u>
Total long-term liabilities	<u><u>\$ 40,620,024</u></u>	<u><u>\$ 2,779,803</u></u>	<u><u>\$ 4,822,573</u></u>	<u><u>\$ 38,577,254</u></u>	<u><u>\$ 2,213,639</u></u>

The current portion (amount due within one year) of other liabilities as of June 30, 2023, was not determinable.

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

<u>Description of Issue</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2023</u>
2022 Refunding	10/4/2022	6/1/2026	5.00%	\$ 1,825,000
Bus Garage	9/25/2014	6/15/2031	2-3.5%	745,000
Districtwide Renovations	6/16/2021	6/15/2036	4-5%	2,975,000
2016 Refunding	5/27/2016	6/15/2025	2-5%	<u>790,000</u>
<b>TOTAL</b>				<u><u>\$ 6,335,000</u></u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2024	\$ 1,630,000	\$ 291,288	\$ 1,921,288
2025	895,000	213,950	1,108,950
2026	925,000	172,375	1,097,375
2027	300,000	127,925	427,925
2028	310,000	114,825	424,825
2029 - 2033	1,575,000	356,250	1,931,250
2034 - 2037	<u>700,000</u>	<u>48,600</u>	<u>748,600</u>
<b>Totals</b>	<u><u>\$ 6,335,000</u></u>	<u><u>\$ 1,325,213</u></u>	<u><u>\$ 7,660,213</u></u>

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 – LONG-TERM DEBT – (CONTINUED)**

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

The District finalized an energy performance contract during the year ended June 30, 2020. The contract is defined in Section 9-102(4) of the New York State Energy Law as: "an agreement for the provision of energy services, including but not limited to electricity, heating, ventilation, cooling, steam, or hot water, in which a person agrees to install, maintain, or manage energy systems or equipment to improve the energy efficiency of, or produce energy in connection with a building or facility in exchange for a portion of the energy savings or revenues." The contract is accounted for as a capital lease. Principal and interest payments due on the energy performance contract are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2024	\$ 160,000	\$ 62,695	\$ 222,695
2025	165,000	58,266	223,266
2026	170,000	53,699	223,699
2027	175,000	48,994	223,994
2028	180,000	44,150	224,150
2029 - 2033	980,000	143,244	1,123,244
2034 - 2037	435,000	18,131	453,131
<b>Totals</b>	<u>\$ 2,265,000</u>	<u>\$ 429,179</u>	<u>\$ 2,694,179</u>

The District has the following lease obligations at the end of the year.

<u>Description of Issue</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2023</u>
2022 Copier Leases	4/28/2022	1/28/2026	3.550%	\$ 126,922
2019-2020 Bus Lease	8/1/2019	6/30/2024	3.654%	198,021
2019-2020 Bus Lease	8/1/2019	6/30/2024	3.655%	54,467
2020-2021 Bus Lease	8/15/2020	6/30/2025	2.574%	199,969
2021-2022 Bus Lease	8/1/2021	7/1/2026	2.131%	259,978
2022-2023 Bus Lease	12/28/2022	7/5/2027	3.700%	107,891
2022-2023 Bus Lease	12/28/2022	7/5/2027	3.700%	113,567
<b>TOTAL</b>				<u>\$ 1,060,815</u>

Principal and interest payments due on leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2024	\$ 423,639	\$ 35,671	\$ 459,310
2025	174,090	18,017	192,107
2026	235,792	12,646	248,438
2027	169,390	6,169	175,559
2028	57,904	1,097	59,001
<b>Totals</b>	<u>\$ 1,060,815</u>	<u>\$ 73,600</u>	<u>\$ 1,134,415</u>

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 – LONG-TERM DEBT – (CONTINUED)**

On October 4, 2022, \$2,375,000 in general obligation bonds with an average interest rate of 5.0 percent were issued to advance refund \$2,420,000 of outstanding bonds with an average interest rate of 5.27 percent. The net proceeds of \$2,375,000 (after payment of \$156,996 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. 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. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreases total debt service payments over the next 4 years by almost \$52,000 resulting in an economic (gain) (difference between the present values of the debt service payments on the old and new debt) of \$2,600.

**NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS**

	<b>Interfund</b>		<b>Interfund</b>	
	<b>Receivable</b>	<b>Payable</b>	<b>Revenues</b>	<b>Expenditures</b>
General Fund	\$ 3,537,022	\$ 16,865	\$ 0	\$ 273,916
Special Aid Funds	0	2,376,877	29,414	0
School Lunch Fund	0	47,753	15,000	0
Debt Service Fund	28,529	0	0	0
Capital Projects Fund	0	1,140,921	229,502	0
Total Governmental Activities	3,565,551	3,582,416	273,916	273,916
Custodial Fund	16,865	0	0	0
<b>TOTALS</b>	<b>\$ 3,582,416</b>	<b>\$ 3,582,416</b>	<b>\$ 273,916</b>	<b>\$ 273,916</b>

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

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

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

**NOTE 10 – PENSION PLANS**

**General Information**

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 10 – PENSION PLANS – (CONTINUED)**

**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. The System issues a publicly available financial report that contains financial statements and required supplementary information. The report 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 TRS Comprehensive Annual Financial report, which can be found on the System's website at [www.nystrs.org](http://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. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% 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% 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.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

**NOTE 10 – PENSION PLANS – (CONTINUED)**

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2023	\$ 722,743	\$ 312,960
2022	772,245	369,091
2021	624,787	373,196

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

Additional pension information can be found on Note 1 N.

**NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS**

**General Information About the OPEB Plan:**

**Plan Description**

The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is a single-employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes, which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Funding Policy**

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collected bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

**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.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

**NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**Employees Covered by Benefit Terms**

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

Inactive employees or beneficiaries currently receiving benefit payments	143
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>145</u>
Total	<u><u>288</u></u>

**Net OPEB Liability:**

The District's total OPEB liability of \$28,856,237 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.7%
Salary Increases	Varied by years of service and retirement system
Discount Rate	4.13%
Healthcare Cost Trend Rates	6.50% for 2022, decreasing to an ultimate rate of 4.14% by 2076

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index.

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2021.

**Changes in the Total OPEB Liability:**

Balance at June 30, 2022	\$ 29,170,342
Changes for the year:	
Service cost	1,011,533
Interest	1,056,030
Changes in benefit terms	1,707,350
Differences between expected and actual experience	(330,167)
Changes in assumptions or other inputs	(3,051,670)
Benefit payments	<u>(707,181)</u>
Net changes	<u>(314,105)</u>
Balance at June 30, 2023	<u><u>\$ 28,856,237</u></u>

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**Changes in the Total OPEB Liability: - (Continued)**

Assumption changes for this fiscal year were as follows:

- A change in the discount rate from 3.54% in 2022 to 4.13% in 2023.
- Mortality improvement scale has been updated from MP-2020 to MP-2021.
- Health Care cost trend rates were updated from 2020 Getzen to 2022 Getzen Model.
- Salary scale, termination, and retirement rates have been updated based on NYS TRS assumptions first adopted on June 30, 2021.

**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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 33,841,298	\$ 28,856,237	\$ 24,879,192

**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 or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 24,379,934	\$ 28,856,237	\$ 34,645,183

**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 \$1,844,234. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,388,766	\$ 515,194
Changes of assumptions or other inputs	<u>3,398,249</u>	<u>11,090,478</u>
Total	<u>\$ 4,787,015</u>	<u>\$ 11,605,672</u>

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – (Continued)**

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

**Fiscal Year Ending June 30:**

2024	\$ (1,223,498)
2025	(938,474)
2026	(2,212,759)
2027	(1,880,289)
2028	(563,637)
Thereafter	<u>0</u>
Total	<u>\$ (6,818,657)</u>

**NOTE 12 – RISK MANAGEMENT**

**General Information**

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. The 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.

**Consortiums and Self-Insured Plans**

The District participates in Fulmont Workers Compensation Plan, a risk-sharing pool to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$147,496.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

**Federal and State Grants**

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

**NOTE 14 – FAIR VALUE MEASUREMENTS**

As required by GASB 72 *Fair Value Measurements*, the District is required to value investment securities based on the valuation measurement techniques and hierarchy established by the FASB ASC.

There are three general valuation techniques that may be used to measure fair value, as described below:

- (A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

**NOTE 14 – FAIR VALUE MEASUREMENTS – (CONTINUED)**

- (B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- (C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Fair values of assets measured on a recurring basis at June 30, 2023, are as follows:

**Fair Value Measurements Using**

	<b><u>Fair Value</u></b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Trading securities	\$ 1,154,979	\$ 1,154,979	\$ 0	\$ 0

**NOTE 15 – TAX ABATEMENTS**

The County of Montgomery enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$41,872. The District received Payment in Lieu of Tax (PILOT) payment totaling \$28,922.

**NOTE 16 – OTHER CHANGE IN NET POSITION**

The fund balance in the General Fund decreased \$353,044 due to the write-off of uncollectible receivables from prior years, and the fund balance in the Misc. Special Revenue fund increased \$899 to adjust prior year balances. The net decrease of \$352,145 resulted in a decrease of net position.

**NOTE 17 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the issuance date of the of the audit report. There were no issues to report that would have a material effect on the financial statements.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Revenues</b>	<b>Final Budget Variance with Budgetary Actual Over (Under)</b>
<b>REVENUES:</b>				
<b>Local Sources</b>				
Real property taxes	\$ 6,706,623	\$ 6,706,623	\$ 6,786,267	\$ 79,644
Real property tax items	1,120,000	1,120,000	1,048,648	(71,352)
Charges for services	80,000	80,000	136,303	56,303
Use of money and property	13,500	13,500	231,089	217,589
Sale of property and compensation for loss	1,200	1,200	6,114	4,914
Miscellaneous	285,300	285,300	498,154	212,854
<b>Total Local Sources</b>	<b>8,206,623</b>	<b>8,206,623</b>	<b>8,706,575</b>	<b>499,952</b>
<b>State Sources</b>	<b>15,004,382</b>	<b>15,004,382</b>	<b>15,021,251</b>	<b>16,869</b>
<b>Federal Sources</b>	<b>45,000</b>	<b>45,000</b>	<b>87,093</b>	<b>42,093</b>
<b>Total Revenues</b>	<b>23,256,005</b>	<b>23,256,005</b>	<b>23,814,919</b>	<b>\$ 558,914</b>

See paragraph on supplementary schedules included in independent auditors' report.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Expenditures</b>	<b>Year-End Encumbrances</b>	<b>Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under</b>
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of Education	19,950	19,750	18,361	\$ 0	\$ 1,389
Central administration	215,850	217,355	216,862	0	493
Finance	359,875	363,374	359,902	0	3,472
Staff	131,500	131,995	126,466	0	5,529
Central services	2,047,900	2,549,409	2,266,736	66,147	216,526
Special items	352,672	354,875	342,445	0	12,430
<b>Instructional</b>					
Instruction, administration and improvements	640,097	641,318	604,867	1,581	34,870
Teaching – regular school	6,182,725	5,961,471	5,572,762	53,048	335,661
Programs for children with handicapping conditions	2,421,121	2,690,930	2,602,746	0	88,184
Occupational education	300,000	360,000	359,850	0	150
Teaching - special school	6,500	6,500	6,500	0	0
Instructional media	492,462	603,408	451,699	1,188	150,521
Pupil services	816,223	821,495	578,982	589	241,924
<b>Pupil Transportation</b>	1,444,630	1,444,990	1,024,151	0	420,839
<b>Community Services</b>	57,000	79,015	79,015	0	0
<b>Employee Benefits</b>	5,467,500	4,869,896	4,535,103	0	334,793
<b>Debt Service</b>	2,165,000	2,570,577	2,552,773	0	17,804
<b>Total Expenditures</b>	23,121,005	23,686,358	21,699,220	122,553	1,864,585
<b>Other Financing Uses</b>					
Transfers to other funds	220,000	356,271	273,916	3,605	78,750
<b>Total Expenditures and Other Uses</b>	23,341,005	24,042,629	21,973,136	\$ 126,158	\$ 1,943,335
<b>NET CHANGE IN FUND BALANCE</b>	(85,000)	(786,624)	1,841,783		
<b>FUND BALANCE – BEGINNING</b>	8,488,021	8,488,021	8,488,021		
<b>OTHER CHANGE IN FUND BALANCE</b>	0	0	(353,044)		
<b>FUND BALANCE – ENDING</b>	\$ 8,403,021	\$ 7,701,397	\$ 9,976,760		

See paragraph on supplementary schedules included in independent auditors' report.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS – CHANGES IN TOTAL OTHER POST-EMPLOYMENT  
BENEFITS LIABILITY AND RELATED RATIOS**

**FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019 AND 2018**

<b>Measurement Date</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>Total OPEB Liability</b>						
Service cost	\$ 1,011,533	\$ 1,490,171	\$ 1,917,766	\$ 1,230,562	\$ 788,745	\$ 823,968
Interest	1,056,030	791,431	1,135,584	1,360,909	1,555,723	1,440,022
Change of benefit terms	1,707,350	0	(14,670,295)	0	0	0
Differences between expected and actual experience	(330,167)	(87,089)	(363,994)	97,531	4,746,885	0
Change of assumptions or other inputs	(3,051,670)	(7,812,810)	(1,630,835)	10,194,753	(7,798,797)	(2,036,010)
Benefit payments	(707,181)	(719,169)	(689,350)	(1,222,632)	(1,100,674)	(992,246)
<b>Net change in total OPEB liability</b>	<b>(314,105)</b>	<b>(6,337,466)</b>	<b>(14,301,124)</b>	<b>11,661,123</b>	<b>(1,808,118)</b>	<b>(764,266)</b>
<b>Total OPEB Liability - beginning</b>	<b>29,170,342</b>	<b>35,507,808</b>	<b>49,808,932</b>	<b>38,147,809</b>	<b>39,955,927</b>	<b>40,720,193</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 28,856,237</b>	<b>\$ 29,170,342</b>	<b>\$ 35,507,808</b>	<b>\$ 49,808,932</b>	<b>\$ 38,147,809</b>	<b>\$ 39,955,927</b>
<b>Covered-employee payroll</b>	<b>\$ 11,089,325</b>	<b>\$ 10,944,840</b>	<b>\$ 9,370,248</b>	<b>\$ 9,019,516</b>	<b>\$ 8,787,293</b>	<b>\$ 9,033,312</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>260.22%</b>	<b>266.52%</b>	<b>378.94%</b>	<b>552.24%</b>	<b>434.12%</b>	<b>442.32%</b>
<b>Plan's fiduciary net position</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Net OPEB Liability</b>	<b>\$ 28,856,237</b>	<b>\$ 29,170,342</b>	<b>\$ 35,507,808</b>	<b>\$ 49,808,932</b>	<b>\$ 38,147,809</b>	<b>\$ 39,955,927</b>

See paragraph on supplementary schedules included in independent auditors' report.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015**

**NYS Employees' Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0089123%	0.0084747%	0.0079315%	0.0082553%	0.0081192%	0.0081894%	0.0074898%	0.0075956%	0.0070611%
District's proportionate share of the net pension liability (asset)	\$ 1,911,152	\$ (692,770)	\$ 7,898	\$ 2,186,044	\$ 575,268	\$ 264,309	\$ 703,762	\$ 1,219,119	\$ 238,542
District's covered-employee payroll	2,771,671	2,567,602	2,513,849	2,475,049	2,339,931	2,293,472	2,056,733	1,935,179	1,875,972
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69.0%	27.0%	0.3%	88.3%	24.6%	11.5%	34.2%	63.0%	12.7%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.78%	103.65%	99.95%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

**NYS Teachers' Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.042195%	0.041975%	0.040334%	0.042376%	0.041901%	0.042776%	0.042601%	0.042691%	0.041638%
District's proportionate share of the net pension liability (asset)	\$ 809,671	\$ (7,273,883)	\$ 1,114,535	\$ (1,100,940)	\$ (757,679)	\$ (325,140)	\$ 456,270	\$ (4,434,230)	\$ (4,638,247)
District's covered-employee payroll	7,828,455	7,998,061	7,270,658	7,203,780	7,422,592	7,248,551	6,851,624	6,765,731	6,692,704
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.3%	90.9%	15.3%	15.3%	10.2%	4.5%	6.7%	65.5%	69.3%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.60%	113.20%	97.80%	102.20%	101.53%	100.70%	99.00%	110.50%	111.48%

See paragraph on supplementary schedules included in independent auditors' report.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS**

**FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2020, 2021, 2019, 2018, 2017, 2016 AND 2015**

**NYS Employees' Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 312,960	\$ 369,091	\$ 361,261	\$ 366,085	\$ 324,741	\$ 334,952	\$ 322,572	\$ 305,246	\$ 321,021
Contributions in relation to the contractually required contribution	312,960	369,091	361,261	366,085	324,741	334,952	322,572	305,246	321,021
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 2,771,671	\$ 2,567,602	\$ 2,513,849	\$ 2,475,049	\$ 2,339,931	\$ 2,293,472	\$ 2,056,733	\$ 1,935,179	\$ 1,875,972
Contribution as a percentage of covered-employee payroll	11.29%	14.37%	14.37%	14.79%	13.88%	14.60%	15.68%	15.77%	17.11%

**NYS Teachers' Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 805,548	\$ 783,810	\$ 692,894	\$ 638,255	\$ 788,279	\$ 710,358	\$ 803,010	\$ 897,136	\$ 1,173,231
Contributions in relation to the contractually required contribution	805,548	783,810	692,894	638,255	788,279	710,358	803,010	897,136	1,173,231
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 7,828,455	\$ 7,998,061	\$ 7,270,658	\$ 7,203,780	\$ 7,422,592	\$ 7,248,551	\$ 6,851,624	\$ 6,765,731	\$ 6,692,704
Contribution as a percentage of covered-employee payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET –  
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

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<b>ADOPTED BUDGET</b>	\$ 23,341,005
<b>ADDITIONS:</b>	
Prior year's encumbrances	174,624
Use of reserves	527,000
<b>FINAL BUDGET</b>	<u>\$ 24,042,629</u>

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SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2023

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2023-2024 voter-approved expenditure budget	\$ 25,284,083
Maximum allowed (4% of 2023-2024 budget)	1,011,363
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	201,157
Unassigned fund balance	3,597,872
Total unrestricted fund balance	3,799,029
Less:	
Appropriated fund balance and encumbrances	201,157
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 3,597,872</u>
Actual percentage	14.2%

See paragraph on supplementary schedules included in independent auditors' report.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES**

**FOR THE YEAR ENDED JUNE 30, 2023**

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>				<u>Fund Balances</u>	
			<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>		<u>State Aid</u>	<u>Local Sources</u>	<u>Premium on Obligations</u>	<u>Proceeds of Obligations</u>		<u>Total</u>
District-wide renovations 2023	\$ 5,731,300	\$ 5,731,300	\$ 260,466	\$ 128,073	\$ 388,539	\$ 5,342,761	\$ 0	\$ 84	\$ 0	\$ 0	\$ 84	\$ (388,455)
Smart Schools Bond Act	678,802	678,802	678,802	0	678,802	0	678,802	0	0	0	678,802	0
Capital Outlay 2023	100,000	100,000	0	17,645	17,645	82,355	0	17,645	0	0	17,645	0
Carbon Project	325,000	325,000	0	238,333	238,333	86,667	0	238,333	0	0	238,333	0
Leases	401,291	401,291	0	401,291	401,291	0	0	0	0	401,291	401,291	0
<b>TOTALS</b>	<b>\$ 7,336,393</b>	<b>\$ 7,336,393</b>	<b>\$ 1,034,897</b>	<b>\$ 785,342</b>	<b>\$ 1,820,239</b>	<b>\$ 5,516,154</b>	<b>\$ 678,802</b>	<b>\$ 351,691</b>	<b>\$ 0</b>	<b>\$ 401,291</b>	<b>\$ 1,431,784</b>	<b>\$ (388,455)</b>

See paragraph on supplementary schedules included in independent auditors' report.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

**NET INVESTMENT IN CAPITAL ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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<b>CAPITAL ASSETS, NET</b>		\$ 28,863,345
<b>DEDUCT:</b>		
Deferred bond premium	\$ 266,339	
Short-term portion of energy performance contract	160,000	
Long-term portion of energy performance contract	2,105,000	
Short-term portion of leases payable	423,639	
Long-term portion of leases payable	637,176	
Short-term portion of bonds payable	1,630,000	
Long-term portion of bonds payable	<u>4,705,000</u>	
		<u>9,927,154</u>
<b>NET INVESTMENT IN CAPITAL ASSETS</b>		<u><u>\$ 18,936,191</u></u>

See paragraph on supplementary schedules included in independent auditors' report.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**FEDERAL AWARD PROGRAM INFORMATION  
(SINGLE AUDIT)**

**(UNIFORM GUIDANCE)**

**JUNE 30, 2023**



**INDEPENDENT AUDITORS' 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 President and the Other Members  
of the Board of Education of the  
Canajoharie Central School District  
Canajoharie, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Canajoharie 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 12, 2023.

**Report on Internal Control Over Financial Reporting**

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Canajoharie Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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.

*WEST & COMPANY CPAs PC*

Gloversville, New York  
October 12, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the President and the Other Members  
of the Board of Education of the  
Canajoharie Central School District  
Canajoharie, New York

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

## ***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

## **Report on Internal Control Over Compliance**

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

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

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

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

*WEST & COMPANY CPAs PC*

Gloversville, New York  
October 12, 2023

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Federal Grantor/Pass-Through Grantor/Program</b>	<b>Assistance Listing</b>	<b>Pass-through Grantor's Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed Through NYS Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032230397	\$ 232,690
Special Education Preschool Grants	84.173	0033230397	5,616
Covid-19 Special Education Grants to States	84.027X	5532220397	43,146
Covid-19 Special Education Preschool Grants	84.173X	5533220397	1,464
Total Special Education Cluster			282,916
Covid-19 Education Stabilization Funds			
CRRSA, ESSER	84.425D	5891211425	566,872
ARP, ESSER	84.425U	5880211425	935,724
ARP, ESSER, Summer Enrichment	84.425U	5882211425	35,449
ARP, ESSER, Comprehensive	84.425U	5883211425	34,014
ARP, ESSER, Learning Loss	84.425U	5884211425	339,384
Total Covid-19 Education Stabilization Funds			1,911,443
Title I Grants to Local Educational Agencies	84.010	0021231425	387,405
Supporting Effective Instruction State Grants	84.367	0147221425	3,496
Supporting Effective Instruction State Grants	84.367	0147231425	35,398
Total Supporting Effective Instruction State Grants			38,894
Student Support and Academic Enrichment Program	84.424	0204231425	28,030
Rural Education	84.358	0006221425	157
Rural Education	84.358	0006231425	17,313
Total Rural Education			17,470
Total U.S. Department of Education			2,666,158
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed Through NYS Education Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	Not Applicable	31,042
Cash Assistance:			
School Breakfast Program	10.553	Not Applicable	118,985
National School Lunch Program	10.555	Not Applicable	326,940
Covid-19 National School Lunch Program, Supply Chain Assistance	10.555	Not Applicable	34,078
Summer Food Service Program for Children	10.559	Not Applicable	17,953
Total Child Nutrition Cluster			528,998
Total U.S. Department of Agriculture			528,998
<b><u>FEDERAL COMMUNICATIONS COMMISSION</u></b>			
Covid-19 Emergency Connectivity Fund Program	32.009	Not Applicable	105,680
Total Federal Communications Commission			105,680
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<b>\$ 3,300,836</b>

See notes to schedule of expenditures of federal awards.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District’s accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District’s financial reporting system.

**NOTE 2 – SUBRECIPIENTS**

No amounts were provided to subrecipients.

**NOTE 3 – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. At June 30, 2023, the District had food commodities totaling \$5,636 in inventory.

**NOTE 4 – INDIRECT COST RATE**

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District’s federal award programs have been charged with indirect costs, based upon the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. There is no other indirect cost allocation plan in effect.

**NOTE 5 – CLUSTERS**

The special education cluster consists of Special Education - Grants to States and Special Education - Preschool Grants.

The child nutrition cluster consists of food distribution, School Breakfast Program, National School Lunch Program and Summer Food Service Program for Children.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2023**

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**A. SUMMARY OF AUDITORS' RESULTS**

Financial Statements

1. Type of auditors' report issued: unmodified
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? \_\_\_Yes XNo
  - b. Significant deficiency(ies) identified? \_\_\_Yes XNo
3. Noncompliance material to financial statements noted? \_\_\_Yes XNo

Federal Awards

1. Internal control over major programs:
  - a. Material weakness(es) identified? \_\_\_Yes XNo
  - b. Significant deficiency(ies) identified? \_\_\_Yes XNo
2. Type of auditors' report issued on compliance for major programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? \_\_\_Yes XNo
4. Identification of major programs:

**Assistance Listing**

**Name of Federal Program**

84.425

Covid-19 Education Stabilization Funds

5. Dollar threshold used to distinguish between type A and B programs: \$750,000
6. Auditee qualified as low-risk auditee? XYes \_\_\_No

**B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS**

**EXTRACLASSROOM ACTIVITY FUNDS**

**JUNE 30, 2023**



## **INDEPENDENT AUDITORS' REPORT**

To the President and the Other Members  
of the Board of Education of the  
Canajoharie Central School District  
Canajoharie, New York

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Canajoharie Central School District (the District) as of June 30, 2023, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

#### ***Qualified Opinion***

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the District as of June 30, 2023, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

#### ***Basis for Qualified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Basis of Accounting***

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

*WEST & COMPANY CPA PC*

Gloversville, New York  
October 12, 2023

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS**

**JUNE 30, 2023**

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<b>ASSETS</b>	
Cash	\$ 82,580
<b>TOTAL ASSETS</b>	<u>\$ 82,580</u>
<b>LIABILITIES AND CLUB BALANCES</b>	
Liabilities	\$ 1,232
Club balances	<u>81,348</u>
<b>TOTAL LIABILITIES AND CLUB BALANCES</b>	<u>\$ 82,580</u>

See notes to financial statements.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2022</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>June 30, 2023</b>
Class of 2023	\$ 5,625	\$ 8,869	\$ 12,241	\$ 2,253
Class of 2024	1,597	26,027	20,157	7,467
Class of 2025	1,060	2,754	2,282	1,532
Class of 2026	0	1,356	232	1,124
Athletic Association	4,051	624	624	4,051
Esports	0	1,552	1,393	159
Library Club	0	393	291	102
CSI Club	0	418	400	18
Life Skills Club	940	459	255	1,144
Art Club	0	40	0	40
Black and Gold Yearbook	5,050	6,894	8,149	3,795
Boy's Varsity Baseball	483	0	0	483
Varsity Girls' Softball	205	0	0	205
Band and Orchestra	5,899	3,205	2,154	6,950
Handbell Choir	626	100	0	726
Varsity Track and Field	274	1,170	0	1,444
Choir	1,377	0	0	1,377
MS Drama Club	157	0	157	0
Swim Club	279	134	0	413
Cheerleaders	111	0	0	111
Wrestling	2,118	0	0	2,118
Boys' Soccer	740	0	0	740
Middle School National Honor Society	2,100	626	10	2,716
High School National Honor Society	10	0	0	10
Ski Club	102	0	0	102
Middle School Student Council	2,391	340	182	2,549
High School Student Council	7,706	1,832	1,498	8,040
Boys' Basketball	248	178	0	426
Girls' Basketball	1,936	89	1,158	867
Girls' Soccer	314	0	0	314
Football	3,269	0	0	3,269
Summer Drama Club	730	2,781	2,982	529
History Club	970	426	109	1,287
NADA Club	942	0	942	0
MS Yearbook	155	3,730	3,694	191
SADD	4,338	7,266	6,981	4,623
Technology Club	3,901	4,428	4,623	3,706
Middle School Team	9,620	719	1,730	8,609
Middle School Team - Scholarship	1,631	4,533	3,732	2,432
Science Club	77	0	0	77
Bowling Club	236	663	631	268
International Club	4,225	0	0	4,225
Odyssey of the Mind	505	0	0	505
MS Science Club	75	0	0	75
MS CHIPS	276	0	0	276
Sales Tax	2,130	1,829	2,727	1,232
<b>TOTALS</b>	<b>\$ 78,479</b>	<b>\$ 83,435</b>	<b>\$ 79,334</b>	<b>\$ 82,580</b>

See notes to financial statements.

**CANAJOHARIE CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Canajoharie Central School District. The related year end cash balances are shown as part of the CM Miscellaneous Special Revenue Fund. The Extraclassroom Activity Funds of Canajoharie Central School District represent funds of the students of the District. The District's Board exercises general oversight on these funds. The Extraclassroom Activity Funds are independent of the District with respect to the financial transactions and the designation of student management.

The books and records of the Canajoharie Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

**NOTE 2 – MANAGEMENT LETTER**

Management letter items associated with the Extraclassroom Activity Funds are included in the management letter accompanying the District's financial statements.



October 12, 2023

To the President and the Other Members  
of the Board of Education of the  
Canajoharie Central School District  
Canajoharie, New York

Re: Management Letter  
June 30, 2023

In planning and performing our audit of the basic financial statements of the Canajoharie Central School District for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and improving operating efficiency. The memorandum that follows summarizes our comments and recommendations regarding those matters. We previously reported on the District's internal control in our report dated October 12, 2023. This report does not affect our report dated October 12, 2023, on the financial statements of Canajoharie Central School District.

### **Prior-Year Findings**

#### **(1) Extraclassroom Activity Funds**

##### **a) Fiscally Dormant Activities**

**Prior Condition:** Through prior review of Extraclassroom Activity Funds, we noted that there were dormant clubs in the Extraclassroom Activity Funds.

**Status:** This condition remains outstanding. There were numerous fiscally dormant clubs in the Extraclassroom Activity Funds as of June 30, 2023.

**Recommendation:** We recommend that the District review all fiscally dormant clubs to determine whether the funds should be redistributed.

##### **b) Sales Tax**

**Prior Condition:** Clubs were not paying sales tax when purchasing taxable items from outside vendors, and not remitting sales tax on taxable fundraiser sales.

**Status:** This condition remains unchanged for the year ended June 30, 2023.

**Recommendation:** Clubs should pay sales tax when purchasing taxable items from outside vendors, unless a resale certificate has been filed with the vendor. Also, clubs should collect and remit sales tax when they sell taxable items.

(2) **Unassigned General Fund Balance**

**Prior Condition:** The District’s unassigned General Fund balance at June 30, 2022, was in excess of the New York State Real Property Tax Law limit, which restricts this balance to an amount not greater than 4% of the District’s appropriation budget for the upcoming year.

**Status:** This condition remains unchanged for the year ended June 30, 2023.

**Recommendation:** We recommend that the Board review and modify its plan to reduce the District’s unassigned General Fund balance to the statutory limit.

(3) **Extraclassroom Profit and Loss Statements**

**Prior Condition:** We noted that not all clubs are completing profit and loss statements for fundraisers.

**Status:** This condition remained unchanged for the year ended June 30, 2023.

**Recommendation:** Clubs should complete a profit and loss statement for each fundraiser.

\*\*\*\*\*

We appreciate the assistance and courtesies extended to us by your staff during our fieldwork. Please let us know if you would like to discuss our comments and recommendations.

Very truly yours,

*WEST & COMPANY CPAs PC*

WEST & COMPANY CPAs PC