

**KINDERHOOK 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  
Kinderhook Central School District  
Valatie, 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 Kinderhook 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 13 and 50 through 54 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 55 through 57 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 September 25, 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 CPAs PC*

Gloversville, New York  
September 25, 2023

**KINDERHOOK 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**

- Net Position of the School District was a deficit of \$94,581,280.
- 72.4% of all function/program expenses were for instruction.
- State and federal aid made up 38.1% and real property taxes made up 48.6% of all revenues generated.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: MD&A (this section), the financial statements and required supplementary information. The 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 fund financial statements concentrate on the School District’s most significant funds with all other nonmajor funds listed in total in one column.

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 explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the 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 of the MD&A highlights the structure and contents of each of the statements.

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

	<b>Fund Financial Statements</b>		
	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
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, such as student activities monies
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.

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

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the School District's funds, focusing on the 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 School 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 revenues, expenditures and changes in fund balances.

- **Fiduciary Funds:** The School District is the custodian for assets that belong to others, such as the student activities funds. 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.



## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-2

### Condensed Statement of Net Position (in thousands)

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>	<u>% Change (Incr.; - Decr.)</u>
<b>Assets</b>			
Current and other assets	\$ 10,288	\$ 31,107	-67
Capital assets - net	39,715	37,849	5
<b>Total Assets</b>	50,003	68,956	-27
<b>Deferred Outflows of Resources</b>			
Other post-employment benefits	15,186	21,534	-29
Pensions	11,886	11,870	0
<b>Total Deferred Outflows of Resources</b>	27,072	33,404	-19
<b>Liabilities</b>			
Current liabilities	7,035	7,769	-9
Long-term liabilities	131,801	134,917	-2
<b>Total Liabilities</b>	138,836	142,686	-3
<b>Deferred Inflows of Resources</b>			
Other post-employment benefits	31,716	31,569	0
Pensions	1,105	22,531	-95
<b>Total Deferred Inflows of Resources</b>	32,821	54,100	-39
<b>Net Position</b>			
Net investment in capital assets	8,787	4,569	92
Restricted	2,405	2,693	-11
Unrestricted	(105,773)	(101,687)	-4
<b>Total Net Position</b>	<u>\$ (94,581)</u>	<u>\$ (94,425)</u>	0

## Changes in Net Position

The School District's revenue for 2023 was \$49,725,905. Property taxes and New York State aid accounted for the majority of revenue by contributing 48.6% and 37.5%, respectively, of the total revenue raised. See Table A-3 for a breakdown of this revenue. The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost for all School District programs and services for 2023 was \$49,881,498. Of these expenses (80.4%) are predominantly for the education, supervision and transportation of students. See Table A-3 for a breakdown of this total cost by program and service. The School District's administrative, occupancy and business activities accounted for 14% of total costs.

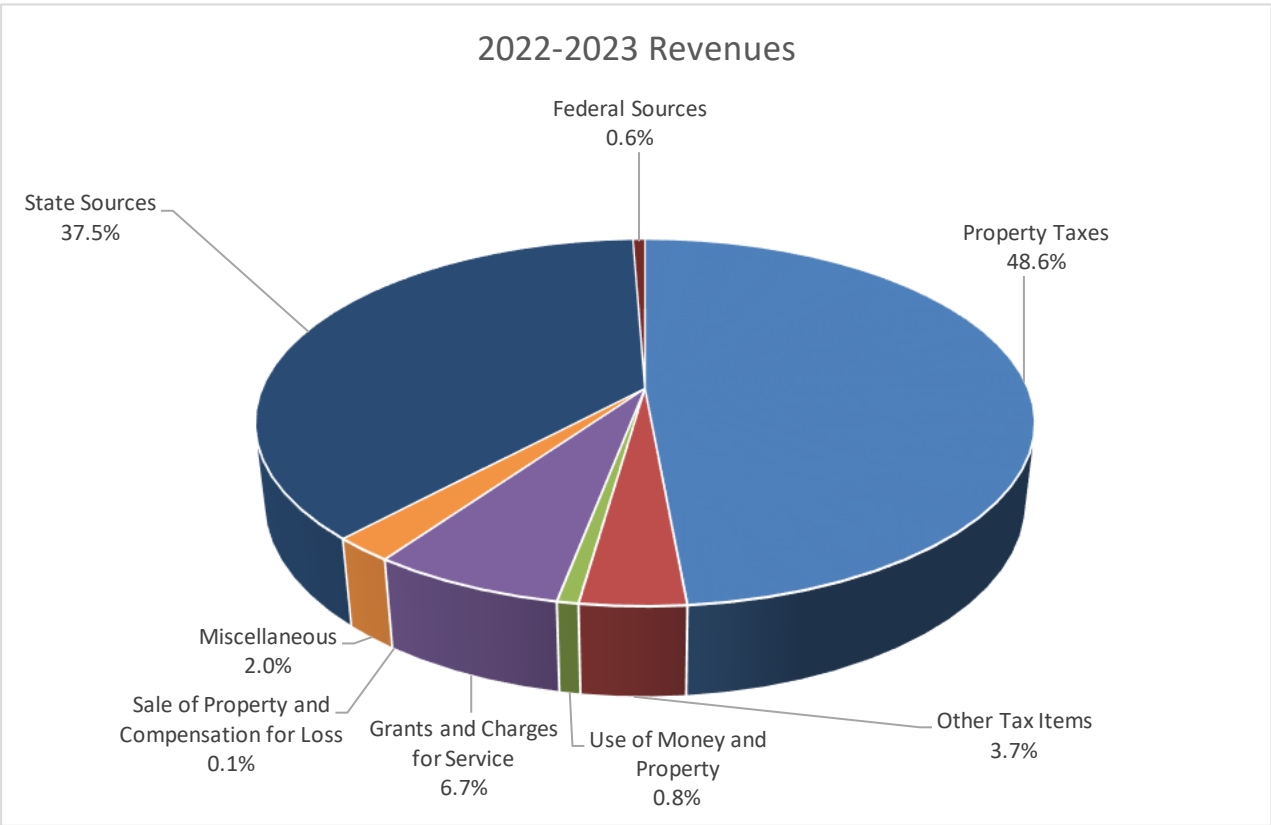
Net position decreased during the year by \$155,593.

**Table A-3**

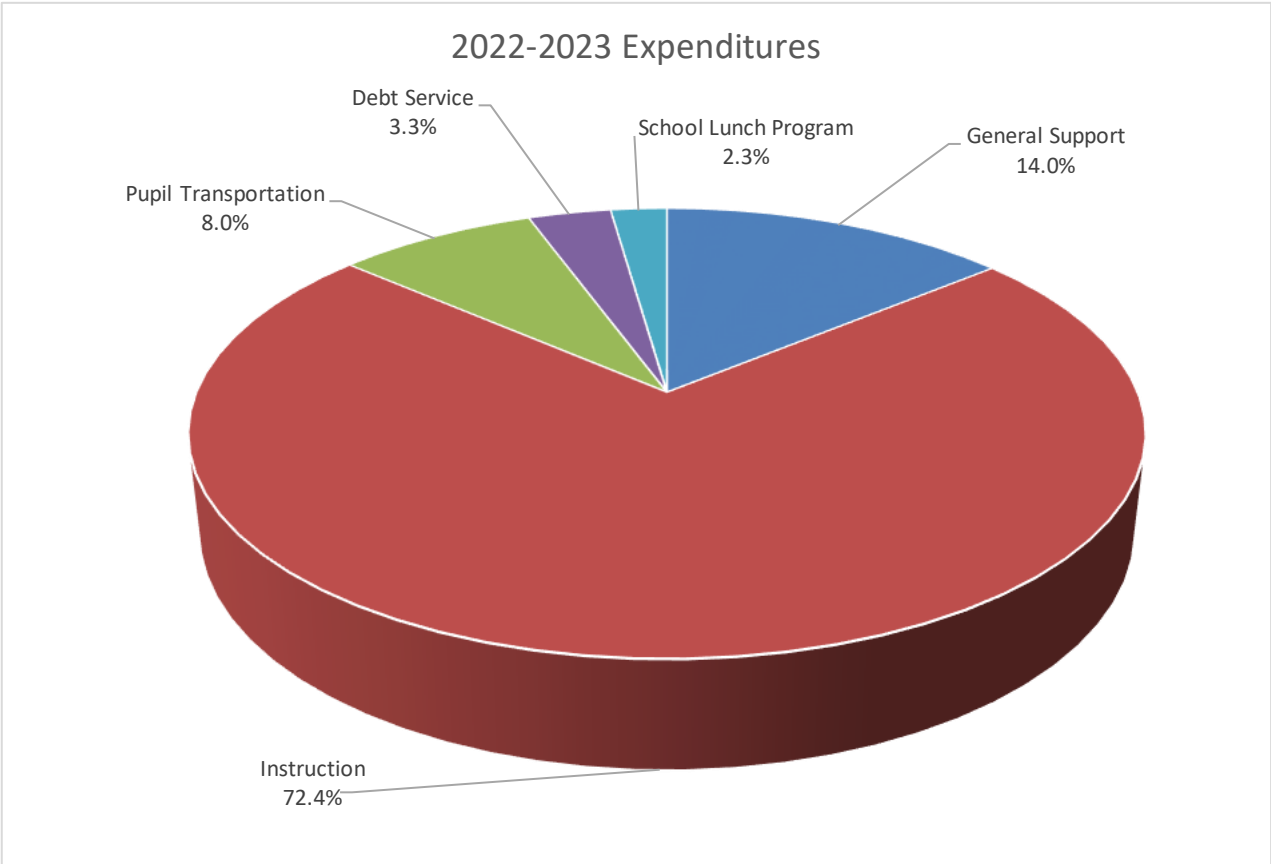
### Changes in Net Position from Operating Results (in thousands)

	<b>Fiscal Year 2023</b>	<b>Fiscal Year 2022</b>	<b>% Change Incr.; - Decr.)</b>
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for services	\$ 419	\$ 142	195
Operating grants and contributions	2,936	3,178	-8
<b>General Revenues</b>			
Property taxes	25,988	25,354	3
State sources	18,642	17,293	8
Federal sources	295	417	-29
Use of money and property	373	118	216
Miscellaneous	1,073	2,711	-60
<b>Total Revenues</b>	<b>49,726</b>	<b>49,213</b>	<b>1</b>
<b>Expenses</b>			
General support	6,998	7,563	-7
Instruction	36,082	40,194	-10
Transportation	4,011	4,173	-4
Debt service	1,661	720	131
Cost of sales – Lunch Program	1,129	1,050	8
<b>Total Expenses</b>	<b>49,881</b>	<b>53,700</b>	<b>-7</b>
<b>Total Change in Net Position</b>	<b>\$ (155)</b>	<b>\$ (4,487)</b>	<b>97</b>

**Table A-4 Revenues by Source – Governmental Activities**



**Table A-5 Expenditures by Function – Governmental Activities**



## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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 (in thousands)

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2023	2022	Change (Incr.; -Decr.)	2023	2022	Change (Incr.; -Decr.)
General support	\$ 6,998	\$ 7,563	-7%	\$ 6,998	\$ 7,563	-7%
Instruction	36,082	40,194	-10%	33,707	37,975	-11%
Pupil transportation	4,011	4,173	-4%	4,011	4,173	-4%
Debt service - interest	1,661	720	131%	1,661	720	131%
Cost of sales - lunch program	1,129	1,050	8%	149	(50)	398%
<b>Totals</b>	<b>\$ 49,881</b>	<b>\$ 53,700</b>	<b>-7%</b>	<b>\$ 46,526</b>	<b>\$ 50,381</b>	<b>-8%</b>

- The cost of all governmental activities for the year was \$49,881,498.
- The users of the School District's programs financed \$419,486 of the costs.
- The federal and state government grants financed \$2,935,523.

### General Fund Budgetary Highlights

	Results vs. Budget			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Fav; (Unfav)
<b>REVENUES</b>				
Local Sources	\$ 26,928,027	\$ 26,947,051	\$ 27,394,138	\$ 447,087
State Sources	18,737,302	18,737,302	18,641,569	(95,733)
Federal Sources	245,000	245,000	295,171	50,171
<b>Total Revenues</b>	<b>45,910,329</b>	<b>45,929,353</b>	<b>46,330,878</b>	<b>401,525</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	282,746	282,746	299,135	16,389
<b>Total Revenues and Other Financing Sources</b>	<b>46,193,075</b>	<b>46,212,099</b>	<b>46,630,013</b>	<b>417,914</b>
<b>EXPENDITURES</b>				
General Support	4,947,412	4,878,506	4,706,829	171,677
Instruction	23,421,689	22,520,039	22,289,266	230,773
Pupil Transportation	2,213,400	2,549,150	2,524,325	24,825
Employee Benefits	12,109,288	12,626,778	12,581,731	45,047
Debt Service	4,001,286	4,344,044	4,342,209	1,835
<b>Total Expenditures and Other Uses</b>	<b>46,693,075</b>	<b>46,918,517</b>	<b>46,444,360</b>	<b>\$ 474,157</b>
<b>Revenues Over (Under) Expenditures and Other Uses</b>	<b>(500,000)</b>	<b>(706,418)</b>	<b>185,653</b>	
<b>Beginning Fund Balance</b>	<b>4,719,401</b>	<b>4,719,401</b>	<b>4,719,401</b>	
<b>Other Change in Fund Balance</b>	<b>0</b>	<b>0</b>	<b>(80,353)</b>	
<b>Ending Fund Balance</b>	<b>\$ 4,219,401</b>	<b>\$ 4,012,983</b>	<b>\$ 4,824,701</b>	

## **Revenue Variances**

Interfund transfers were higher than budget due to more funds being transferred in from the debt service fund to cover debt payments than originally anticipated.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

As of June 30, 2023, the School District had \$41,070,845 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) (in thousands)**

	<b>Fiscal Year 2023</b>	<b>Fiscal Year 2022</b>
Land, land improvements and construction in progress	\$ 35,659	\$ 33,636
Buildings and equipment	4,055	4,213
Right to use assets	1,356	1,272
<b>Totals</b>	<b>\$ 41,070</b>	<b>\$ 39,122</b>

### **Long-Term Debt**

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

**Table A-8**

#### **Outstanding long-term debt (in thousands)**

	<b>Fiscal Year 2023</b>	<b>Fiscal Year 2022</b>
General obligation bonds (financed with property taxes)	\$ 26,010	\$ 27,745
All other debt	103,507	109,422
<b>Totals</b>	<b>\$ 129,517</b>	<b>\$ 137,167</b>

The School District made \$1,735,000 of payments on bonds and \$283,398 of energy performance contract debt during the fiscal year ending June 30, 2023. Other debt represented compensated absences, lease purchase obligations, installment purchase debt and other post-employment benefits.

## FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future.

- The District currently has four active collective bargaining agreements, including: Ichabod Crane Teachers' Association (2020-2024), CSEA (2020-2024), Ichabod Crane Administrator's Association (2020-2024) and the Ichabod Crane Nurse's Association (2021-2025). The District has continued to experience budget savings due to the updated collective bargaining agreements and expects this to continue through the end of each agreement. Additionally, settled contracts provide the District with increased financial stability and a higher degree of predictability in terms of budget development. With three contracts expiring as of June 30, 2024, it will be important for the District to negotiate in a timely and cost-efficient manner. Additionally, moving forward, the District will attempt to stagger the expiration dates of the contracts in order to spread out negotiations.
- Factors such as: tax cap legislation, property assessment trends, the uncertainty of future state aid allocation methodology, and large health insurance expenses will continue to play a significant role in the District's capacity to raise adequate revenue. Tax cap legislation has continued to be renewed and will further challenge the District's levy abilities. Property assessments increased from last year's assessments reaching a 10-year high. With the low tax cap, state aid will need to increase significantly to maintain the services presently provided by the District. Rising health insurance expenses have been a significant issue for the District in recent years and will persist in the foreseeable future. The District attempts to maintain health insurance costs through participation in the RCG Health Trust, collective bargaining, and proper budgeting practices. However, industry inflationary trends are outpacing the District's collective bargaining increases. The District will need to provide long-term solutions in the next round of collective bargaining agreements. The largest most recent financial burden to the District was the impact of the COVID-19 pandemic. The District experienced significant increases in expenses for computer devices, IT infrastructure, PPE, cleaning supplies, food services, transportation, mental health professionals and support staff in order to meet the State mandated services required for students, staff and community. Additionally, nationwide supply chain issues coupled by inflation have continued beyond the pandemic and further driven normal operation costs up. Therefore, the District will need to maintain tight budgetary controls, careful use of reserves, limit expenses where applicable and seek out long/short term savings opportunities.
- The District's debt structure is heavily based on capital projects. The two most recent capital projects were from 2014 and 2018. The District passed a \$2.35 million capital project referendum in May, 2014, and the project was completed in August, 2017. The project included a four classroom addition at the Primary School (K-3), added security features at each of the three schools, including upgrading secure entrances for all three buildings, and an electronic sign in the front of the High School along the Route 9 entrance. The Primary School project addressed overcrowding issues, which the facility has experienced since the closure of the Martin Van Buren and Martin H. Glynn buildings. The secure vestibules were completed during the summer of 2016 and the four classroom additions at the Primary School were completed in December, 2016. The District passed a Capital Project referendum on December 12, 2018 in the amount of \$27 million. The scope of the project includes significant renovations to the High School and Middle School, as well as some site work and security renovations at the Primary School. Roofing repairs at the High School and site work of a connector road between the Middle School and Primary School were completed in the Fall of 2019. Middle School and High School renovations began in June, 2020 and were completed by the end of 2022. Capital work at the Middle School includes Grade 4 - 8 classroom renovations and reconstruction of the gymnasium. At the High School there was the addition of a STEAM (Science, Technology, Engineering, Arts, Math) wing, updates to modernize the science classrooms and the creation of a Guidance Services suite. In 2020-2021, the District entered into an Energy Performance Contract (EPC) with ConEdison for \$4.9 million which includes the installation of a solar array, upgrades to energy efficient boilers, hot water systems, the replacement of oil tanks with propane tanks and LED lighting. The EPC has zero net tax impact to district residents with costs being covered by Building Aid and realized energy savings. The EPC was completed in full in early 2023. In 2022-2023, the District conducted an updated Building Conditions Survey (a 5-Year Facilities Plan), which will be submitted to the NYS Education Department in early 2024. The District has a Building Aid ratio of 73.5%, which means that all projects generate State Aid for the District at a rate of \$0.735 cents per dollar. This is an important factor in the planning of all capital projects, as well as the debt management for the annual budget.

- Bus purchasing and fleet management is the second highest priority for the District's debt structure. The District maintains a fleet of 55 buses (35 large, 16 small and 4 vans) providing transportation to 1,700 students covering 78.2 square miles across 7-towns in Columbia and Rensselaer counties. The District also provides approximately 110 students transportation to programs outside of the district, such as BOCES programs and special education programs. Finally, the transportation department provides services for athletics, field trips, after-school programming (late bus) and will contract with other districts whenever feasible.

An annual Bond Anticipation Note (BAN) is used for the purchasing of buses. The purchasing of new buses is set forth in front of voters each budget year as a separate referendum. The referendum will typically include the purchase of 4-6 new buses to replace buses being retired from the fleet. The normal lifespan of a bus is approximately 11-12 years. The thoughtful replacement plan of buses as well as enhanced care of the fleet provides the District with safe and reliable transportation for all of our student's needs. Additionally, the replacement plan has provided for level, predictable and manageable debt. However, two recent developments have created considerable challenges to the management of the fleet and associated debt. The most obvious and current potential obstacle is due to the extreme inflationary increases to the cost of new buses. A large 72-passenger bus increased over \$40,000 from 2021-2022 to 2022-2023. Additionally, the availability of buses has become increasingly more difficult. Although the District has an aid ratio of 60% for the purchase of new buses, the drastic increases will ultimately require taking on more debt or using older buses longer. The most significant factor that will impact the future of our transportation department and possibly district finances is the State's mandate that all districts begin to purchase electric buses beginning in 2027. The financial implications could potentially be extremely severe. Currently, electric buses are nearly three times the cost of a conventional bus, which means that to completely convert the fleet it could cost over \$22 million. Furthermore, infrastructure requirements such as charging stations, enhanced electrical capacity for the District and updates required to the bus garage will need to be further developed and priced accordingly. At the present time, the District has not qualified for any grant funding that has been made available. The District recently completed a feasible study for the conversion to electric buses and there are many obstacles that will need to be addressed prior to the mandate of 2027. NYS has initiated a commission that will provide a recommendation to the Governor by 2025 determining if the 2027 deadline should be extended.

- The District completed the application process for three separate grants as part of the federal stimulus package, which will provide an additional \$3.8 million of revenue over the next three years. The Coronavirus Response & Relief Supplemental Appropriations (CRRSA) is \$1.6 million, American Relief Plan (ARP) is \$2.1 million and the Emergency Connectivity Fund (ECF) is approximately \$80k. The CRRSA and the ARP are awarded to primarily address student learning loss caused by the events of the pandemic. The ECF provides home computer devices and internet access to students of financial need. The deadlines for implementing the funding into the District are: CRRSA by September 30, 2023, ARP by December 31, 2024 and the ECF addressed needs for the 2021-2022 school year. The District, with stakeholder input, has created a spending plan and timeline for each of the three new sources of revenue. Finally, the District has completed the process of applying for FEMA funding to provide approximately \$100,000 of relief funding to reimburse expenses incurred during the pandemic. The district is currently engaged in ongoing analysis of learning loss programming in regards to what will need to continue beyond federal funding, what is economically feasible and what will be sunsetted.

## **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:

Kinderhook Central School District  
 Michael Brennan, Business Manager  
 2910 Route 9  
 Valatie, NY 12184  
 (518) 758-7575

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

**ASSETS**

Cash		
Unrestricted		\$ 2,348,342
Restricted		2,687,630
Receivables		
State and Federal aid		3,441,263
Other receivables		432,312
Inventories		21,837
Right to use assets, net of amortization		1,356,243
Capital assets, net of depreciation		39,714,602
		50,002,229

**Total Assets**

**DEFERRED OUTFLOW OF RESOURCES**

Other post-employment benefits		15,186,350
Pensions		11,886,261
		27,072,611

**Total Deferred Outflow of Resources**

**LIABILITIES**

Payables		
Accounts payable		755,351
Accrued liabilities		111,558
Accrued interest payable		88,165
Due to other governments		376
Unearned grant revenue		33,809
Bond anticipation notes payable		1,330,714
Long-term liabilities		
Due and payable within one year		
Due to Teachers' Retirement System		1,989,355
Due to Employees' Retirement System		158,761
Bonds payable		2,101,326
Energy performance contract		289,123
Lease liability		143,508
Installment purchase debt		32,479
Due and payable after one year		
Bonds payable		23,908,674
Energy performance contract		4,335,515
Lease liability		112,469
Installment purchase debt		30,032
Other post-employment benefits		97,348,390
Net pension liability - proportionate share		4,850,247
Compensated absences payable		1,215,234
		138,835,086

**Total Liabilities**

**DEFERRED INFLOWS OF RESOURCES**

Other post-employment benefits		31,716,367
Pensions		1,104,667
		32,821,034

**Total Deferred Inflows of Resources**

**NET POSITION**

Net investment in capital assets		8,787,005
Restricted		
Reserve for employee benefit liability		288,851
Reserve for debt service		297,695
Capital reserve		302,303
Unemployment insurance reserve		500,376
Reserve for retirement contribution - ERS		577,860
Reserve for retirement contribution - TRS		150,000
Workers' compensation reserve		169,515
Reserve for repairs		118,284
Unrestricted		(105,773,169)
		\$ (94,581,280)

**Total Net Position**

See notes to basic financial statements.



**KINDERHOOK CENTRAL SCHOOL DISTRICT**

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

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

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 6,997,906	\$ 0	\$ 0	\$ (6,997,906)
Instruction	36,081,927	(74,901)	(2,300,093)	(33,706,933)
Pupil transportation	4,011,335	0	0	(4,011,335)
Debt service	1,660,944	0	0	(1,660,944)
School lunch program	1,129,386	(344,585)	(635,430)	(149,371)
<b>Total Functions and Programs</b>	<u>\$ 49,881,498</u>	<u>\$ (419,486)</u>	<u>\$ (2,935,523)</u>	<u>(46,526,489)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				24,146,871
Other tax items				1,841,140
Use of money and property				373,131
Sale of property and compensation for loss				142
Miscellaneous				1,072,872
State sources				18,641,569
Federal sources				295,171
<b>Total General Revenues</b>				<u>46,370,896</u>
<b>CHANGE IN NET POSITION</b>				(155,593)
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>				<u>(94,425,687)</u>
<b>TOTAL NET POSITION - END OF YEAR</b>				<u><u>\$ (94,581,280)</u></u>

See notes to basic financial statements.

**KINDERHOOK 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	\$ 1,164,470	\$ 478,034	\$ 232,487	\$ 0	\$ 37,546	\$ 435,805	\$ 2,348,342
Restricted	2,107,189	0	0	580,441	0	0	2,687,630
Due from other funds	1,914,997	0	800	0	0	862	1,916,659
State and Federal aid receivable	2,133,834	1,031,013	44,332	0	232,084	0	3,441,263
Other receivables	427,018	0	5,294	0	0	0	432,312
Inventories	0	0	21,837	0	0	0	21,837
<b>TOTAL ASSETS</b>	<b><u>\$ 7,747,508</u></b>	<b><u>\$ 1,509,047</u></b>	<b><u>\$ 304,750</u></b>	<b><u>\$ 580,441</u></b>	<b><u>\$ 269,630</u></b>	<b><u>\$ 436,667</u></b>	<b><u>\$ 10,848,043</u></b>
<b>LIABILITIES</b>							
Accounts payable	\$ 662,977	\$ 92,374	\$ 0	\$ 0	\$ 0	\$ 0	\$ 755,351
Accrued liabilities	110,852	0	706	0	0	0	111,558
Due to other funds	862	1,382,864	896	282,746	248,491	800	1,916,659
Bond anticipation notes payable	0	0	0	0	1,330,714	0	1,330,714
Due to other governments	0	0	376	0	0	0	376
Due to Employees' Retirement System	158,761	0	0	0	0	0	158,761
Due to Teachers' Retirement System	1,989,355	0	0	0	0	0	1,989,355
Unearned grant revenue	0	33,809	0	0	0	0	33,809
<b>Total Liabilities</b>	<b><u>2,922,807</u></b>	<b><u>1,509,047</u></b>	<b><u>1,978</u></b>	<b><u>282,746</u></b>	<b><u>1,579,205</u></b>	<b><u>800</u></b>	<b><u>6,296,583</u></b>
<b>FUND BALANCE</b>							
Nonspendable							
Reserved for inventory	0	0	21,837	0	0	0	21,837
Restricted							
Reserve for employee benefit liability	288,851	0	0	0	0	0	288,851
Reserve for debt service	0	0	0	297,695	0	0	297,695
Capital reserve	302,303	0	0	0	0	0	302,303
Unemployment insurance reserve	500,376	0	0	0	0	0	500,376
Reserve for retirement contribution - ERS	577,860	0	0	0	0	0	577,860
Reserve for retirement contribution - TRS	150,000	0	0	0	0	0	150,000
Workers' compensation reserve	169,515	0	0	0	0	0	169,515
Reserve for repairs	118,284	0	0	0	0	0	118,284
Assigned	774,007	64,661	280,935	0	0	435,867	1,555,470
Unassigned	1,943,505	(64,661)	0	0	(1,309,575)	0	569,269
<b>Total Fund Balance</b>	<b><u>4,824,701</u></b>	<b><u>0</u></b>	<b><u>302,772</u></b>	<b><u>297,695</u></b>	<b><u>(1,309,575)</u></b>	<b><u>435,867</u></b>	<b><u>4,551,460</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 7,747,508</u></b>	<b><u>\$ 1,509,047</u></b>	<b><u>\$ 304,750</u></b>	<b><u>\$ 580,441</u></b>	<b><u>\$ 269,630</u></b>	<b><u>\$ 436,667</u></b>	<b><u>\$ 10,848,043</u></b>

See notes to basic financial statements.

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET POSITION**

**JUNE 30, 2023**

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Total fund balance - governmental funds balance sheet (page 16)	\$ 4,551,460
Add:	
Pensions	5,931,347
Right to use assets, net of amortization	1,356,243
Land, building and equipment, net of accumulated depreciation	39,714,602
Total	<u>47,002,192</u>
Deduct:	
Compensated absences	1,215,234
Other post-employment benefits	113,878,407
Accrued interest payable	88,165
Installment purchase debt	62,511
Energy performance contract	4,624,638
Lease liability	255,977
Long-term bonds payable	26,010,000
Total	<u>146,134,932</u>
<b>NET POSITION, GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ (94,581,280)</u></u>

See notes to basic financial statements.

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

	General	Special Aid	School Lunch	Debt Service	Capital	CM Misc. Special Revenue	Total Governmental Funds
<b>REVENUES</b>							
Real property taxes	\$ 24,146,871	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,146,871
Other tax items	1,841,140	0	0	0	0	0	1,841,140
Charges for services	74,901	0	0	0	0	0	74,901
Use of money and property	351,049	0	344	12,320	0	9,418	373,131
Sale of property and compensation for loss	142	0	0	0	0	0	142
Miscellaneous	980,035	10,242	3,469	24,270	0	54,856	1,072,872
State sources	18,641,569	230,797	16,008	0	0	0	18,888,374
Federal sources	295,171	2,069,296	569,142	0	0	0	2,933,609
Surplus food	0	0	50,280	0	0	0	50,280
Sales - school lunch	0	0	344,585	0	0	0	344,585
<b>Total Revenues</b>	<b>46,330,878</b>	<b>2,310,335</b>	<b>983,828</b>	<b>36,590</b>	<b>0</b>	<b>64,274</b>	<b>49,725,905</b>
<b>EXPENDITURES</b>							
General support	4,706,829	0	0	0	0	40,501	4,747,330
Instruction	22,289,266	2,120,909	0	0	0	0	24,410,175
Pupil transportation	2,524,325	189,426	0	0	0	0	2,713,751
Employee benefits	12,581,731	0	22,140	0	0	0	12,603,871
Debt service							
Principal	2,710,657	0	0	0	0	0	2,710,657
Interest	1,631,552	0	0	0	0	0	1,631,552
Cost of sales	0	0	1,020,805	0	0	0	1,020,805
Capital outlay	0	0	0	0	2,466,136	0	2,466,136
<b>Total Expenditures</b>	<b>46,444,360</b>	<b>2,310,335</b>	<b>1,042,945</b>	<b>0</b>	<b>2,466,136</b>	<b>40,501</b>	<b>52,304,277</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(113,482)</b>	<b>0</b>	<b>(59,117)</b>	<b>36,590</b>	<b>(2,466,136)</b>	<b>23,773</b>	<b>(2,578,372)</b>
<b>OTHER FINANCING SOURCES AND USES</b>							
Operating transfers in	299,135	0	0	0	0	0	299,135
Operating transfers (out)	0	0	0	(282,746)	(16,389)	0	(299,135)
BANs redeemed from appropriations	0	0	0	0	457,261	0	457,261
<b>Total Other Sources (Uses)</b>	<b>299,135</b>	<b>0</b>	<b>0</b>	<b>(282,746)</b>	<b>440,872</b>	<b>0</b>	<b>457,261</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES</b>	<b>185,653</b>	<b>0</b>	<b>(59,117)</b>	<b>(246,156)</b>	<b>(2,025,264)</b>	<b>23,773</b>	<b>(2,121,111)</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING OF YEAR</b>	<b>4,719,401</b>	<b>0</b>	<b>361,889</b>	<b>543,851</b>	<b>635,336</b>	<b>412,094</b>	<b>6,672,571</b>
<b>OTHER CHANGE IN FUND BALANCE</b>	<b>(80,353)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80,353</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<b>\$ 4,824,701</b>	<b>\$ 0</b>	<b>\$ 302,772</b>	<b>\$ 297,695</b>	<b>\$ (1,309,575)</b>	<b>\$ 435,867</b>	<b>\$ 4,551,460</b>

See notes to basic financial statements.

KINDERHOOK 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>		\$ 49,725,905
<b>EXPENDITURES</b>	52,304,277	
Add:		
Depreciation	890,342	
Amortization	463,983	
Accrued interest	88,165	
Pensions	1,110,510	
Increase in other post-employment benefits	1,089,697	
Increase in compensated absences	8,288	
	<u>3,650,985</u>	
Deduct:		
Principal payments of long-term debt (General Fund)	2,253,396	
Prior year accrued interest	58,773	
BANs redeemed from appropriations	457,261	
Change in right to use assets	548,656	
Change in fixed assets	2,755,678	
	<u>6,073,764</u>	
<b>EXPENDITURES - STATEMENT OF ACTIVITIES</b>		<u>49,881,498</u>
<b>CHANGE IN NET POSITION</b>		<u>\$ (155,593)</u>

See notes to basic financial statements.

KINDERHOOK CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash	\$ 179,658
<b>Total Assets</b>	<u>\$ 179,658</u>
<b>NET POSITION</b>	<u>\$ 179,658</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>	
Extraclassroom receipts	\$ 238,078
<b>Total Additions</b>	238,078
<b>DEDUCTIONS</b>	
Extraclassroom disbursements	<u>221,953</u>
<b>Total Deductions</b>	<u>221,953</u>
<b>Change in Net Position</b>	16,125
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>163,533</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 179,658</u>

See notes to basic financial statements.

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

**A) Reporting Entity**

The Kinderhook 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 nine 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 certain entities included in the District’s reporting entity.

**i) 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 included with these financial statements. The District accounts these fund in the custodial fund.

**B) Joint Venture**

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

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO 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 §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 §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950 (6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §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, §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 \$4,223,278 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 \$1,648,036.

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, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended in 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 and basic state aid, are presented as general revenues.



KINDERHOOK CENTRAL SCHOOL DISTRICT

NOTES TO 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**

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

The District reports the following major governmental funds:

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

**Special Revenue Funds:** These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition 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 Funds:** These funds are used to account for the 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 general 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 funds:

**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.

KINDERHOOK CENTRAL SCHOOL DISTRICT

NOTES TO 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**

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

The 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 180 days 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 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 November 1.

Uncollected real property taxes are subsequently enforced by the counties in which the District is located. 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.

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**G) Interfund Transactions**

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

In the District-wide 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 8 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.

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**J) Receivables**

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

**K) Inventories and Prepaid Items**

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of 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 amounts 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 the nonliquid asset (inventory and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**L) Other Assets**

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

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

**M) Capital Assets**

Capital assets are reported at actual cost or estimated historical costs. 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	\$ 5,000	Straight-line	40
Building improvements	5,000	Straight-line	20
Furniture and equipment	5,000	Straight-line	5-15

KINDERHOOK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

**N) 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.

**O) 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.

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**O) 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)**

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2023	June 30, 2022
District's proportionate share of the net pension asset (liability)	\$ (3,012,856)	\$ (1,837,391)
District's portion of the Plan's total net pension asset (liability)	0.0140499%	0.095753%
Change in proportion since the prior measurement date	0.0001233%	0.000168%

For the year ended June 30, 2023, the District recognized its proportionate share of pension expense of \$1,053,156 for ERS and \$2,302,337 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:

	<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>	
	<b>ERS</b>	<b>TRS</b>	<b>ERS</b>	<b>TRS</b>
Differences between expected and actual experience	\$ 320,893	\$ 1,925,353	\$ 84,612	\$ 36,818
Changes of assumptions	1,463,237	3,564,227	16,172	740,153
Net difference between projected and actual earnings on pension plan investments	0	2,374,083	17,700	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	151,376	106,751	36,706	172,506
District's contributions subsequent to the measurement date	158,761	1,821,580	0	0
<b>Total</b>	<b>\$ 2,094,267</b>	<b>\$ 9,791,994</b>	<b>\$ 155,190</b>	<b>\$ 949,477</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:

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**O) 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)**

		<u>ERS</u>		<u>TRS</u>
Year ended:				
	2024	\$ 433,256	\$	694,110
	2025	(126,790)		(293,529)
	2026	650,001		4,669,313
	2027	823,850		582,801
	2028	0		27,059
	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:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.9%	6.95%
Salary scale	4.4%	1.95 – 5.18%
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	Systems experience	Systems 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:

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**O) Deferred Outflows and Inflows of Resources – (Continued)**

**Actuarial Assumptions – (Continued)**

Measurement date	<u>ERS</u> March 31, 2023	<u>TRS</u> 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:



**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**O) Deferred Outflows and Inflows of Resources – (Continued)**

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

	<b>1% Decrease <u>(4.9%)</u></b>	<b>Current Assumption <u>(5.9%)</u></b>	<b>1% Increase <u>(6.9%)</u></b>
<b><u>ERS</u></b> District's proportionate share of the net pension asset (liability)	\$(7,280,780)	\$(3,012,856)	\$ 553,492
	<b>1% Decrease <u>(5.95%)</u></b>	<b>Current Assumption <u>(6.95%)</u></b>	<b>1% Increase <u>(7.95%)</u></b>
<b><u>TRS</u></b> District's proportionate share of the net pension asset (liability)	\$(16,941,604)	\$(1,837,391)	\$10,865,154

**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:

	<b>(Dollars in thousands)</b>		
	<b><u>ERS</u></b> March 31, 2023	<b><u>TRS</u></b> June 30, 2022	<b><u>Total</u></b>
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 Plans**

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 \$158,761.

KINDERHOOK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

**O) Deferred Outflows and Inflows of Resources – (Continued)**

**Payables to the Pension Plans – (Continued)**

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 \$1,989,355.

Additional pension information can be found in Note 9.

**P) 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 \$33,809 in unearned revenue at June 30, 2023.

**Q) 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 fund 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.

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**R) 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.

**S) 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.

**T) 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.

KINDERHOOK 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) Accrued Liabilities and Long-Term Obligations – (Continued)**

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.

**U) 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, constructions or improvements of those assets.

**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 is deemed to be available for general use by the District.

**Fund Statements**

In the fund basis statements there are five classification 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 \$21,837.

**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.

KINDERHOOK 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) Equity Classifications – (Continued)**

**Fund Statements – (Continued)**

The District has established the following restricted fund balances:

**2. Restricted – (Continued)**

**Currently Utilized by the District:**

**Employee Benefit Accrued Liability**

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due an employee upon termination of the employee’s service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund under Restricted Fund Balance.

**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.

**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.

**Workers’ Compensation**

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers’ Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year’s budget. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**KINDERHOOK 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) Equity Classifications – (Continued)**

**Fund 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. This reserve is accounted for in the Debt Service 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.

**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 the 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.

**3. Committed**

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

KINDERHOOK 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) **Equity Classifications – (Continued)**

**Fund Statements – (Continued)**

4. **Assigned**

Includes amounts that are constrained by the 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.

**Reserve for Tax Reduction**

Reserve for Tax Reduction (Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. This reserve is accounted for in the General Fund.

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 balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

**Order of Use of Fund Balance**

The District’s policy is to annually determine the appropriate use of fund balance upon recommendation of the Superintendent and Board of Education.

V) **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.

KINDERHOOK 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)**

**V) New Accounting Standards – (Continued)**

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.

**W) 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 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 funds 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 Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balances 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.



KINDERHOOK 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, described as follows:

**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 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 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 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.

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

**Budgets**

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

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are adopted at the program line item level.

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)**

**Budgets – (Continued)**

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:

**Funding Sources**

Gifts and donations \$ 19,024

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

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

**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 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.

**Deficit Fund Balance**

The Capital Fund had a deficit fund balance of \$1,309,575 at June 30, 2023. This deficit will be eliminated when permanent financing is obtained.

**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 agent, but not in the District’s name		5,641,675

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO 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 – (CONTINUED)**

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 \$2,687,630 within the governmental funds and \$179,658 in fiduciary funds.

**NOTE 5 – CAPITAL ASSETS**

Capital assets 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	\$ 10,001	\$ 0	\$ 0	\$ 10,001
Construction in process	32,444,097	2,023,362		34,467,459
Total nondepreciable historical cost	32,454,098	2,023,362	0	34,477,460
Capital assets that are depreciated:				
Land improvements	1,181,916	0	0	1,181,916
Buildings	16,777,267	0	0	16,777,267
Furniture and equipment	8,066,015	732,316	326,486	8,471,845
Total depreciable historical cost	26,025,198	732,316	326,486	26,431,028
Less accumulated depreciation:				
Buildings, furniture and equipment	20,630,030	890,342	326,486	21,193,886
Total accumulated depreciation	20,630,030	890,342	326,486	21,193,886
Net depreciable historical cost	5,395,168	(158,026)	0	5,237,142
Right to use assets that are amortized:				
Equipment	1,899,942	548,656	0	2,448,598
Less accumulated amortization:				
Equipment	628,372	463,983	0	1,092,355
Net amortizable historical cost	1,271,570	84,673	0	1,356,243
<b>GRAND TOTAL</b>	<b>\$ 39,120,836</b>	<b>\$ 1,950,009</b>	<b>\$ 0</b>	<b>\$ 41,070,845</b>

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

General support	\$ 193,911
Instruction	1,005,646
Pupil transportation	111,801
School lunch program	42,967
<b>TOTAL</b>	<b>\$ 1,354,325</b>

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTE 6 – SHORT-TERM DEBT**

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	10/21/2023	3.850	\$ 0	\$ 887,940	\$ 0	\$ 887,940
BAN	10/21/2023	3.850	0	442,774	0	442,774
BAN	10/22/2022	0.330	1,345,201	0	1,345,201	0
<b>TOTALS</b>			<u>\$ 1,345,201</u>	<u>\$ 1,330,714</u>	<u>\$ 1,345,201</u>	<u>\$ 1,330,714</u>

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

Interest paid	\$ 9,724
Less interest accrued in the prior year	(3,028)
Add interest accrued in the current year	34,810
<b>TOTAL</b>	<u>\$ 41,506</u>

**NOTE 7 – LONG-TERM DEBT**

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

Interest paid	\$ 1,621,828
Less interest accrued in the prior year	(55,745)
Add interest accrued in the current year	53,355
<b>TOTAL EXPENSE</b>	<u>\$ 1,619,438</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:					
Bonds and notes payable	\$ 27,745,000	\$ 0	\$ 1,735,000	\$ 26,010,000	\$ 2,101,326
Energy performance contract	4,908,036	0	283,398	4,624,638	289,123
Lease liability	395,402	0	139,425	255,977	143,508
Installment purchase debt	158,084	0	95,573	62,511	32,479
	33,206,522	0	2,253,396	30,953,126	2,566,436
Other liabilities:					
Other post-employment benefits	102,753,701	0	5,405,311	97,348,390	0
Compensated absences, net	1,206,946	8,288	0	1,215,234	0
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>\$ 137,167,169</u>	<u>\$ 8,288</u>	<u>\$ 7,658,707</u>	<u>\$ 129,516,750</u>	<u>\$ 2,566,436</u>

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTE 7 – LONG-TERM DEBT – (CONTINUED)**

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

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

<u>Description of Issue</u>	<u>Serial Bond</u>	<u>Serial Bond</u>	<u>Serial Bond</u>	<u>Serial Bond</u>
Issue date	6/15/2022	12/1/2020	6/23/2015	6/22/2017
Final maturity	6/15/2036	6/15/2025	6/15/2030	6/15/2037
Interest rate	5.000%	4.000%	1-3%	2-3.125%
Outstanding at year end	\$ 21,510,000	\$ 530,000	\$ 2,925,000	\$ 1,045,000

<u>Description of Issue</u>	<u>Installment Purchase Debt</u>	<u>Energy Performance Contract</u>
Issue date	9/29/2020	8/3/2021
Final maturity	9/30/2022	6/15/2037
Interest rate	2.505%	2.010%
Outstanding at year end	\$ 62,511	\$ 4,624,638

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2024	\$ 2,422,928	\$ 696,933	\$ 3,119,861
2025	2,523,667	645,168	3,168,835
2026	2,350,922	590,682	2,941,604
2027	2,337,001	539,291	2,876,292
2028	2,433,202	487,871	2,921,073
2029 - 2033	11,323,512	1,632,077	12,955,589
2034 - 2037	7,305,917	358,656	7,664,573
<b>TOTALS</b>	<b>\$ 30,697,149</b>	<b>\$ 4,950,678</b>	<b>\$ 35,647,827</b>

In the prior year, the District defeased certain general obligations 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 following is a summary of the maturity of leases:

<u>Description of Issue</u>	<u>Equipment Lease</u>	<u>Equipment Lease</u>	<u>Equipment Lease</u>	<u>Equipment Lease</u>	<u>Equipment Lease</u>
Issue date	7/1/2019	7/1/2020	7/1/2021	7/1/2020	7/1/2021
Final maturity	6/30/2024	6/30/2025	6/30/2026	6/30/2025	6/30/2025
Interest rate	3.870%	2.700%	4.400%	0.310%	0.890%
Outstanding at year end	\$ 52,160	\$ 88,975	\$ 54,386	\$ 4,306	\$ 56,150

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2024	\$ 143,508	\$ 7,212	\$ 150,720
2025	93,554	2,988	96,542
2026	18,915	832	19,747
<b>TOTALS</b>	<b>\$ 255,977</b>	<b>\$ 11,032</b>	<b>\$ 267,009</b>

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS**

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,914,997	\$ 862	\$ 299,135	\$ 0
Special Aid Fund	0	1,382,864	0	0
School Lunch Fund	800	896	0	0
Debt Service Fund	0	282,746	0	282,746
Miscellaneous Special Revenue Fund	862	800	0	0
Capital Projects Fund	0	248,491	0	16,389
Total Governmental Activities	1,916,659	1,916,659	299,135	299,135
Custodial Fund	0	0	0	0
<b>TOTALS</b>	<u>\$ 1,916,659</u>	<u>\$ 1,916,659</u>	<u>\$ 299,135</u>	<u>\$ 299,135</u>

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 the Special Aid and School Lunch 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 9 – 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.

**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).

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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**NOTE 9 – PENSION PLANS – (CONTINUED)**

**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.

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:

	<b><u>NYSTRS</u></b>	<b><u>NYSERS</u></b>
2022-2023	\$ 1,821,580	\$ 507,418
2021-2022	1,691,678	569,413
2020-2021	1,534,089	538,884

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

Additional pension information can be found in Note 1 O.

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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**NOTE 10 – 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.

**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	348
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>253</u>
Total	<u>601</u>

**Total OPEB Liability**

The District’s total OPEB liability of \$97,348,390 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.



**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**Changes in the Total OPEB Liability**

Balance at June 30, 2022		\$ 102,753,701
Changes for the year:		
Service cost		2,440,550
Interest		3,663,190
Changes in benefit terms		0
Differences between expected and actual experience		(4,098,886)
Changes in assumptions or other inputs		(3,951,475)
Benefit payments		<u>(3,458,690)</u>
Net changes		<u>(5,405,311)</u>
Balance at June 30, 2023		<u>\$ 97,348,390</u>

Assumption changes for this fiscal year were as follows:

- Changing the discount rate to 3.65% from 3.54%.
- Updating the medical trend, salary scale and inflation assumptions to better reflect anticipated future experience.
- Changing the mortality improvement scale from the MP-2019 Ultimate Scale to the MP-2021 Ultimate Scale.
- Updated the retirement turnover rates to reflect the assumptions used in the 2021 Actuarial Valuation Report for the New York State Teachers' Retirement System.

**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 (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 112,765,690	\$ 97,348,390	\$ 84,911,257

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower 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	\$ 83,368,908	\$ 97,348,390	\$ 115,200,996

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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**NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)**

**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 \$1,089,697. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 680,554	\$ 11,272,977
Changes of assumptions or other inputs	<u>14,505,796</u>	<u>20,443,390</u>
Total	<u>\$ 15,186,350</u>	<u>\$ 31,716,367</u>

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

<b><u>Fiscal Year Ending June 30:</u></b>	
2024	\$ (1,555,353)
2025	(2,335,813)
2026	(5,643,960)
2027	(5,766,870)
2028	(1,228,021)
Thereafter	<u>0</u>
Total	<u>\$ (16,530,017)</u>

**NOTE 11 – RISK MANAGEMENT**

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

**Consortiums and Self Insured Plans**

For its employee health and accident insurance coverage, the District is a participant in the Rensselaer-Columbia-Greene Counties Health Insurance Trust, a public entity risk pool operated for the benefit of 23 districts located within Rensselaer-Columbia-Greene Counties BOCES region and the Rensselaer-Columbia-Greene Counties BOCES. The School District pays an annual premium to the Plan for this health insurance coverage. The Rensselaer-Columbia-Greene Health Insurance Trust obtains independent coverage for insured events in excess of set limits. The District's share of the liability for unbilled and open claims is \$154,492.

The District participates in the Rensselaer-Columbia-Greene Workers' Compensation Consortium, 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 unbilled liability is \$141,407.

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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

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**NOTE 12 – DONOR-RESTRICTED ENDOWMENTS**

The District administers endowment funds, which are restricted by the donor for the purpose of scholarships.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

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

**NOTE 14 – TAX ABATEMENTS**

The County of Columbia, 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 \$-0-. The District received Payment in Lieu of Tax (PILOT) payment totaling \$9,072.

**NOTE 15 – OTHER CHANGE IN FUND BALANCE**

Fund balance in the general fund decreased \$80,353 and increased in the capital fund to properly account for ban interest payments from prior years.

**NOTE 16 – 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.

**KINDERHOOK 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**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Revenues</u>	<u>Final Budget Variance with Budgetary Actual Over (Under)</u>
<b>REVENUES:</b>				
<b>Local Sources</b>				
Real property taxes	\$ 25,927,527	\$ 24,146,871	\$ 24,146,871	\$ 0
Real property tax items	55,000	1,835,656	1,841,140	5,484
Charges for services	189,500	189,500	74,901	(114,599)
Use of money and property	157,000	157,000	351,049	194,049
Sale of property and compensation for loss	4,000	4,000	142	(3,858)
Miscellaneous	595,000	614,024	980,035	366,011
<b>Total Local Sources</b>	26,928,027	26,947,051	27,394,138	447,087
<b>State Sources</b>	18,737,302	18,737,302	18,641,569	(95,733)
<b>Federal Sources</b>	245,000	245,000	295,171	50,171
<b>Total Revenues</b>	45,910,329	45,929,353	46,330,878	401,525
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	282,746	282,746	299,135	16,389
<b>Total Revenues and Other Financing Sources</b>	46,193,075	46,212,099	46,630,013	\$ 417,914

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

**KINDERHOOK 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	93,382	99,903	93,293	\$ 0	\$ 6,610
Central administration	265,065	289,352	288,265	0	1,087
Finance	390,359	412,948	405,595	0	7,353
Staff	160,819	121,454	120,723	0	731
Central services	3,524,238	3,460,852	3,305,820	142,393	12,639
Special items	513,549	493,997	493,133	0	864
<b>Instructional</b>					
Instruction, administration and improvements	2,078,456	1,650,575	1,634,956	0	15,619
Teaching – regular school	11,877,991	11,851,340	11,750,573	5,757	95,010
Programs for children with handicapping conditions	5,482,991	4,905,946	4,880,007	486	25,453
Occupational education	955,570	907,570	907,462	0	108
Teaching - special school	9,250	18,650	18,413	0	237
Instructional media	1,538,410	1,811,255	1,762,775	21,892	26,588
Pupil services	1,479,021	1,374,703	1,335,080	3,479	36,144
<b>Pupil Transportation</b>	2,213,400	2,549,150	2,524,325	0	24,825
<b>Employee Benefits</b>	12,109,288	12,626,778	12,581,731	0	45,047
<b>Debt Service</b>	4,001,286	4,344,044	4,342,209	0	1,835
<b>Total Expenditures</b>	<u>46,693,075</u>	<u>46,918,517</u>	<u>46,444,360</u>	<u>\$ 174,007</u>	<u>\$ 300,150</u>
<b>NET CHANGE IN FUND BALANCE</b>	(500,000)	(706,418)	185,653		
<b>FUND BALANCE – BEGINNING</b>	4,719,401	4,719,401	4,719,401		
<b>OTHER CHANGE IN FUND BALANCE</b>	<u>0</u>	<u>0</u>	<u>(80,353)</u>		
<b>FUND BALANCE – ENDING</b>	<u>\$ 4,219,401</u>	<u>\$ 4,012,983</u>	<u>\$ 4,824,701</u>		

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

**KINDERHOOK 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>	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>						
Service cost	\$ 2,440,550	\$ 3,947,243	\$ 3,402,200	\$ 3,231,933	\$ 3,240,496	\$ 2,858,756
Interest	3,663,190	2,753,297	2,775,123	3,757,191	2,752,360	2,654,743
Change of benefit terms	0	0	0	0	0	0
Differences between expected and actual experience	(4,098,886)	0	(14,613,516)	0	2,459,753	365,099
Change of assumptions or other inputs	(3,951,475)	(25,742,485)	13,157,667	14,328,683	10,263,290	0
Benefit payments	(3,458,690)	(3,430,836)	(3,309,785)	(3,211,122)	(3,003,049)	(3,009,815)
<b>Net change in total OPEB liability</b>	(5,405,311)	(22,472,781)	1,411,689	18,106,685	15,712,850	2,868,783
<b>Total OPEB Liability - beginning</b>	102,753,701	125,226,482	123,814,793	105,708,108	89,995,258	87,126,475
<b>Total OPEB Liability - ending</b>	<u>\$ 97,348,390</u>	<u>\$ 102,753,701</u>	<u>\$ 125,226,482</u>	<u>\$ 123,814,793</u>	<u>\$ 105,708,108</u>	<u>\$ 89,995,258</u>
<b>Covered-employee payroll</b>	\$ 17,329,615	\$ 16,755,611	\$ 16,755,611	\$ 15,882,448	\$ 15,882,448	\$ 19,106,069
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	561.75%	613.25%	747.37%	779.57%	665.57%	471.03%
<b>Plan's fiduciary net position</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Net OPEB Liability</b>	\$ 97,348,390	\$ 102,753,701	\$ 125,226,482	\$ 123,814,793	\$ 105,708,108	\$ 89,995,258

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

**KINDERHOOK 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 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)	0.095753%	0.095585%	0.091575%	0.093789%	0.094822%	0.092414%	0.092006%	0.092050%	0.090809%
District's proportionate share of the net pension liability (asset)	\$ 1,837,391	\$ (16,564,009)	\$ 2,530,475	\$ (2,436,656)	\$ (1,714,637)	\$ (702,441)	\$ 985,419	\$ (9,561,079)	\$ (10,115,581)
District's covered-employee payroll	18,139,702	17,262,020	16,412,266	15,771,683	15,990,019	15,804,353	14,916,599	14,327,577	14,090,834
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.1%	96.0%	15.4%	15.4%	10.7%	4.4%	6.6%	66.7%	71.8%
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%

**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)	0.0140499%	0.0139266%	0.0119808%	0.0123737%	0.0122350%	0.0110234%	0.0110425%	0.0115270%	0.0118614%
District's proportionate share of the net pension liability (asset)	\$ 3,012,856	\$ (1,138,442)	\$ 11,930	\$ 3,276,619	\$ 866,888	\$ 355,773	\$ 1,037,581	\$ 1,850,119	\$ 400,708
District's covered-employee payroll	4,589,697	4,013,732	3,722,000	3,546,218	3,352,790	3,308,318	3,225,573	3,080,961	3,120,834
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	65.6%	28.4%	0.3%	92.4%	25.9%	10.8%	32.2%	60.1%	12.8%
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%

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

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

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

**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	\$ 1,866,575	\$ 1,691,678	\$ 1,564,089	\$ 1,397,371	\$ 1,698,140	\$ 1,548,827	\$ 1,748,225	\$ 1,899,837	\$ 2,423,906
Contributions in relation to the contractually required contribution	<u>1,866,575</u>	<u>1,691,678</u>	<u>1,564,089</u>	<u>1,397,371</u>	<u>1,698,140</u>	<u>1,548,827</u>	<u>1,748,225</u>	<u>1,899,837</u>	<u>2,423,906</u>
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	\$ 18,139,702	\$ 17,262,020	\$ 16,412,266	\$ 15,771,683	\$ 15,990,019	\$ 15,804,353	\$ 14,916,599	\$ 14,327,577	\$ 14,090,834
Contribution as a percentage of covered-employee payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.20%

**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	\$ 507,418	\$ 569,413	\$ 538,884	\$ 518,030	\$ 476,053	\$ 481,965	\$ 501,615	\$ 488,525	\$ 645,420
Contributions in relation to the contractually required contribution	<u>507,418</u>	<u>569,413</u>	<u>538,884</u>	<u>518,030</u>	<u>476,053</u>	<u>481,965</u>	<u>501,615</u>	<u>488,525</u>	<u>645,420</u>
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	\$ 4,589,697	\$ 4,013,732	\$ 3,722,000	\$ 3,546,218	\$ 3,352,790	\$ 3,308,318	\$ 3,225,573	\$ 3,080,961	\$ 3,120,834
Contribution as a percentage of covered-employee payroll	11.06%	14.19%	14.48%	14.61%	14.20%	14.57%	15.55%	15.86%	20.68%

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



**KINDERHOOK 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>CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET</b>	
<b>ADOPTED BUDGET</b>	\$ 46,693,075
<b>ADDITIONS:</b>	
Prior year's encumbrances	206,418
Donations	19,024
	<u>                    </u>
<b>FINAL BUDGET</b>	<u><u>\$ 46,918,517</u></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	\$ 48,587,624
Maximum allowed (4% of 2023-2024 budget)	1,943,505
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	774,007
Unassigned fund balance	1,943,505
	<u>                    </u>
Total unrestricted fund balance	<u>2,717,512</u>
Less:	
Appropriated fund balance	600,000
Encumbrances included in assigned fund balance	174,007
	<u>                    </u>
Total Adjustments	<u>774,007</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,943,505</u></u>
Actual percentage	4.0%

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

**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PROJECT EXPENDITURES – CAPITAL PROJECTS FUND**

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

<u>Project Title</u>	<u>Expenditures</u>					<u>Unexpended Balance</u>	<u>Methods of Financing</u>			<u>Fund Balances</u>
	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>		<u>Local Sources</u>	<u>State Aid</u>	<u>Proceeds of Obligations</u>	
Project 74 Transfer 08-09	\$ 203,300	\$ 203,300	\$ 235,260	\$ 16,389	\$ 251,649	\$ (48,349)	\$ 251,649	\$ 0	\$ 0	\$ 0
Project 82 Phases I & II	2,385,000	2,385,000	2,381,207	0	2,381,207	3,793	900,000	0	1,485,000	3,793
Project 88 Phase	27,115,200	27,115,200	25,306,394	1,808,806	27,115,200	0	4,580,200	0	22,535,000	0
Smart Schools Bond Act	1,309,134	1,309,134	1,073,246	0	1,073,246	235,888	0	1,073,246	0	0
Energy Performance Contract	4,908,036	4,908,036	4,676,142	214,556	4,890,698	17,338	0	0	4,908,036	17,338
Various buses	3,142,418	3,142,418	2,680,593	442,774	3,123,367	19,051	1,792,661	0	0	(1,330,706)
<b>TOTALS</b>	<b>\$ 39,063,088</b>	<b>\$ 39,063,088</b>	<b>\$ 36,352,842</b>	<b>\$ 2,482,525</b>	<b>\$ 38,835,367</b>	<b>\$ 227,721</b>	<b>\$ 7,524,510</b>	<b>\$ 1,073,246</b>	<b>\$ 28,928,036</b>	<b>\$ (1,309,575)</b>

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

**KINDERHOOK 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>		\$ 41,070,845
<b>DEDUCT:</b>		
Bond anticipation note payable	\$ 1,330,714	
Short-term portion of bonds payable	2,101,326	
Short-term portion of energy performance contract	289,123	
Short-term portion of lease liability	143,508	
Short-term portion of installment purchase debt	32,479	
Long-term portion of bonds payable	23,908,674	
Long-term portion of energy performance contract	4,335,515	
Long-term portion of lease liability	112,469	
Long-term portion of installment purchase debt	30,032	
		<u>32,283,840</u>
<b>NET INVESTMENT IN CAPITAL ASSETS</b>		<u><u>\$ 8,787,005</u></u>

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

**KINDERHOOK 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  
Kinderhook Central School District  
Valatie, 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 Kinderhook 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 September 25, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Kinderhook 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 Kinderhook Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Kinderhook 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 Kinderhook 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 CPA PC*

Gloversville, New York  
September 25, 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  
Kinderhook Central School District  
Valatie, New York

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

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

We have audited Kinderhook 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  
September 25, 2023

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

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing	Pass-through Grantor's Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed Through NYS Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032220149	\$ 415,467
Special Education Preschool Grants	84.173	0033220149	15,369
Covid-19 Special Education Grants to States	84.027X	5532220149	84,838
Covid-19 Special Education Preschool Grants	84.173X	5533220149	8,303
Total Special Education Cluster			523,977
Covid-19 Education Stabilization Funds			
CRRSA, ESSER	84.425D	5891210545	766,529
CRRSA, GEER	84.425C	5896210545	3,523
ARP, ESSER	84.425U	5880210545	261,321
ARP, ESSER, Summer Enrichment	84.425U	5882210545	31,310
ARP, ESSER, Learning Loss	84.425U	5884210545	200,927
Total Covid-19 Education Stabilization Funds			1,263,610
Title I Grants to Local Educational Agencies	84.010	0016220545	237,077
Supporting Effective Instruction State Grants	84.367	0147220545	14,957
English Language Acquisition State Grants	84.365	0293220545	19,894
Student Support and Academic Enrichment Program	84.424	0204220545	9,781
Total U.S. Department of Education			2,069,296
<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	50,280
Cash Assistance:			
School Breakfast Program	10.553	Not Applicable	87,857
National School Lunch Program	10.555	Not Applicable	423,774
Covid-19 National School Lunch Program, Supply Chain Assistance	10.555	Not Applicable	57,511
Total Child Nutrition Cluster			619,422
Total U.S. Department of Agriculture			619,422
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			\$ 2,688,718

See notes to schedule of expenditures of federal awards.

KINDERHOOK CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

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**NOTE A – 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.

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 an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

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 B – SUBRECIPIENTS**

No amounts were provided to subrecipients.

**NOTE C – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had food commodities totaling \$15,013 in inventory.

**NOTE D – INDIRECT COST RATE**

The District has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE E – 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 and National School Lunch Program.

**KINDERHOOK CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE 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 X No
  - b. Significant deficiency(ies) identified? \_\_\_ Yes X No
3. Noncompliance material to financial statements noted? \_\_\_ Yes X No

Federal Awards

1. Internal control over major programs:
  - a. Material weakness(es) identified? \_\_\_ Yes X No
  - b. Significant deficiency(ies) identified? \_\_\_ Yes X No
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 X No
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? \_\_\_ Yes X No

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

None.

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

Prior year finding 2022-001 – Reporting, Child Nutrition Cluster, CFDA 10.555 and 10.553, has been corrected and removed as of June 30, 2023.

**KINDERHOOK CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**



## **INDEPENDENT AUDITORS' REPORT**

To the President and the Other Members  
of the Board of Education of the  
Kinderhook Central School District  
Valatie, 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 Kinderhook 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 CPAs PC*

Gloversville, New York  
September 25, 2023

**KINDERHOOK 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	\$ 179,658
<b>TOTAL ASSETS</b>	<u>\$ 179,658</u>
<b>LIABILITIES AND CLUB BALANCES</b>	
Club balances	\$ 179,658
<b>TOTAL LIABILITIES AND CLUB BALANCES</b>	<u>\$ 179,658</u>

See accompanying notes to financial statements.



**KINDERHOOK CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID**

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

	<b>Balance July 1, 2022</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance June 30, 2023</b>
<b>High School and Middle Schools:</b>				
Class of 2023	\$ 4,665	\$ 4,827	\$ 9,492	\$ 0
Class of 2024	2,011	18,925	19,386	1,550
Class of 2025	1,286	4,654	3,276	2,664
Class of 2026	0	5,045	116	4,929
Class of 2027	0	251	0	251
Art Club	2,048	906	1,735	1,219
Crane Acting Troupe	37,141	15,961	10,989	42,113
Cheerleading	0	368	0	368
French Club	1,554	358	1,910	2
Friends of Rachel	0	166	38	128
Girls Athletic Assoc	3,972	6,699	7,874	2,797
Habitat for Humanity	1,015	2,078	1,571	1,522
Varsity Club	897	1,189	1,281	805
Interact	3,126	1,158	1,108	3,176
Model UN	1,016	15,167	15,647	536
Music	3,639	3,796	3,884	3,551
National Honor Soc	2,571	1,011	1,894	1,688
Pride Club	252	1	0	253
Sala Latina	174	336	300	210
S.A.V.E.	828	648	474	1,002
Spanish Club	2,500	8,075	10,327	248
Students Council	8,983	220	1,908	7,295
Student Store	523	2	0	525
Technology	777	52	200	629
IC Sports Network	10	0	0	10
Yearbook	5,515	6,193	1,510	10,198
HS/MS Ski Club	4,007	9,519	8,880	4,646
Evirothon	308	0	0	308
<b>Middle School:</b>				
DC Club	60,274	122,268	111,930	70,612
Friends of Rachel	1,148	2	634	516
Junior NHS	1,320	2,248	1,639	1,929
Junior Save	4	0	4	0
Pawsitive Peer	855	2	34	823
Student Council	10,155	4,748	3,599	11,304
School Store	228	131	206	153
Yearbook	731	1,074	107	1,698
<b>TOTALS</b>	<b>\$ 163,533</b>	<b>\$ 238,078</b>	<b>\$ 221,953</b>	<b>\$ 179,658</b>

See accompanying notes to financial statements.

**KINDERHOOK 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 Extraclassroom Activity Funds of the Kinderhook Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. However, since the Board of Education does exercise general oversight, these funds and their corresponding cash accounts are reflected in the Custodial Fund of the basic financial statements of the District.

The books and records of the Kinderhook 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 are 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.



September 25, 2023

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

Re: Management Letter  
June 30, 2023

Dear Board Members:

In planning and performing our audit of the financial statements of the Kinderhook 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 over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our 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. We previously reported on the District's internal control in our report dated September 25, 2023. This letter does not affect our report dated September 25, 2023, on the financial statements of Kinderhook Central School District.

Our comments and recommendations for the year ended June 30, 2023, are as follows:

### **Prior-Year Conditions and Recommendations**

#### **1. Disbursement Testing**

**Prior Condition:** During our testing of disbursements, 2 of 40 selected had purchase orders dated after the invoice date.

**Status:** In the current year we noted 2 disbursements missing the purchasing agents signature and 3 purchase orders dated after the invoice date.

**Recommendation:** We recommend that management ensure that all purchases are approved by the purchasing agent and a purchase order be set up in advance of the purchase.

2. **Payroll Control Testing**

**Prior Condition:** During our control testing of payroll, we noted several instances where the annual salary letter was either not returned or not signed. We also noted several instances where the I-9 form was not signed by the employer.

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

**Recommendation:** We recommend that management ensure all salary letters are signed and returned and that properly completed I-9's are on file for all employees.

3. **Extraclassroom Activity Funds**

**Prior Condition:** During our testing of the activity in the extraclassroom activity funds we noted the following:

- a. 3 disbursements did not pay sales tax.
- b. 1 receipt did not have the student signature present.

**Status:** This condition has been corrected as of June 30, 2023.

4. **Transfers of Due To/Due From**

**Prior Condition:** The District has balances on their bank reconciliations that relate to year end interfund transfers that did not get completed timely.

**Status:** This condition has been corrected as of June 30, 2023.

\* \* \* \* \*

This report is intended solely for the information and use of the Board of Education, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with management, and we will be pleased to discuss them with the Board at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We appreciate the courtesies, assistance and cooperation given us during our audit by Mr. Brennan, Ms. Mazure and the other Business Office personnel.

Very truly yours,

*WEST & COMPANY CPAs PC*

WEST & COMPANY CPAs PC