

CAMBRIDGE CENTRAL SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2023

CAMBRIDGE CENTRAL SCHOOL DISTRICT

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Cambridge Central School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Cambridge 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 and each major fund of the Cambridge Central School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinion.

Prior Period Adjustment-Correction of an Error

As discussed in Note 16, during the year ended June 30, 2023 management became aware of prior year errors in the reporting of leases, bond premiums, accrued interest, the net pension asset for employees' retirement system and deferred outflows of resources for OPEB. The District recorded an adjustment as of July 1, 2022 to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

1.

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 Cambridge Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 on pages 4-14, budgetary comparison information on pages 56-57, schedule of changes in total OPEB liability on page 58, schedules of proportionate share of net pension (liability) (asset) on page 59 and schedules of district contributions on page 60 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 Cambridge Central School District's basic financial statements. The supplementary information on pages 61-63 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 69 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. These supplementary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Latham, NY
November 9, 2023

**Cambridge Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

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

- The District has continued to offer all programs and services while maintaining the maximum fund balances allowed by state law.
- The District's governmental funds revenues increased by 2.97% as a result of increased charges for services, state aid, property taxes, grants, and use of money.
- The District's governmental funds expenditures decreased by 4.93 % as a result of decreases in general support, debt service, and employee benefits .
- The District experienced enrollment in the 2022-2023 school year of 821, which is a decrease of 1 student from the previous year.

FINANCIAL HIGHLIGHTS

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

	<u>District-wide Statements</u>	<u>Governmental Funds Statements</u>	<u>Fiduciary Funds</u>
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as regular and special education, transportation and building maintenance	Instances in which the District administers resources on behalf of someone else.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focused
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 District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of account that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital and lease assets;
- Report long-term debt and leases as a liability;
- Depreciate capital assets and amortize lease assets;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - 1) Net position invested in capital assets, net of related debt;

- 2) Restricted net position are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
- 3) Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

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

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

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table 2 shows a two-year analysis of the District's net position.

Table 2: Condensed Statements of Net Position

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>Variance</u>
<u>ASSETS:</u>			
Current and Other Assets	\$ 7,225,020	\$ 13,668,053	\$ (6,443,033)
Capital Assets	12,770,481	12,269,755	500,726
Total Assets	\$ 19,995,501	\$ 25,937,808	\$ (5,942,307)
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 7,574,169	\$ 19,388,447	\$ (11,814,278)
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 81,003,936	\$ 94,459,954	\$ (13,456,018)
Other Liabilities	1,141,647	1,395,715	(254,068)
Total Liabilities	\$ 82,145,583	\$ 95,855,669	\$ (13,710,086)
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 7,387,123	\$ 9,232,929	\$ (1,845,806)
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ (7,991,706)	\$ (11,296,769)	\$ 3,305,063
Restricted	3,330,198	3,846,504	\$ (516,306)
Unrestricted	(57,301,528)	(52,312,078)	(4,989,450)
Total Net Position	\$ (61,963,036)	\$ (59,762,343)	\$ (2,200,693)

Changes in Net Position

The Districts Fiscal year in 2023 revenues totaled \$26.1 million. Property taxes and state formula aid accounted for most of the District's revenue by contributing 36.1% and 51.3% respectively, of every dollar earned. The remainder came from fees charged for services, operation rents and other miscellaneous sources. These revenues are shown in table 3.

The total cost of all programs and services totaled \$27.6 million for fiscal year 2023. These expenses (94.4%) are predominantly support to general support, instruction, transportation, and Employee Benefits. These expenses are shown in table 3.

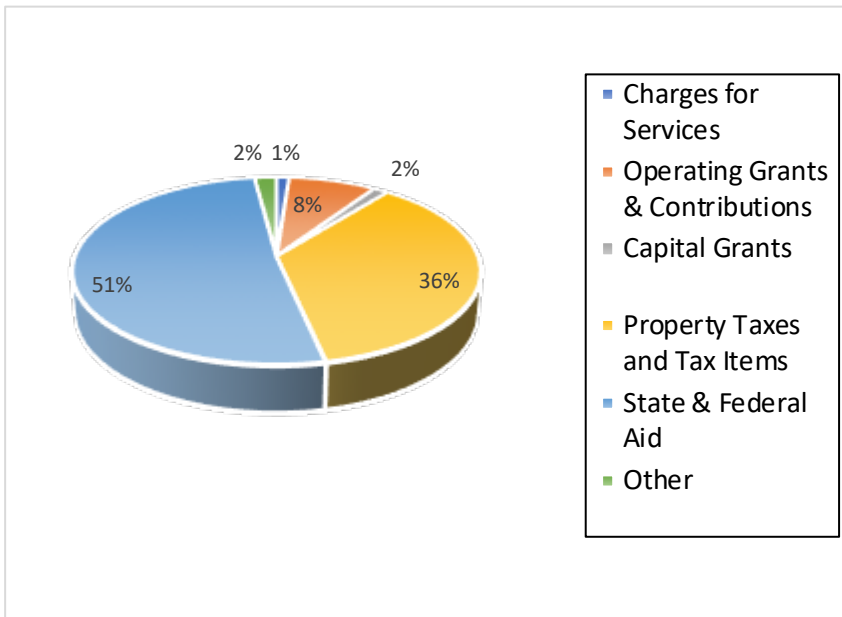
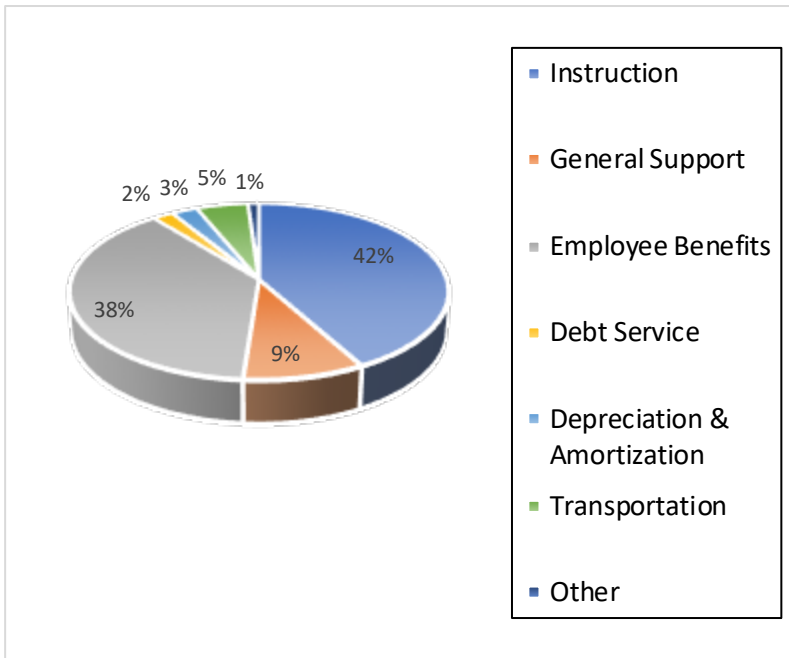
Table 3 shows a two-year analysis of the districts revenues and expenditures for the 2023 and 2022 school years.

Table 3

Changes in Net Position from Operating Results

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>Variance</u>
REVENUES:			
<u>Program -</u>			
Charges for Service	\$ 304,534	\$ 139,268	\$ 165,266
Operating Grants & Contributions	2,108,000	1,810,801	297,199
Capital Grants & Contributions	363,428	0	363,428
Total Program	\$ 2,775,962	\$ 1,950,069	\$ 825,893
<u>General -</u>			
Property Taxes	\$ 9,429,833	\$ 9,317,847	\$ 111,986
State and Federal Aid	13,417,296	13,529,880	(112,584)
Investment Earnings	142,019	8,331	133,688
Compensation for Loss	(23,704)	65,113	(88,817)
Miscellaneous	409,454	318,394	91,060
Total General	\$ 23,374,898	\$ 23,239,565	\$ 135,333
TOTAL REVENUES	\$ 26,150,860	\$ 25,189,634	\$ 961,226
EXPENSES:			
General Support	\$ 2,528,900	\$ 2,879,822	\$ (350,922)
Instruction	11,605,393	10,721,260	884,133
Pupil Transportation	1,382,379	1,472,700	(90,321)
Employee Benefits	10,356,206	9,395,489	960,717
Depreciation and Amortization	703,068	364,501	338,567
Capital Outlay	1,720	0	1,720
School Lunch	479,520	538,245	(58,725)
Interest	560,849	650,077	(89,228)
TOTAL EXPENSES	\$ 27,618,035	\$ 26,022,094	\$ 1,595,941
CHANGE IN NET POSITION	\$ (1,467,175)	\$ (832,460)	
NET POSITION, BEGINNING			
OF YEAR, AS ORIGINALLY REPORTED	(59,762,343)	(58,929,883)	
PRIOR PERIOD ADJUSTMENT	(733,518)	0	
NET POSITION, BEGINNING			
OF YEAR, AS RESTATED	(60,495,861)	0	
NET POSITION, END OF YEAR	\$ (61,963,036)	\$ (59,762,343)	

Chart 1 and chart 2 visually depict the revenues and expenses for the 2022-2023 year.



Governmental Activities

The table below presents the cost of seven major district areas. The table also shows each activity's net cost, (total cost less fees generated by the activity and grants received for specific programs). The total net cost shows the financial burden placed on the district.

Table 4 **Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
General Support	\$ 2,528,900	\$ 2,879,822	12.19%	\$ 2,463,772	\$ 2,879,822	14.45%
Instruction	11,605,393	10,721,262	-8.25%	9,772,771	9,334,237	-4.70%
Pupil Transportation	1,382,379	1,472,700	6.13%	1,382,379	1,472,700	6.13%
Employee Benefits	10,541,020	9,395,489	-12.19%	10,541,020	9,395,489	-12.19%
Debt Service Interest	560,849	650,077	13.73%	560,849	650,077	13.73%
Depreciation and Amortizatio	703,068	364,501	-92.89%	703,068	364,501	-92.89%
School Lunch Program	294,706	538,245	45.25%	(220,078)	(24,799)	-787.45%
Other	1,720	-	100.00%	(361,708)	-	100.00%
Total	\$ 27,618,035	\$ 26,022,096		\$24,842,073	\$ 24,072,027	

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUND

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

No other significant variances are reflected in the governmental fund financial statements for 2023.

General Fund – The general fund, fund balance increased by \$384,137.

School Lunch Fund – The school lunch funds, fund balance, decreased by \$(56,001).

Capital Projects Fund – The capital projects fund, fund balance decreased by \$(311,910).

General Fund Budgetary Highlights

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. 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 is a schedule of budget modifications that occurred during the year.

Original adopted budget	\$ 23,923,743
Budget revisions	
Carryover Encumbrances	119,436
Revised budget	24,043,179
Actual 2023 expenditures	23,170,681
Actual 2023 Encumbrances	113,039
Total Expenditures Under Budget	\$ 759,459

CAPITAL AND LEASE ASSET AND DEBT ADMINISTRATION

By the end of fiscal year 2023, the District has invested \$13,535,110, net of accumulated depreciation and amortization, in a broad range of capital and lease assets.

Table 5 Capital and Lease Assets (Net of Depreciation and Amortization)

	<u>Governmental Activities And Total School District</u>	
	<u>2023</u>	<u>RESTATED 2022</u>
<u>Capital Assets:</u>		
Land	\$ 42,786	\$ 42,786
Work in Progress	52,882	-
Buildings and Improvements	12,011,070	11,713,525
Machinery and Equipment	663,743	325,647
Total Capital Assets	\$ 12,770,481	\$ 12,081,958
<u>Lease Assets:</u>		
Equipment	\$ 764,629	\$ -
Grand Total	\$ 13,535,110	\$ 12,081,958

Long-Term Debt

As of June 30, 2023, the District had outstanding long-term liabilities of \$81,003,936. The various obligations are listed below in Table 6.

<u>Type</u>	<u>2023</u>	<u>RESTATED</u> <u>2022</u>
Serial Bonds	\$ 20,985,000	\$ 23,050,000
Premium	306,881	355,474
Lease Liability	862,073	720,988
OPEB	56,282,302	70,582,802
Net Pension Liability	2,025,437	0
Installment Debt - EPC	300,663	443,543
Compensated Absences	241,580	383,609
Total Long-Term Obligations	<u>\$ 81,003,936</u>	<u>\$ 95,536,416</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The School District presented its 2023-24 budget to the voters on May 16, 2023. The \$24,806,120 budget, which reflected a budget-to-budget increase of \$882,377 (3.7%) from 2022-23; resulting in a tax levy increase of 2.5% which was within the Property Tax Cap Levy Limit. The budget was passed by a margin of 335 yes to 295 no votes. Separate propositions for the library (\$65,000), and a new bus lease for three buses (5 years not to exceed the maximum cost of \$491,349) also passed on May 16, 2023. The district projected a surplus in March, 2023, and made the decision to use this surplus to appropriate funds to the 2022-23 budget to maintain district programming. The overall appropriated fund balance remained consistent from the previous year as the district works to reduce the yearly appropriated fund balance in line with the multi-year budget forecasts.

Legislation enacted in 2011 created a property tax cap for school districts that started in the 2012-2013 budget year. For districts other than the Big Five, tax levy growth, with certain exemptions, is limited to the lesser of two percent or the annual increase in the consumer price index (CPI). A district may exceed the cap, with the approval of 60 percent of the voters. The Property Tax Cap limit law became permanent last year while the tax relief payments ended in the 2019-20 school year.

The Cambridge Central School district includes parts of eight towns in two counties. Equalization rates spread the taxable assessed valuation to maintain a uniform tax rate of true value. The tax rate on the true value decreased from \$14.78 to \$13.80 (excluding the library). The decrease in the tax rate on true is attributed to the significant increase in the overall assessment after the re-evaluations in four of the eight towns. Since all Equalization Rates are not at 100% the Tax Rate per \$1,000 varies by township.

Savings realized during the 2022-23 school year enabled the district to maintain the district's overall fund balance to assist in anticipated increased cost and/or possible revenue decreases in the future. Reserves are maintained to levels to meet future district needs due to the uncertain economic time with efforts to maintain the unappropriated Fund Balance.

The District has the maximum allowable unappropriated Fund Balance at 4.0%. Given the economic uncertainties that both the district and the individual taxpayer are currently facing, the district remains financially stable. In summary, based upon the current level of resources, the District is poised to withstand a year of financial challenges. With a continued commitment from the Board of Education and the District's administrative team, our comprehensive budget planning process will help ensure our stability throughout difficult financial times as state aid revenues potentially decrease with the continued decrease in student enrollment.

CONTACTING THE DISTRICTS FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate that the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Business Office, Cambridge Central School District, 58 South Park Street, Cambridge, New York, 12816. The telephone number is 518-677-2653.

CAMBRIDGE CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

ASSETS

Cash and cash equivalents	\$ 1,484,796
Restricted cash and cash equivalents	687,972
Investments	21,117
Restricted investments	2,660,945
Accounts receivable	1,586,263
Inventories	19,298
Capital assets, net	12,770,481
Lease assets, net	764,629
TOTAL ASSETS	<u>\$ 19,995,501</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources	<u>\$ 7,574,169</u>
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LIABILITIES

Accounts payable	\$ 31,108
Accrued liabilities	37,342
Advances	129,673
Due to other governments	197
Due to teachers' retirement system	872,753
Due to employees' retirement system	70,522
Other Liabilities	52
Long-Term Obligations:	
Due in one year	2,712,756
Due in more than one year	78,291,180
TOTAL LIABILITIES	<u>\$ 82,145,583</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources	<u>\$ 7,387,123</u>
-------------------------------	----------------------------

NET POSITION

Net investment in capital assets	\$ (7,991,706)
Restricted	3,330,198
Unrestricted	(57,301,528)
TOTAL NET POSITION	<u>\$ (61,963,036)</u>

CAMBRIDGE CENTRAL SCHOOL DISTRICT

Statement of Activities

For The Year Ended June 30, 2023

<u>Functions/Programs</u>	<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 and Contributions</u>	<u>Capital Grants and Contributions</u>	
General support	\$ 2,528,900	\$ 65,128	\$ -	\$ -	\$ (2,463,772)
Instruction	11,605,393	65,454	1,767,168	-	(9,772,771)
Pupil transportation	1,382,379	-	-	-	(1,382,379)
School lunch	479,520	173,952	340,832	-	35,264
Employee benefits	10,356,206	-	-	-	(10,356,206)
Depreciation	396,130	-	-	-	(396,130)
Amortization	306,938	-	-	-	(306,938)
Capital outlay	1,720	-	-	363,428	361,708
Interest	560,849	-	-	-	(560,849)
Total Functions/Programs	<u>\$ 27,618,035</u>	<u>\$ 304,534</u>	<u>\$ 2,108,000</u>	<u>\$ 363,428</u>	<u>\$ (24,842,073)</u>

General Revenues:

Property taxes and other tax items	\$ 9,429,833
State and federal aid	13,417,296
Investment earnings	142,019
Compensation for loss	(23,704)
Miscellaneous	409,454
Total General Revenues	<u>\$ 23,374,898</u>
Changes in Net Position	\$ (1,467,175)
Net Position, Beginning of Year, As Originally Reported	(59,762,343)
Prior Period Adjustment - Correction of an Error	(733,518)
Net Position, Beginning of Year, As Restated	<u>(60,495,861)</u>
Net Position, End of Year	<u>\$ (61,963,036)</u>

CAMBRIDGE CENTRAL SCHOOL DISTRICT

**Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,389,020	\$ 31,839	\$ 63,937	\$ -	\$ 1,484,796
Restricted cash and cash equivalents	622,244	-	-	65,728	687,972
Investments	-	-	21,117	-	21,117
Restricted investments	2,660,945	-	-	-	2,660,945
Receivables	1,000,982	199,982	21,871	363,428	1,586,263
Inventories	-	-	19,298	-	19,298
Due from other funds	500,398	-	-	-	500,398
Prepaid items	-	-	-	-	-
TOTAL ASSETS	<u>\$ 6,173,589</u>	<u>\$ 231,821</u>	<u>\$ 126,223</u>	<u>\$ 429,156</u>	<u>\$ 6,960,789</u>
LIABILITIES AND FUND EQUITY (DEFICIENCY)					
Liabilities -					
Accounts payable	\$ 31,108	\$ -	\$ -	\$ -	\$ 31,108
Accrued liabilities	11,562	3,512	-	-	15,074
Due to other funds	-	106,079	12,172	382,147	500,398
Due to other governments	-	-	197	-	197
Due to TRS	872,753	-	-	-	872,753
Due to ERS	70,522	-	-	-	70,522
Other liabilities	52	-	-	-	52
Refundable Advances	-	122,230	7,443	-	129,673
TOTAL LIABILITIES	<u>\$ 985,997</u>	<u>\$ 231,821</u>	<u>\$ 19,812</u>	<u>\$ 382,147</u>	<u>\$ 1,619,777</u>
Fund Equity (Deficiency) -					
Nonspendable	\$ -	\$ -	\$ 19,298	\$ -	\$ 19,298
Restricted	3,283,189	-	-	47,009	3,330,198
Assigned	912,157	-	87,113	-	999,270
Unassigned	992,246	-	-	-	992,246
TOTAL FUND EQUITY (DEFICIENCY)	<u>\$ 5,187,592</u>	<u>\$ -</u>	<u>\$ 106,411</u>	<u>\$ 47,009</u>	<u>\$ 5,341,012</u>
TOTAL LIABILITIES AND FUND EQUITY (DEFICIENCY)	<u>\$ 6,173,589</u>	<u>\$ 231,821</u>	<u>\$ 126,223</u>	<u>\$ 429,156</u>	

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

Capital assets/lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,535,110
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(22,268)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(20,985,000)
Leases liabilities	(862,073)
OPEB	(56,282,302)
Compensated absences	(241,580)
Unamortized premium	(306,881)
Installment purchase debt	(300,663)
Deferred outflow - pension	5,223,765
Deferred outflow - OPEB	2,350,404
Net pension liability	(2,025,437)
Deferred inflow - pension	(512,365)
Deferred inflow - OPEB	(6,874,758)
Net Position of Governmental Activities	<u>\$ (61,963,036)</u>

CAMBRIDGE CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Equity
Governmental Funds
For The Year Ended June 30, 2023

	General	Special	School	Capital	Total
	Fund	Aid	Lunch	Projects	Governmental
	Fund	Fund	Fund	Fund	Funds
REVENUES					
Real property taxes and tax items	\$ 9,429,833	\$ -	\$ -	\$ -	\$ 9,429,833
Charges for services	130,582	-	-	-	130,582
Use of money and property	141,278	-	741	-	142,019
Sale of property and compensation for loss	3,087	-	-	-	3,087
Miscellaneous	287,296	3	15,125	-	302,424
State sources	13,399,146	300,978	7,769	363,430	14,071,323
Federal sources	140,306	1,466,190	333,062	-	1,939,558
Sales	-	-	158,828	-	158,828
TOTAL REVENUES	\$ 23,531,528	\$ 1,767,171	\$ 515,525	\$ 363,430	\$ 26,177,654
EXPENDITURES					
General support	\$ 2,490,317	\$ 140,664	\$ -	\$ -	\$ 2,630,981
Instruction	10,355,270	1,278,192	-	-	11,633,462
Pupil transportation	1,332,965	82,240	-	-	1,415,205
Employee benefits	5,697,648	213,991	92,006	-	6,003,645
Debt service - principal	2,535,169	-	-	-	2,535,169
Debt service - interest	611,396	-	-	-	611,396
Cost of sales	-	-	479,520	-	479,520
Capital outlay	-	-	-	1,320,424	1,320,424
TOTAL EXPENDITURES	\$ 23,022,765	\$ 1,715,087	\$ 571,526	\$ 1,320,424	\$ 26,629,802
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES	\$ 508,763	\$ 52,084	\$ (56,001)	\$ (956,994)	\$ (452,148)
OTHER FINANCING SOURCES (USES)					
Transfers - in	\$ 23,290	\$ 47,916	\$ -	\$ 200,000	\$ 271,206
Transfers - out	(147,916)	(100,000)	-	(23,290)	(271,206)
Proceeds from obligations	-	-	-	395,393	395,393
BAN's redeemed from appropriations	-	-	-	72,981	72,981
TOTAL OTHER FINANCING SOURCES (USES)	\$ (124,626)	\$ (52,084)	\$ -	\$ 645,084	\$ 468,374
NET CHANGE IN FUND EQUITY	\$ 384,137	\$ -	\$ (56,001)	\$ (311,910)	\$ 16,226
FUND EQUITY, BEGINNING					
OF YEAR	4,803,455	-	162,412	358,919	5,324,786
FUND EQUITY, END OF YEAR	\$ 5,187,592	\$ -	\$ 106,411	\$ 47,009	\$ 5,341,012

CAMBRIDGE CENTRAL SCHOOL DISTRICT
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Equity of the Governmental Funds to the Statement of Activities
For The Year Ended June 30, 2023

NET CHANGE IN FUND EQUITY -
TOTAL GOVERNMENTAL FUNDS \$ 16,226

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$ 1,111,444	
Gain/loss on capital asset sale	(26,791)	
Lease Additions, Net	-	
Depreciation and Amortization	<u>(703,068)</u>	381,585

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt and Lease Repayments	\$ 2,535,169	
Proceeds from BAN Redemption	<u>(72,981)</u>	2,462,188

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,954

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (4,024,112)

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System		(257,225)
Employees' Retirement System		(238,413)

Portion of deferred (inflow) / outflow recognized in long term debt 48,593

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences		<u>142,029</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (1,467,175)**

CAMBRIDGE CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2023

	Private Purpose <u>Trust</u>	Custodial <u>Funds</u>
ASSETS		
Restricted cash	\$ 7,784	\$ 116,526
TOTAL ASSETS	\$ 7,784	\$ 116,526
LIABILITIES		
Extraclassroom activity balances	\$ -	\$ 116,526
TOTAL LIABILITIES	\$ -	\$ 116,526
NET POSITION		
Restricted for individuals, organizations and other governments	\$ 7,784	\$ -
TOTAL NET POSITION	\$ 7,784	\$ -

Statement of Changes in Fiduciary Net Position
For The Year Ended June 30, 2023

	Private Purpose <u>Trust</u>	Custodial <u>Funds</u>
ADDITIONS		
Library taxes	\$ -	\$ -
Investment earnings	12	-
TOTAL ADDITIONS	\$ 12	\$ -
DEDUCTIONS		
Scholarships	\$ 500	-
TOTAL DEDUCTIONS	\$ 500	\$ -
CHANGE IN NET POSITION	\$ (488)	\$ -
NET POSITION, BEGINNING OF YEAR	8,272	-
NET POSITION, END OF YEAR	\$ 7,784	\$ -

See accompanying notes to financial statements.

CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Cambridge Central School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit. 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.

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 in the District's business offices. The district accounts for assets held as an agent for various student organizations in a custodial fund.

B. Joint Venture

The District is a component district in Washington Saratoga Warren Hamilton Essex Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs 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.

CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

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 \$2,328,583 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$823,942. Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis Of Presentation

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 non-exchange 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 direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to 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, are presented as general revenues.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis Of Presentation

Fund financial statements

The fund 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.

I. Governmental Funds

The District reports the following major governmental funds:

1. General Fund

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

2. Special Revenue Funds

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

a) Special Aid Fund

Used to account for proceeds received from the State and Federal grants that are restricted for specific educational programs.

b) School Lunch

Used to account for child nutrition activities whose funds are restricted as to use.

3. Capital Projects Funds

These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. separately or in the aggregate.

II. Fiduciary Funds

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

Private purpose trust funds

These funds are used to account for trust arrangements in which principal and income benefits annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

II. Fiduciary Funds

Custodial funds

These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extra-classroom activity funds and for payroll or employee withholding.

D. Basis of Accounting/Measurement Focus

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 and 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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The 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 90 days after the end of the fiscal year except for real property taxes, which are considered to be available if collected within sixty days of the fiscal year end.

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

E. Refundable Advances

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenue is recognized.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Property taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, 2022 and become a lien on August 11, 2022. Taxes are collected during the period September 1, to October 31.

II. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties of Washington and Rensselaer, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

G. Restricted resources

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

H. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the line-item level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which 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 located 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 which exists which was not determined at the time the budget was adopted. There were no supplemental appropriations for June 30, 2023.
- e. 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.
- f. Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

II. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

III. Budget Basis of Accounting

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

I. Cash and Investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investments 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 deposits not covered by the FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

J. Accounts Receivable

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

K. Inventories and prepaid items

Inventories of food and supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of 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 purchase and an expense/expenditure is reported in the year the goods or services are consumed. A portion of the fund equity in the amount of these non-liquid assets have been identified as not available for other subsequent expenditures.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Interfund transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provided 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 5 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

M. Equity Classifications

District-wide statements:

In the district-wide statements there are three classes of net positions:

Net Investment in capital assets: consists of net capital assets (cost less accumulated depreciation) plus deferred loss on bond issuance and unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets and unamortized bond premium.

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

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

Fund Statements:

In the fund basis statements there are five classifications of fund equity:

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund equity includes the following:

Inventory in School Lunch	\$ 19,298
Total Nonspendable Fund Balance	\$ 19,298

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, granters, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The District has established the following restricted fund equities:

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the 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.

Reserve for Debt Service

Used to account for unspent proceeds of debt restricted for debt service.

Tax Certiorari Reserve

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

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Retirement Contribution Reserve

According to General Municipal Law §6-r, this reserve 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 reserve 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. A Board may adopt a resolution establishing sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payments into the sub-fund 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.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Restricted fund equity includes the following:

	<u>Total</u>
<u>General Fund -</u>	
Retirement Contribution - ERS	\$ 415,394
Retirement Contribution - TRS	425,308
Tax Certiorari	91,393
Debt	740,851
Capital Reserves	1,379,184
Employee Benefit Accrued Liability	231,059
<u>Capital Fund -</u>	
Encumbrances	47,009
Total Restricted Fund Balance	<u><u>\$ 3,330,198</u></u>

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 District has no committed fund balances as of June 30, 2023.

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 equity represents the residual amount of fund equity. Assigned fund equity also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted as the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund.

Appropriated fund balance includes the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 113,038
General Fund - Appropriated for Taxes	799,119
School Lunch Fund - Year End Equity	87,113
Total Assigned Fund Balance	<u><u>\$ 999,270</u></u>

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Encumbrances

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

Purpose of Encumbrances:

General Fund -

General Support	\$ 98,285
Instruction	14,199
Pupil Transportation	555
Total General Fund Significant Encumbrances	\$ 113,039

Capital Projects Fund -

Capital Improvements	\$ 47,009
Total Capital Fund Significant Encumbrances	\$ 47,009

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

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable 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, and the District did not exceed this limit at June 30, 2023.

Net Position/Fund Equity

Net position Flow Assumption: Sometimes the District will fund outlays for particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Equity Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund equity in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Net Position/Fund Equity

The Board has adopted a financial policy to maintain a minimum level of unrestricted fund equity (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at the maximum allowed by law. This amount is intended to provide financial stability when economic downturns and other unexpected events occur. If fund equity falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for action to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

Order of Use of Fund Equity

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

N. Postemployment Benefits

In addition to providing the retirement benefits described in Note 10, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these 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 postemployment benefits is shared between the District and the retired employee. See Note 11.

O. Capital Assets and Lease Assets

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to July 01, 2004. For assets acquired prior to July 01, 2004, estimated historical costs, based on appraisals performed by third parties were used. Donated assets are reported at estimated fair market value at the time received. 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:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	SL	40 Years
Building Improvements	\$ 5,000	SL	40 Years
Site Improvements	\$ 5,000	SL	40 Years
Machinery and Equipment	\$ 5,000	SL	5-10 Years

CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O. Capital Assets and Lease Assets

Lease Assets

The District-wide financial statements, lease assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 3 and 5 years based on the contract terms and/or estimated replacement of the assets.

P. 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. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District, if applicable, has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second 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 proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to pensions and OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and changes of assumptions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District, if applicable, has two 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 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 related to the pensions and OPEB report in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Q. Short-term Debt

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

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Short-term Debt

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 an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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

R. Payables, 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 and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

S. Explanation Of Certain Differences Between Governmental Fund Statements And District-Wide Statements

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

a. Total fund equity of governmental funds vs. net assets of governmental activities

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

b. Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

S. *Explanation Of Certain Differences Between Governmental Fund Statements And District-Wide Statements*

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.

Capital related differences:

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

Long-term debt transaction differences:

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

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

OPEB difference:

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.

T. *Estimates*

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

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. Vested Employee Benefits

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave is based on a last-in, first-out (LIFO) basis. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees 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 governmental funds 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.

V. New Accounting Standards

The District has adopted and implemented the following (all) current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2023:

GASB has issued Statement No. 91, *Conduct Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 94, *Public-Private and Public- Private Partnerships, and availability Payment Arrangements* effective for the year ended June 30, 2023.

GASB has issued Statement 99, *Omnibus 2022*, effective for the year ending June 30, 2023.

W. Future Changes in Accounting Standards

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections*, effective for the year ending June 30, 2024.

GASB has issued Statement 101, *Compensated Absences*, effective for the year ending June 30, 2025.

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.

CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

2. CASH – CUSTODIAL, CREDIT, CONCENTRATION OF CREDIT AND INTEREST RATE RISKS

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agents in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2023, all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. CASH – CUSTODIAL, CREDIT, CONCENTRATION OF CREDIT AND INTEREST RATE RISKS

Restricted Cash and Investments

Restricted cash and investments 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 at June 30, 2023 consists of the following:

	<u>Total</u>
<u>General Fund -</u>	
Retirement Contribution - ERS	\$ 415,394
Retirement Contribution - TRS	425,308
Tax Certiorari	91,393
Debt	740,851
Capital Reserves	1,379,184
Employee Benefit Accrued Liability	231,059
<u>Capital Projects Fund -</u>	
Voter approved projects	65,728
<u>Private Purchase Trust</u>	
Scholarships	7,784
<u>Custodial Funds</u>	
Extraclassroom Activity Fund	116,526
Total Restricted Cash and Investments	<u><u>\$3,473,227</u></u>

3. INVESTMENTS/INVESTMENT POOLS

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. INVESTMENTS/INVESTMENT POOLS

Investments

Level 2: Inputs to the valuation methodology include (continued):

- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the District's investments are valued based on Level 2 of the hierarchy. The District participates in CLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants.

At June 30, 2023, the District held \$2,682,062 in investments consisting of various investments in securities issued by the United States and its agencies. The following valuation inputs are included as investments:

Total investments of the cooperative as of year-end are \$8,484,879,933, which consisted of \$2,536,129,715 in repurchase agreements, \$860,366,521, in collateralized bank deposits \$202,788,559 in FDIC Insured Bank Deposits and \$4,885,592,138 in U.S. Government Treasury Securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instructions could result in a different fair value measurement at the reporting date.

<u>Investment in Securities at Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
General Fund	\$ -	\$ 2,660,945	\$ -	\$ 2,660,945
School Lunch Fund	-	21,117	-	21,117
Total	<u>\$ -</u>	<u>\$ 2,682,062</u>	<u>\$ -</u>	<u>\$ 2,682,062</u>

The above amount represents the fair value of the investment pool shares the District invested in. For the years ended June 30, 2023, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level3) which were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. Ther portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. INVESTMENTS/INVESTMENT POOLS

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonable possibly that changes could materially affect the amounts reported in the Statement of Net Position.

4. RECEIVABLES

Receivables balances for the year ended June 30, 2023 are as follows:

<u>Description</u>	<u>Governmental Activities</u>				<u>Total</u>
	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>School</u>	
	<u>Fund</u>	<u>Aid</u>	<u>Projects</u>	<u>Lunch</u>	
Accounts Receivable	\$ 894	\$ -	\$ -	\$ -	\$ 894
Due From State and Federal	553,703	199,982	363,428	21,871	1,138,984
Due From Other Governments	446,385	-	-	-	446,385
Total Receivables	<u>\$ 1,000,982</u>	<u>\$ 199,982</u>	<u>\$ 363,428</u>	<u>\$ 21,871</u>	<u>\$ 1,586,263</u>

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund receivable and payable balances at June 30, 2023 are as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 500,398	\$ -	\$ 23,290	\$ 147,916
Special Aid Fund	-	106,079	47,916	100,000
School Lunch Fund	-	12,172	-	-
Capital Projects Fund	-	382,147	200,000	23,290
Total	<u>\$ 500,398</u>	<u>\$ 500,398</u>	<u>\$ 271,206</u>	<u>\$ 271,206</u>

During 2022-23 the General Fund transferred \$47,916 to the Special Aid Fund for the District's share of the special education summer school program its students attendee and \$100,000 to the Capital Projects Fund for specific projects. The Special Aid fund transferred \$100,000 to the Capital Projects Fund to apply against a portion of the HVAC project that was eligible for reimbursement by grant funding.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

6. CAPITAL ASSETS

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

<u>Type</u>	(Restated) Balance <u>7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2023</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 42,786	\$ -	\$ -	\$ 42,786
Work in progress	-	52,882	-	52,882
<i>Total Nondepreciable</i>	\$ 42,786	\$ 52,882	\$ -	\$ 95,668
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 18,477,902	\$ 516,889	\$ -	\$ 18,994,791
Machinery and equipment	3,716,815	541,673	56,222	4,202,266
<i>Total Depreciated Assets</i>	\$ 22,194,717	\$ 1,058,562	\$ 56,222	\$ 23,197,057
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 6,764,377	\$ 219,344	\$ -	\$ 6,983,721
Machinery and equipment	3,391,168	176,786	29,431	3,538,523
<i>Total Accumulated Depreciation</i>	\$ 10,155,545	\$ 396,130	\$ 29,431	\$ 10,522,244
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	\$ 12,039,172	\$ 662,432	\$ 26,791	\$ 12,674,813
Total Capital Assets	\$ 12,081,958	\$ 715,314	\$ 26,791	\$ 12,770,481

7. SHORT-TERM DEBT

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

Interest Paid	\$ 560
Less: Interest Accrued in the Prior Year	-
Plus: Interest Accrued in the Current Year	-
Total Short-Term Interest Expense	\$ 560

The only short-term debt of a BAN matured at July 31, 2022 of \$72,981 was paid off during the year. No new short-term debt was issued during June 30, 2023.

8. LONG-TERM DEBT OBLIGATIONS

Long-Term Debt

Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cos of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provisions to be made in future budgets for capital indebtedness represents the

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

8. LONG-TERM DEBT OBLIGATIONS

Long-Term Debt

amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

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

Interest Paid	\$ 610,836
Less: Amortization of Premium	(48,593)
Less: Interest Accrued in the Prior Year	(24,222)
Plus: Interest Accrued in the Current Year	22,268
Total Long-Term Interest Expense	<u><u>\$ 560,289</u></u>

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

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

	Restated Balance <u>7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2023</u>	Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 23,050,000	\$ -	\$ 2,065,000	\$ 20,985,000	\$ 2,257,620
Premium	355,474	-	48,593	306,881	44,963
Lease Liability	720,988	395,393	254,308	862,073	262,553
Energy Performance Contracts	443,543	-	142,880	300,663	147,620
Total Bonds and Notes Payable	<u>\$ 24,570,005</u>	<u>\$ 395,393</u>	<u>\$ 2,510,781</u>	<u>\$ 22,454,617</u>	<u>\$ 2,712,756</u>
<u>Other Liabilities -</u>					
Net Pension Liability	\$ -	\$ 2,025,437	\$ -	\$ 2,025,437	\$ -
OPEB	70,582,802	-	14,300,500	56,282,302	-
Compensated Absences	383,609	-	142,029	241,580	-
Total Other Liabilities	<u>\$ 70,966,411</u>	<u>\$ 2,025,437</u>	<u>\$ 14,442,529</u>	<u>\$ 58,549,319</u>	<u>\$ -</u>
Total Long-Term Obligations	<u><u>\$ 95,536,416</u></u>	<u><u>\$ 2,420,830</u></u>	<u><u>\$ 16,953,310</u></u>	<u><u>\$ 81,003,936</u></u>	<u><u>\$ 2,712,756</u></u>

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

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

8. LONG-TERM DEBT OBLIGATIONS

The following is a summary of long-term indebtedness:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2023</u>
2012 Bond	\$ 1,933,058	2012	2026	2.25%	\$ 450,000
2014 Bond	7,542,000	2014	2028	3.00%	2,950,000
2017 Bond	3,640,000	2017	2037	2.00%	2,785,000
2018 Bond	9,215,785	2018	2033	2.96%	6,485,000
2021 Bond	9,868,582	2021	2039	1.00%	8,315,000
Total Serial Bonds					<u><u>\$ 20,985,000</u></u>
Energy Performance Contract	\$ 1,432,707	2013	2025	3.29%	<u><u>\$ 300,663</u></u>

The following is a summary of maturing debt service requirements for serial bonds and the energy performance contract:

<u>Year</u>	Serial Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>
2024	\$ 2,257,620	\$ 529,939	\$ 44,963
2025	2,308,043	480,618	41,298
2026	2,125,000	429,563	37,810
2027	2,020,000	380,031	34,252
2028	2,075,000	329,088	30,636
2029-33	7,665,000	950,306	99,223
2034-37	2,835,000	148,025	18,699
Total	<u><u>\$ 21,285,663</u></u>	<u><u>\$ 3,247,570</u></u>	<u><u>\$ 306,881</u></u>

Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the district. At June 30, 2023, the District has exhausted 41.43% of its constitutional debt limit.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

9. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The deferred outflows and inflows reported on the statement of net position consist of the following:

	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>
Pension	\$ 5,223,765	\$ 512,365
OPEB	2,350,404	6,874,758
Total	\$ 7,574,169	\$ 7,387,123

10. PENSION PLANS

General Information:

The District participates in the New York State Employees' Retirement System (ERS) and New York State Teachers' Retirements System (TRS). 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.

Provisions and administration:

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. This is a cost-sharing, multiple-employer retirement system. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report and additional information may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 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.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

10. PENSION PLANS

Provisions and administration:

ERS provides retirement benefits as well as death and disability benefits. This is a cost-sharing multiple-employer retirement system. 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. 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. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Funding policies

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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

The District's share of the required contributions for the current year and two preceding years based on covered payroll paid for the District was:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ 238,196	\$ 724,712
2022	\$ 243,852	\$ 724,712
2021	\$ 279,567	\$ 631,444

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

10. PENSION PLANS

Pension Liabilities, Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension assets/(liability)	\$ (1,224,420)	\$ (801,017)
District's portion of the Plan's total net pension asset/(liability)	0.006%	0.042%

Pension Expense (Credit)

For the year ended June 30, 2023, the District's recognized its proportionate share of pension expense of \$428,001 for ERS and \$1,016,306 for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2023 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 130,410	\$ 839,365	\$ 34,386	\$ 16,051
Changes of assumptions	594,657	1,553,838	6,572	322,673
Net difference between projected and actual earnings on pension plan investments	-	1,034,991	7,193	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	138,383	66,174	25,388	100,102
Subtotal	<u>\$ 863,450</u>	<u>\$ 3,494,368</u>	<u>\$ 73,539</u>	<u>\$ 438,826</u>
District's contributions subsequent to the measurement date	70,522	795,425	-	-
Grand Total	<u>\$ 933,972</u>	<u>\$ 4,289,793</u>	<u>\$ 73,539</u>	<u>\$ 438,826</u>

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

10. PENSION PLANS

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, 2023 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:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ -	\$ 590,042
2024	203,912	306,988
2025	(33,803)	(133,735)
2023	271,734	2,033,819
2027	348,068	255,504
Thereafter	-	2,924
Total	\$ 789,911	\$ 3,055,542

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	5.90%	6.95%
Salary scale	4.40%	5.18%-1.95%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-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 the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized as follows:

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

10. PENSION PLANS

Actuarial Assumptions

	Long Term Expected Rate of Return	
	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
<u>Asset Type -</u>		
Domestic equity	4.30%	6.50%
International equity	6.85%	7.20%
Global equity	0.00%	6.90%
Private equity	7.50%	9.90%
Real estate	4.60%	6.20%
Opportunistic/ARS portfolios	5.38%	0.00%
Real assets	5.84%	0.00%
Cash	0.00%	-0.30%
Fixed Income	1.50%	0.00%
Private debt	0.00%	5.30%
Real estate debt	0.00%	2.40%
High-yield fixed income securities	0.00%	3.30%
Domestic fixed income securities	0.00%	1.10%
Global fixed income securities	0.00%	0.60%
Credit	5.43%	0.00%

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 liability.

Sensitivity Of The Proportionate Share Of The Net Pension Liability To The Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2023 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-percentagepoint lower (4.9% for ERS and 5.95% for TRS) or 1-percentagepoint higher (6.9% for ERS and 7.95% for TRS) than the current rate:

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

10. PENSION PLANS

Sensitivity Of The Proportionate Share Of The Net Pension Liability To The Discount Rate Assumption

<u>ERS</u>	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (2,958,898)	\$ (1,224,420)	\$ 224,938

<u>TRS</u>	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ (7,385,757)	\$ (801,017)	\$ 4,736,705

Changes in Assumptions

Changes in assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits for the period during which the changes occurred. Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows or resources and deferred inflows of resources for the current period. The Collection pension expense for the year ended June 30, 2023 is \$482,348 for ERS and \$1,004,878 for TRS.

Payables To The Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$70,522.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$872,753.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

10. PENSION PLANS

Other Benefits

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

11. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE

A. General Information about the OPEB Plan

Plan Description - The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. 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 Statement 75.

Funding Policy - The obligations of the Plan members and the employers are established by action of the District pursuant to applicable collective bargaining and other employee agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach eligibility for retirement under ERS/TRS age 55 and have 5 years of service to qualify for other postemployment benefits. 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	47
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	164
Total	211

B. Total OPEB Liability

The District's total OPEB liability of \$56,282,302 was measured as of July 1, 2022 and was determined by an actuarial valuation as of that date.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

11. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE

B. Total OPEB Liability

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

Inflation	2.60 percent
Salary Increases	3.00 percent, average, including inflation
Discount Rate	3.54 percent
Healthcare Cost Trend Rates	Initial rate of 7.00% decreasing to an ultimate rate of 5.00% over 55 years
Retirees' Share of Benefit-Related Costs	Varies depending on contract

The discount rate was based on Bond Buyer GO-20 municipal bond index.

Mortality rates were based on RP-2014 mortality table, as appropriate, with adjustments for mortality improvements based on Scale MP-2022

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit. Marriage assumption, it was assumed that active employees will maintain their current marital status. Each eligible employee will retire with the maximum number of sick days allowed and use them as contributions to their retiree premium.

For current retirees, actual consensus information was used. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 70,582,802</u>
<u>Changes for the Year -</u>	
Service cost	\$ 2,465,586
Interest	1,533,070
Changes of benefit terms	-
Differences between expected and actual experience	(4,398,203)
Changes in assumptions or other inputs	(12,220,725)
Benefit payments	<u>(1,680,228)</u>
Net Changes	<u>\$ (14,300,500)</u>
Balance at June 30, 2023	<u><u>\$ 56,282,302</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2022 to 3.54% in 2023. Changes in experience are primarily a result of the number of contracts decreasing from 329 to 289.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

11. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE

C. Changes in the Total OPEB Liability

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 (2.54%) or 1 percentage point higher (3.54%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>(2.54%)</u>	<u>(3.54%)</u>	<u>(4.54%)</u>
Total OPEB Liability	\$ 64,724,194	\$ 56,282,302	\$ 48,838,760

Sensitivity of the Total OPEB Liability to Change 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 (6%) or 1 percentage point higher (8%) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	<u>(6.00%</u>	<u>(7.00%</u>	<u>(8.00%</u>
	<u>Decreasing</u>	<u>Decreasing</u>	<u>Decreasing</u>
	<u>to 4.00%)</u>	<u>to 5.00%)</u>	<u>to 6.00%)</u>
Total OPEB Liability	\$ 48,890,708	\$ 56,282,302	\$ 64,497,457

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$6,001,063. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 373,453	\$ -
Changes of assumptions	-	6,874,758
Contributions after measurement date	1,976,951	-
Total	<u>\$ 2,350,404</u>	<u>\$ 6,874,758</u>

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

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

11. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE

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

Fiscal Year Ending June 30,

<u>Year</u>	
2024	\$ 2,044,772
2025	1,730,605
2026	(1,967,217)
2027	(2,077,366)
2028	(2,077,366)
Thereafter	(4,154,733)
Total	<u>\$ (6,501,305)</u>

12. RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, injuries to employees, 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

The District participates in the Southern Adirondack Public Schools Workers' Compensation administered by the Board of Directors which is composed of the chief executive officer or other designated officer of the districts participating in Washington-Saratoga-Warren-Hamilton-Essex BOCES, a risk-sharing pool, to insure Workers' Compensation claims. Workers' Compensation benefits are provided by the plan and administered under contract with the plan's consultant. 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. Total contributions to the plan for June 30, 2023 were \$107,757.

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 audits, the district's administration believes disallowances, if any, will be immaterial.

There is currently a pending claim against the District with the Equal Employment Opportunity Commission (EEOC). The District's council is defending this matter and submitted a response. The District's council believe an unfavorable outcome to this matter is low. A contingent liability cannot be determined at this time.

There is currently a pending claim against the District related to real property taxes from a non-profit organization for 2017-2021. The District's council is set to argue the motion tentatively November 14, 2023, if successful the matter will be dismissed. The District council is in the processing of assessing the likelihood of success and potential impact on the District, as such a contingent liability cannot be determined at this time.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

14. LEASE ASSETS AND OBLIGATIONS

The District leases buses and copiers under the terms of various non-cancelable leases. Minimum annual rentals for each of the remaining years of the lease are as follows:

<u>Type</u>	(Restated)			Balance 6/30/2023
	Balance 7/1/2022	Additions	Deletions	
<u>Lease Assets:</u>				
Equipment	\$ 904,033	\$ 395,393	\$ -	\$ 1,299,426
Total Lease Assets	\$ 904,033	\$ 395,393	\$ -	\$ 1,299,426
<u>Less Accumulated Amortization -</u>				
Equipment	\$ 227,859	\$ 306,938	\$ -	\$ 534,797
Total Accumulated Amortization	\$ 227,859	\$ 306,938	\$ -	\$ 534,797
Total Lease Assets, Net	\$ 676,174	\$ 88,455	\$ -	\$ 764,629

Lease agreements are summarized as follows:

	<u>Date</u>	<u>Payment Terms</u>	<u>Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2023</u>
Machinery and equipment	9/1/2019	5 years	\$ 89,769	4.00%	\$ 399,634	\$ 86,316
Machinery and equipment	8/10/2020	5years	49,734	2.58%	326,469	190,448
Machinery and equipment	8/10/2021	5 years	56,964	2.137%	359,771	252,314
Machinery and equipment	1/19/2023	5 years	87,721	3.56%	395,393	321,747
Machinery and equipment	6/3/2022	4 years	18,410	2.825%	33,889	<u>11,248</u>
Total Lease Agreements						<u>\$ 862,073</u>

The buses and copier were leased for the District with the terms noted above. These leases are not renewable and the District will not acquire the buses or the equipment at the end of the five years.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

14. LEASE ASSETS AND OBLIGATIONS

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

Year Ending		Principal		Interest
June 30,				
2024	\$	262,553	\$	25,524
2025		280,963		19,346
2026		233,852		10,931
2027		84,705		3,016
2028		<u>-</u>		<u>-</u>
		<u>\$ 862,073</u>		<u>\$ 58,817</u>

15. TAX ABATEMENTS

The Counties of Warren and Washington IDA enter into various property tax abatement programs for the purpose of economic development. The District property tax revenue was reduced by \$1,205. The District received payment in Lieu of Tax (PILOT) payment totaling \$12,699.

16. PRIOR PERIOD ADJUSTMENT-CORRECTION OF AN ERROR

During the year ended June 30, 2023, the District discovered an error in the reporting of leases, bond premiums, accrued interest and net pension asset of ERS. It was determined the District had leases for buses and a copier which should have been reported as lease assets and lease liabilities under the GASB 87, *Leases*. It was also determined the District had bond refunding's in a prior year resulting in premiums that should have been reported as a liability and amortized over the life of the bond to which they relate. The District also should have accrued interest and recorded the ERS net pension asset. The District also identified an error in the deferred outflows of resources for OPEB. The District has adjusted net position on the statement of activities as of the beginning of the year as follows:

	<u>Government Wide</u>
	<u>Statements</u>
Net/position/fund equity	
beginning of year as originally reported	\$ (59,762,343)
Adjustment for lease assets, net	488,377
Adjustment for lease liabilities	(720,988)
Adjustment for bond premium, net	(355,474)
Adjustment for accrued interest	(24,222)
Adjustment for deferred outflows - OPEB	(550,117)
Adjustment for net pension asset	428,906
	<u>\$ (60,495,861)</u>

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

17. SUSEQUENT EVENTS

The District has evaluated subsequent events through November 9, 2023, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2023 have been incorporated into these statements herein.

Required Supplementary Information
CAMBRIDGE CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For The Year Ended June 30, 2023

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 9,419,500	\$ 9,419,500	\$ 8,606,430	\$ (813,070)
Real property tax items	36,763	36,763	823,403	786,640
Charges for services	116,000	116,000	130,582	14,582
Use of money and property	36,100	36,100	141,278	105,178
Sale of property and compensation for loss	110,700	110,700	3,087	(107,613)
Miscellaneous	190,000	190,000	287,296	97,296
State Sources -				
Basic formula	10,484,198	10,484,198	10,701,773	217,575
Lottery aid	1,791,967	1,791,967	1,733,789	(58,178)
BOCES	769,604	769,604	823,942	54,338
Textbooks	60,280	60,280	48,057	(12,223)
All Other Aid -				
Computer software	13,456	13,456	25,890	12,434
Library loan	5,175	5,175	5,175	-
Other aid	-	-	60,520	60,520
Federal Sources	<u>90,000</u>	<u>90,000</u>	<u>140,306</u>	<u>50,306</u>
TOTAL REVENUES	<u>\$ 23,123,743</u>	<u>\$ 23,123,743</u>	<u>\$ 23,531,528</u>	<u>\$ 407,785</u>
Other Sources -				
Transfer - in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,290</u>	<u>\$ 23,290</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 23,123,743</u>	<u>\$ 23,123,743</u>	<u>\$ 23,554,818</u>	<u>\$ 431,075</u>
Appropriated reserves	<u>\$ -</u>	<u>\$ -</u>		
Appropriated fund balance	<u>\$ 800,000</u>	<u>\$ 800,000</u>		
Prior year encumbrances	<u>\$ 119,436</u>	<u>\$ 119,436</u>		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u>\$ 24,043,179</u>	<u>\$ 24,043,179</u>		

Required Supplementary Information
CAMBRIDGE CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For The Year Ended June 30, 2023

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balances</u>
EXPENDITURES					
General Support -					
Board of education	\$ 40,667	\$ 63,575	\$ 60,106	\$ -	\$ 3,469
Central administration	227,601	225,151	224,555	-	596
Finance	307,344	348,831	348,331	-	500
Staff	112,348	173,769	173,669	-	100
Central services	1,396,363	1,569,330	1,467,086	98,285	3,959
Special items	216,959	217,778	216,570	-	1,208
Instructional -					
Instruction, administration and improvement	730,959	869,913	859,395	1,710	8,808
Teaching - regular school	5,093,739	4,996,675	4,893,586	541	102,548
Programs for children with handicapping conditions	2,612,741	2,699,738	2,649,387	-	50,351
Occupational education	538,060	472,949	440,103	-	32,846
Teaching - special schools	87,500	19,697	18,920	-	777
Instructional media	595,594	612,985	555,082	8,100	49,803
Pupil services	1,075,700	1,045,454	938,797	3,848	102,809
Pupil Transportation	1,664,106	1,407,922	1,332,965	555	74,402
Employee Benefits	6,303,011	6,016,847	5,697,648	-	319,199
Debt service - principal	2,280,861	2,535,169	2,535,169	-	-
Debt service - interest	577,626	611,396	611,396	-	-
TOTAL EXPENDITURES	<u>\$ 23,861,179</u>	<u>\$ 23,887,179</u>	<u>\$ 23,022,765</u>	<u>\$ 113,039</u>	<u>\$ 751,375</u>
Other Uses -					
Transfers - out	\$ 182,000	\$ 156,000	\$ 147,916	\$ -	\$ 8,084
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 24,043,179</u>	<u>\$ 24,043,179</u>	<u>\$ 23,170,681</u>	<u>\$ 113,039</u>	<u>\$ 759,459</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 384,137		
FUND BALANCE, BEGINNING OF YEAR	<u>4,803,455</u>	<u>4,803,455</u>	<u>4,803,455</u>		
FUND BALANCE, END OF YEAR	<u>\$ 4,803,455</u>	<u>\$ 4,803,455</u>	<u>\$ 5,187,592</u>		

Required Supplementary Information
CAMBRIDGE CENTRAL SCHOOL DISTRICT
Schedule of Changes in Total OPEB Liability
For The Year Ended June 30, 2023

	TOTAL OPEB LIABILITY					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 2,465,586	\$ 2,348,177	\$ 1,745,898	\$ 1,662,760	\$ 2,159,075	\$ 2,159,075
Interest	1,533,070	1,506,493	1,666,242	1,695,588	1,551,372	1,324,770
Changes in benefit terms	-	550,743	-	-	(1,136,803)	-
Differences between expected and actual experiences	(4,398,203)	-	10,554,701	-	(119,230)	-
Changes of assumptions or other inputs	(12,220,725)	-	7,934,411	1,570,834	(92,594)	(4,459,096)
Benefit payments	(1,680,228)	(1,631,310)	(1,381,804)	(1,243,331)	(1,376,114)	(1,207,118)
Net Change in Total OPEB Liability	\$ (14,300,500)	\$ 2,774,103	\$ 20,519,448	\$ 3,685,851	\$ 985,706	\$ (2,182,369)
Total OPEB Liability - Beginning	\$ 70,582,802	\$ 67,808,699	\$ 47,289,251	\$ 43,603,400	\$ 42,617,694	\$ 44,800,063
Total OPEB Liability - Ending	\$ 56,282,302	\$ 70,582,802	\$ 67,808,699	\$ 47,289,251	\$ 43,603,400	\$ 42,617,694
Covered Employee Payroll	\$ 10,257,666	\$ 9,302,424	\$ 6,921,111	\$ 9,762,279	\$ 9,669,617	\$ 9,224,782
Total OPEB Liability as a Percentage of Covered Employee Payroll	548.69%	758.76%	979.74%	484.41%	450.93%	461.99%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
CAMBRIDGE CENTRAL SCHOOL DISTRICT
Schedules of the Proportionate Share of the Net Pension (Liability) Asset
For The Year Ended June 30, 2023

NYSERS Pension Plan						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net pension (liability) assets	0.0057%	0.0052%	0.0056%	0.0057%	0.0056%	0.0057%
Proportionate share of the net pension (liability) assets	\$ (1,224,420)	\$ 428,906	\$ 5,552	\$ 1,515,215	\$ 399,000	\$ 183,730
Covered-employee payroll	\$ 2,252,705	\$ 1,907,404	\$ 1,925,805	\$ 2,095,148	\$ 2,140,883	\$ 1,934,725
Proportionate share of the net pension (liability) assets as a percentage of its covered-employee payroll	-54.353%	22.486%	0.288%	72.320%	18.637%	9.496%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	103.65%	99.95%	86.39%	96.27%	98.24%

NYSTRS Pension Plan						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net pension (liability) assets	0.0417%	0.0401%	0.0424%	0.0424%	0.0423%	0.0425%
Proportionate share of the net pension (liability) assets	\$ (801,017)	\$ 6,947,552	\$ 1,171,260	\$ 1,101,953	\$ 764,792	\$ 323,091
Covered-employee payroll	\$ 8,004,961	\$ 7,395,021	\$ 6,921,111	\$ 7,199,614	\$ 6,987,996	\$ 7,032,856
Proportionate share of the net pension (liability) assets as a percentage of its covered-employee payroll	-10.007%	93.949%	16.923%	15.306%	10.944%	4.594%
Plan fiduciary net position as a percentage of the total pension liability	113.20%	113.20%	97.80%	102.20%	101.53%	100.66%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present. Note data was not available for a complete presentation until 6/30/2018.

Required Supplementary Information
CAMBRIDGE CENTRAL SCHOOL DISTRICT
Schedules of District Contributions
For The Year Ended June 30, 2023

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 238,196	\$ 243,852	\$ 279,567	\$ 260,863	\$ 306,730	\$ 257,185
Contributions in relation to the contractually required contribution	<u>(238,196)</u>	<u>(243,852)</u>	<u>(279,567)</u>	<u>(260,863)</u>	<u>(306,730)</u>	<u>(257,185)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,252,705	\$ 1,907,404	\$ 1,925,805	\$ 2,095,148	\$ 2,140,883	\$ 1,934,725
Contributions as a percentage of covered-employee payroll	10.57%	12.78%	14.52%	12.45%	14.33%	13.29%

NYSTRS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 724,712	\$ 724,712	\$ 631,444	\$ 607,270	\$ 675,148	\$ 789,444
Contributions in relation to the contractually required contribution	<u>(724,712)</u>	<u>(724,712)</u>	<u>(631,444)</u>	<u>(607,270)</u>	<u>(675,148)</u>	<u>(789,444)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 8,004,961	\$ 7,395,021	\$ 6,921,111	\$ 7,199,614	\$ 6,987,996	\$ 7,032,856
Contributions as a percentage of covered-employee payroll	9.05%	9.80%	9.12%	8.43%	9.66%	11.23%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present. Note data was not available for a complete presentation until 6/30/2018.

Supplementary Information
CAMBRIDGE CENTRAL SCHOOL DISTRICT
Schedule of Change From Adopted Budget To Final Budget
And The Schedule of Real Property Tax Limit
For The Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget		\$ 23,923,743
Prior year's encumbrances		119,436
Original Budget		\$ 24,043,179
Budget revisions -		
None		-
FINAL BUDGET		<u><u>\$ 24,043,179</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2023-24 voter approved expenditure budget		\$ 24,806,120
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$ 912,157	
Unassigned fund balance	992,246	
Total Unrestricted fund balance	\$ 1,904,403	
<u>Less adjustments:</u>		
Appropriated fund balance	\$ 799,119	
Encumbrances included in assigned fund balance	113,038	
Total adjustments	\$ 912,157	
General fund fund balance subject to Section 1318 of		
Real Property Tax Law		992,246
ACTUAL PERCENTAGE		<u><u>4.00%</u></u>

Supplementary Information
CAMBRIDGE CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures - Capital Projects Fund
For The Year Ended June 30, 2023

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>			<u>Fund Balance</u>	
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Obligations</u>	<u>Local Sources</u>	<u>State Sources</u>		<u>Total</u>
Project 20 # 002-027	\$ 9,400,000	\$ 10,034,674	\$ 9,526,064	\$ 508,610	\$ 10,034,674	\$ -	\$ 9,934,674	\$ 100,000	\$ -	\$ 10,034,674	\$ -
Project 23 # 002-033	100,000	100,000	-	52,991	52,991	47,009	-	100,000	-	100,000	47,009
Emergency Transportation # 501	105,000	105,000	81,710	23,290	105,000	-	-	105,000	-	105,000	-
Smart School Bond Act	914,980	914,980	-	363,430	363,430	551,550	-	-	363,430	363,430	-
Buses	-	-	72,981	-	72,981	(72,981)	72,981	-	-	72,981	-
Lease Expense	-	-	-	395,393	395,393	(395,393)	395,393	-	-	395,393	-
TOTAL	\$ 10,519,980	\$ 11,154,654	\$ 9,680,755	\$ 1,343,714	\$ 11,024,469	\$ 130,185	\$ 10,403,048	\$ 305,000	\$ 363,430	\$ 11,071,478	\$ 47,009

Supplementary Information
CAMBRIDGE CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
For The Year Ended June 30, 2023

Capital assets, net		\$ 13,535,110
 Add:		
Cash on hand	\$ 65,728	65,728
 Deduct:		
Bond payable	\$ 20,985,000	
Installment purchase debt	300,663	
Unamortized bond premium	306,881	21,592,544
 Net Investment in Capital Assets		 \$ (7,991,706)



BUSINESS
ADVISORS
AND CPAS

**INDEPENDENT AUDITORS REPORT ON THE 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***

The President and Members of the Board of Education of
Cambridge Central School District

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 government activities and each major fund of Cambridge 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 and have issued our report thereon dated November 9, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the schedule of findings and questioned costs as items 2023-001, 2023-002 and 2023-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-006.

Districts Responses to Findings

Government Auditing Standards require the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Mengel, Metzger, Barw & Co. LLP

November 9, 2023



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

The President and Members of the Board of Education of
Cambridge Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Cambridge 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 Cambridge Central School District complied, in all material respects, with the types of 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our 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 for the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but it 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Our audit was not designed for the purposes 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.

Mengel, Metzger, Barw & Co. LLP

Latham, NY

November 9, 2023

Supplementary Information
CAMBRIDGE CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Federal Assistance Listing Number</u>	<u>Grantor Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Expenditures</u>
U.S. Department of Education:				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027A	0032-23-1026	\$ -	\$ 235,359
Special Education - Grants to States (IDEA, Part B) - COVID 19	84.027X	5532-22-1026	-	3,301
Special Education - Preschool Grants (IDEA Preschool)	84.173A	0033-23-1026	-	11,626
Special Education - Preschool Grants (IDEA Preschool) - COVID	84.137X	5533-22-1026	-	3,225
Total Special Education Cluster IDEA			\$ -	\$ 253,511
<u>Education Stabilization Fund -</u>				
CRRSA - ESSER 2 - COVID 19	84.425D	5891-21-3535	\$ -	298,894
CRRSA - GEER 2 - COVID 19	84.425C	5896-21-3535	-	37,298
ARP - ESSER 3 - COVID 19	84.425U	5880-21-3535	-	463,492
ARP - SLR Summer Enrichment - COVID 19	84.425U	5882-21-3535	-	842
ARP - SLR Comprehensive After School - COVID 19	84.425U	5883-21-3535	-	5,129
ARP - SLR Learning Loss - COVID 19	84.425U	5884-21-3535	-	197,548
Total Education Stabilization fund			\$ -	\$ 1,003,203
Title IIA - Supporting Effective Instruction State Grant	84.367A	0147-23-3535	\$ -	\$ 27,166
Title IV - Student Support and Enrichment Program	84.424A	0204-23-3535	-	9,578
Title I - Grants to Local Educational Agencies	84.010A	0021-23-3535	-	172,732
Total U.S. Department of Education			\$ -	\$ 1,466,190
U.S. Department of Agriculture:				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department (Child Nutrition Services) -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program	10.555	N/A	\$ -	\$ 203,156
National School Lunch Program Supply Chain - COVID 19	10.555	N/A	-	33,534
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	-	25,175
Summer Food Service Program-COVID 19	10.559	N/A	-	3,654
National School Breakfast Program	10.553	N/A	-	66,915
Total Child Nutrition Cluster			\$ -	\$ 332,434
Pandemic EBT Administrative Costs - COVID 19	10.649	N/A	-	628
Total U.S. Department of Agriculture			\$ -	\$ 333,062
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 1,799,252

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

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by Cambridge Central School District (District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. 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 presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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.

The federal expenditures are recognized under the Uniform Guidance.

3. SCOPE OF AUDIT

The Cambridge Central School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

4. NON-CASH ASSISTANCE

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2023, the District received food commodities totaling \$25,175.

5. INDIRECT COST RATE

The Cambridge Central School District did not elect to use the 10% de minimus cost rate.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs:

Federal Assistance Listing

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425U	COVID-19 ARP – Elementary and Secondary School Emergency Relief Fund
84.425U	COVID-19 ARP – Elementary and Secondary School Emergency Relief Fund - Summer Enrichment
84.425U	COVID-19 ARP – Elementary and Secondary School Emergency Relief Fund - Learning Loss
84.425U	COVID-19 ARP – Elementary and Secondary School Emergency Relief Fund – Comprehensive After School
84.425D	COVID-19 CRRSA Act - Elementary and Secondary School Emergency Relief Fund
84.425C	COVID-19 CRRSA Act - Governor's Emergency Education Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR JUNE 30, 2023**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Material Weaknesses

2023-001 Claims Auditor Reporting

Statement of Condition: The Claims Auditor does not report the results of the audit of claims to the Board of Education.

Criteria: Under the School District Accountability Chapter 263 of the Laws of 2005, the Board of Education can appoint a claims auditor to perform the function of approve each claim of the District on their behalf. The claims auditor should report to the full Board on the result of the audits of claims. The individual appointed should be independent, qualified to audit the claims and should receive any necessary training.

Cause of Condition: There has been no request for the Claims Auditor to report to the Board of Education.

Effect of Condition: There could be reoccurring errors that are not being corrected or other information that is important for the Board of Education to be aware of and to evaluate whether internal controls are functioning.

Context: The Claims Auditor did attend training on their duties and responsibilities in October 2023 and there is documentation present on the warrants to support their review of claims. The Claims Auditor reviews payroll and cash disbursements warrants as well as bank reconciliations.

Recommendation: We recommend the Claims Auditor report to the full Board of Education or the Audit Committee on a regular basis. This report should include the period of claims audited, errors found (including those corrected) as well as any concerns they have noted performing the claims auditing function.

Views of Responsible Officials and Planned Corrective Action: The Claims auditor will continue training in their duties and responsibilities and will begin reporting to the Board of Education immediately and will attend audit committee meetings.

2023-002 Purchases and Vendors

Statement of Condition: There is no review of the master vendor list to ensure the vendors used are valid, not duplicated and current vendors of the District. In some instances, signed purchase orders could not be located. Additionally, the Claims Auditor does not maintain a check log or other documentation to ensure the completeness of the claims they are provided for review.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR JUNE 30, 2023**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Material Weaknesses

2023-002 Purchases and Vendors

Criteria: Internal controls are an important component of the control environment. In a smaller business office it is important to have sound compensating controls in place to prevent, detect or deter misappropriation of assets.

Cause of Condition: There are no procedures in place that require an annual review of the master vendor list or an accounting of claims to ensure completeness. The original signed purchase order was sent to the vendor who did not always return the purchase order with the invoice.

Effect of Condition: There could be purchases being made that are not following District policies or the approval process. The Claims Auditor position is an integral position that has the responsibility to ensure all claims of the District have been appropriately approved and followed District policies. The tracking of checks audited by fund and between warrants ensures that all checks have been provided to and audited by the Claims Auditor.

Context: The School District Accountability Legislation requires all claims, except contracted wages and debt service, be approved by the Claims Auditor.

Recommendation: We recommend a procedure be implemented to review the master vendor list on an annual basis, preferable by someone without responsibility in the cash disbursement process. We also recommend the Claims Auditor begin maintaining a check log by fund to ensure they are provided all claims for review.

Views of Responsible Officials and Planned Corrective Action: The District will establish a review process of the master vendor list to occur annually by an appointed individual outside of the Business Office. The Claims Auditor will establish and maintain a check log by fund to ensure sequential completeness and review for every claim.

2023-003 Journal Entry Review

Statement of Condition: Journal entries are not being reviewed.

Criteria: When the function of preparing and posting journal entries cannot be segregated to an individual without responsibilities in the custody, approval or recordkeeping functions; they should be reviewed after posted.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR JUNE 30, 2023**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Material Weaknesses

2023-003 Journal Entry Review

Cause of Condition: The District has a small business office with overlapping functions and individuals who can make journal entries also have other responsibilities which conflict with the ability to make journal entries.

Effect of Condition: Journal entries could be made that are incorrect or not supported.

Context: Journal entries are a necessary function of the general ledger process and are expected for proper accounting. Discussions with management indicate journal entries are reviewed there is just no documentation of that review.

Recommendation: We recommend the review of journal entries, after posting, be documented with a signoff and date. It may be necessary to have multiple reviewers if the Business Administrator also makes journal entries.

Views of Responsible Officials and Planned Corrective Action: Journal entries will be reviewed by the Business Administrator (who does not make journal entries). Journal entries will be signed off on with a date.

Significant Deficiency

2023-004 Capital Assets

Statement of Condition: The net capital asset balance does agree to supported District records, however in viewing the invested in capital assets, net of related debt it appears the balance is negative. This would indicate that the District has issued debt and perhaps not capitalized the assets this debt relates to, or there has been debt issued that was not for the reconstruction of capital assets.

Criteria: Districts generally issue debt for the construction or reconstruction of capital assets.

Cause of Condition: The Business Administrators review of the capital asset activity so far indicates there may have been purchases over the years that were not capitalized.

Effect of Condition: Capital assets could be understated on the statement of net position resulting in an understatement of net position as well.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR JUNE 30, 2023**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Significant Deficiency

2023-004 Capital Assets

Context: Capital assets are reported on the entity-wide financial statements. The capitalizing of an asset does not impact annual budgeting.

Recommendation: We recommend the District consider having a valuation conducted by an appraisal company to assist in determining a more complete balance of capital assets.

Views of Responsible Officials and Planned Corrective Action: The District will engage in a re-inventory process with Questar BOCES. The District will hire a dedicated fixed assets employee to fill the vacant position. The District will work closely with Questar BOCES to ensure accuracy of all fixed assets.

2023-005 Prior Year Audit Adjustments

Statement of Condition: Several adjusting journal entries were proposed as a result of audit procedures and to properly reflect the prior year balances.

Criteria: Financial statement balances related to the entity-wide financial statements are reviewed to accurately record current year activity and to ensure agreement with prior year.

Cause of Condition: The District relied on their previous auditor to post certain adjustments as part of the audit and preparation of the entity-wide financial statements.

Effect of Condition: The prior years financial statements were missing lease assets, net of accumulated amortization amounting to \$488,377 and related lease liabilities amounting to \$720,988. The prior years financial statements were also missing the net pension asset for ERS in the amount of \$428,906 and the accrued interest balance of \$24,222. We also noted that the premiums received on prior year's debt were never capitalized and amortized which amount to a premium liability of \$355,474. The deferred outflows of resources for OPEB was overstated by \$550,117.

Context: The transactions noted above impact the entity-wide financial statements, they do not impact the fund financial statements or have any impact on the annual budgeting process of the District.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR JUNE 30, 2023**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Significant Deficiency

2023-005 Prior Year Audit Adjustments

Recommendation: We recommend that management preform a detailed review of the financial statements to ensure the reporting is complete and accurate.

Views of Responsible Officials and Planned Corrective Action: The District will not rely solely on the accuracy of the auditor's provided information on financial statements rather will review each category and amount for correctness based on its own information. District will work with auditing firm if discrepancies or omissions occur.

Material Noncompliance

2023-006 Compliance and Support for Debt Service Reserve

Statement of Condition: Support for the debt service reserve fund was lacking. The District worked with their fiscal advisors to determine what may have been included in the reserve. The support provided included bond anticipation note premiums and premiums on debt issuances.

Criteria: The debt service reserve is required to be funded with unspent bond proceeds and related interest earned on those funds, if applicable. The reserve should be used to pay down the debt to which the unspent proceeds relate.

Cause of Condition: The reserve appears to have been established and funded as some point prior to 2009. The establishment and funding predates the current Business Administrator therefore the District was unable to locate any specifics.

Effect of Condition: Based on the dates of debt issuances and that any bond anticipation notes have been paid in full it does not appear that balance of what is currently in debt service reserve is not related to any debt the District currently has outstanding. The balance of the reserve at June 30, 2023 is \$740,851 and is reported in the general fund. The District's unassigned fund balance in the general fund is at the 4% limit established by Real Property Tax Law Section 1318. Therefore, if this reserve were to be liquidated the District would be over the 4% limit.

Context: Compliance with the laws and regulations related to reserves is reviewed during the audit process.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR JUNE 30, 2023**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Material Noncompliance

2023-006 Compliance and Support for Debt Service Reserve

Recommendation: We recommend the District work with their fiscal advisors to determine how to either substantiate this reserve or use this reserve in compliance with laws and regulations in the future.

Views of Responsible Officials and Planned Corrective Action: The District will work with financial advisors to create a plan to spend down the reserve.

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal Awards which are required to be reported in accordance with 2CFR 200.516(a):

None Noted.

**CAMBRIDGE CENTRAL SCHOOL DISTRICT
SUMMARY OF SCHEDULE OF PROIR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

No prior findings to follow up on