

**MECHANICVILLE CITY SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2024**

MECHANICVILLE CITY 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
Mechanicville City School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the fiduciary fund of the Mechanicville City School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and fiduciary fund of the Mechanicville City School District as of June 30, 2024, 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 Mechanicville City School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mechanicville City School

1.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant 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 4-11, budgetary comparison information on pages 57-58, schedule of changes in total OPEB liability on page 59, schedules of proportionate share of net pension liability (asset) on page 60 and schedules of District contributions on page 61 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 Mechanicville City School District's basic financial statements. The supplementary information on pages 62-64 and the schedule of expenditures of federal awards on page 70 as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for the purposes of additional analysis and are 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 October 4, 2024, 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, 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 Mechanicville City School 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
October 4, 2024

MECHANICVILLE CITY SCHOOL DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

The following discussion and analysis of the Mechanicville City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2024. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements; we encourage readers to consider the information presented here, in conjunction with information provided in the financial statements.

Financial Highlights

- The District's financial status changed during the 2023-2024 school year. Total net position increased by \$1,674,978 over the course of the year.
- General fund expenditures of \$32.1 million was less than revenues of \$33.1 million by \$1.0 million prior to interfund transfers. The operating surplus is the result of unrealized expenditures in the area of instruction and employee benefits.

Overview of the Financial Statements

The District's annual report consists of five parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, supplemental information and the single audit section. 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 and supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Statements

The *District-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

MECHANICVILLE CITY SCHOOL DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., retirement system liabilities and earned but unused vacation leave).

The District-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary 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. 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 to finance its operations.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources were less than assets and deferred outflows of resources by \$5,448,138 at the close of the most recent fiscal year.

**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Net Position for Fiscal Year 2024

	Governmental Activities		Total Variance
<u>ASSETS:</u>	<u>2024</u>	<u>2023</u>	
Current and Other Assets	\$ 23,553,352	\$ 15,105,276	\$ 8,448,076
Capital Assets	42,555,560	40,482,160	2,073,400
Total Assets	\$ 66,108,912	\$ 55,587,436	\$ 10,521,476
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 6,174,865	\$ 7,725,575	\$ (1,550,710)
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 50,142,676	\$ 53,258,863	\$ (3,116,187)
Other Liabilities	10,983,750	1,781,002	9,202,748
Total Liabilities	\$ 61,126,426	\$ 55,039,865	\$ 6,086,561
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 5,709,213	\$ 4,499,986	\$ 1,209,227
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 21,971,625	\$ 17,036,951	\$ 4,934,674
Restricted	4,249,736	2,152,112	2,097,624
Unrestricted	(20,773,223)	(15,415,903)	(5,357,320)
Total Net Position	\$ 5,448,138	\$ 3,773,160	\$ 1,674,978

The District's 2024 revenue was \$36,019,723. Property taxes and New York State aid accounted for the majority of the revenue by contributing 42% and 47%, respectively, of the total revenue raised. The remainder of the revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$34,434,745 for 2024. 84% of this total represent expenses for the education, supervision and transportation of students, while 16% represents the school district's administrative, business, maintenance and other general support activities.

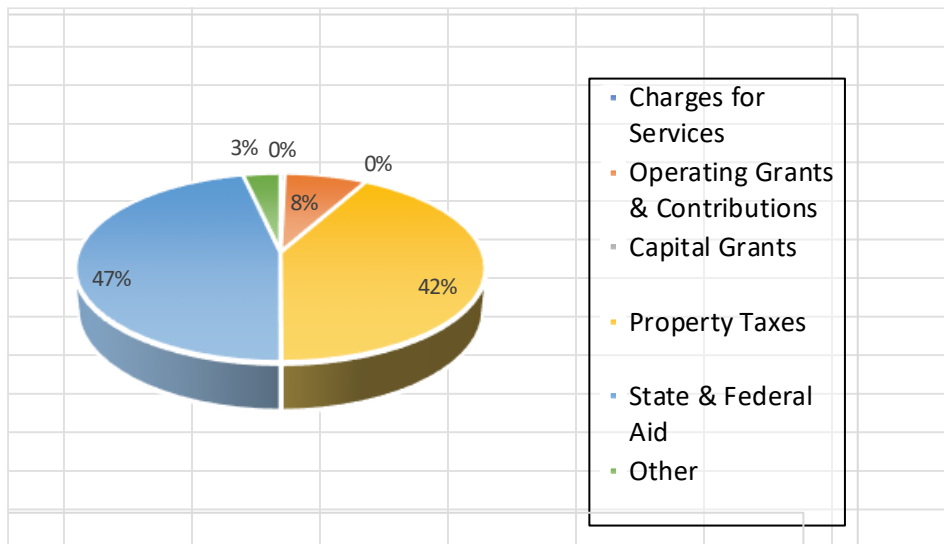
**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Statement of Activities

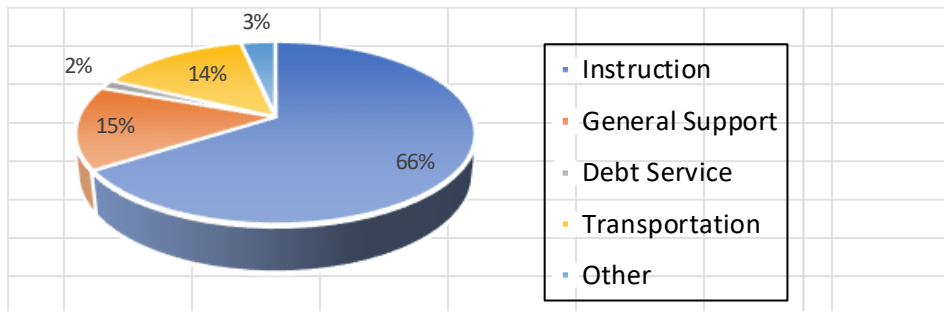
	Governmental Activities		Total Variance
	<u>2024</u>	<u>2023</u>	
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 144,845	\$ 205,994	\$ (61,149)
Operating Grants & Contributions	2,731,058	2,739,933	(8,875)
Capital Grants & Contributions	(8,596)	145,559	(154,155)
Total Program	\$ 2,867,307	\$ 3,091,486	\$ (224,179)
<u>General -</u>			
Property Taxes and Tax Items	\$ 15,119,009	\$ 14,672,526	\$ 446,483
State and Federal Aid	16,787,069	14,626,938	2,160,131
Investment Earnings	786,170	487,639	298,531
Compensation for Loss	62,393	9,993	52,400
Miscellaneous	397,775	346,623	51,152
Total General	\$ 33,152,416	\$ 30,143,719	\$ 3,008,697
TOTAL REVENUES	\$ 36,019,723	\$ 33,235,205	\$ 2,784,518
<u>EXPENSES:</u>			
General Support	\$ 5,108,470	\$ 6,049,176	\$ (940,706)
Instruction	22,927,562	22,637,048	290,514
Pupil Transportation	5,035,198	2,131,376	2,903,822
Capital outly	-	-	-
School Lunch	852,460	535,407	317,053
Interest	421,055	437,050	(15,995)
TOTAL EXPENSES	\$ 34,344,745	\$ 31,790,057	\$ 2,554,688
CHANGE IN NET POSITION	\$ 1,674,978	\$ 1,445,148	
NET POSITION, BEGINNING OF YEAR	3,773,160	2,328,012	
NET POSITION, END OF YEAR	\$ 5,448,138	\$ 3,773,160	

MECHANICVILLE CITY SCHOOL DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

Sources of Revenue for Fiscal Year 2024



Expenses for Fiscal Year 2024



Financial Analysis of the District's Funds

As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General Fund is the primary operating fund of the District. At the end of the fiscal year, the total fund balance of this fund was \$10,903,796, of which \$3,025,281 (or 8.22% of the ensuing year's budget) was unassigned.

New York State Law limits the amount of unassigned fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. Regarding the amount of unassigned fund balance in excess of the limit allowed by NY State Law.

**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Financial Analysis of The District's Funds

The District has earmarked funds for the following purposes:

- *Reserve for encumbrances of \$414,980.* These funds are reserved to pay for commitments at June 30 that will be reappropriated during the subsequent fiscal year.
- *Reserve for Employee Benefit Accrued Liabilities of \$375,834.* The District will use these funds to pay accrued employee benefits due upon termination of the employee's service.
- *Retirement Contribution Reserves of \$1,167,620.* The District will use these funds to pay retirement contributions for the NYS and Local retirement system.
- *Reserve for Debt of \$310,921.* The District will use the funds to pay debt.
- *Capital reserve of \$2,000,000.* The District will use for voter approved projects.
- *\$650,742 in Capital Projects Fund.* For voter approved projects.
- *\$86,255 for Scholarships.*

General Fund Budgetary Highlights

During the year final revenues were over the revised budgetary estimates by \$.7 million, primarily due to an increase in interest. Expenditures and encumbrances were under revised budgetary estimates by \$2.4 million or 7%, the majority of which was due to instruction and employee benefits.

Capital Asset and Debt Administration

Capital Assets

By the end of 2024, the District had invested \$42.5 million, net of accumulated depreciation, in a broad range of capital and lease assets, including school buildings. Total depreciation expense for the year was \$1.6 million.

The following summarizes capital assets, net of accumulated depreciation, at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<u>Capital Assets:</u>		
Land	\$ 166,345	\$ 166,345
Construction in progress	2,313,978	487,820
Buildings and improvements	38,314,249	38,042,690
Furniture and equipment	1,451,522	1,507,586
Total Capital Assets, net	<u>\$ 42,246,094</u>	<u>\$ 40,204,441</u>
<u>Lease Assets:</u>		
Equipment, net	309,466	277,719
Grand Total	<u><u>\$ 42,555,560</u></u>	<u><u>\$ 40,482,160</u></u>

**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Capital Asset and Debt Administration

Long Term Debt

At June 30, 2024, the District had \$50.1 million in general obligation bonds and other long-term debt outstanding, which is increased due to other post-employment benefits payable. (More detailed information about the District's long-term liabilities is presented in Note 3.B. II. to the financial statements).

The following summarizes long-term liabilities at June 30, 2024 and 2023:

<u>Type</u>	<u>2024</u>	<u>2023</u>
Serial Bonds	\$ 21,045,088	\$ 24,069,898
Lease Liability	28,328	144,957
Retainage Payable	59,331	-
OPEB	26,692,410	25,742,673
Net Pension Liability	1,995,182	2,969,955
Compensated Absences	322,337	331,380
Total Long-Term Obligations	\$ 50,142,676	\$ 53,258,863

Economic Factors and Next Year's Budgets and Rates

At the time these financial statements were prepared the school district was aware of the following existing circumstances that could significantly affect the District's financial position in the future.

Given the unstable economy and rising inflation the District anticipates that this may have a negative impact on the amount of State Aid the District will receive. State aid formulas which provide the majority of funding mechanisms for school districts have been based on antiquated values and has recently been called upon by Gov. Hochul for a thorough review in order to provide an equitable solution to NYS school districts. NYS has commissioned an outside consultant, Rockefeller Institute, to review and provide recommendations of funding formulas to ensure the financial stability of this source funding. The District is uncertain of how these changes will affect District but is planning prudently to ensure direct sustainability of programming and staff.

The District will be commenting negotiations with Administrators, Supervisors, Confidential Staff and MTA in early 2025 for current contracts that will expire on June 30, 2025.

Positive trends show that the District's tax base continues show a slight modest growth spreading school taxes over a larger assessed value, slowing the growth of tax rates. The possibility of new construction developments expected to be completed between late 2025 and early 2026 will continue to have a positive impact for the District.

**MECHANICVILLE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Contacting the District's Financial Management

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

Mechanicville City School District
Attn: Colleen DiCaprio
25 Kniskern Ave
Mechanicville, NY 12118
(518) 664-5727

MECHANICVILLE CITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

ASSETS

Cash and cash equivalents	\$ 1,441,553
Restricted cash and cash equivalents	8,465,997
Investments	6,859,021
Restricted investments	3,941,257
Accounts receivable	2,526,566
Inventories	18,958
Long-term accounts receivable	300,000
Capital assets, net	42,246,094
Lease assets, net	309,466
TOTAL ASSETS	<u>\$ 66,108,912</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources	<u>\$ 6,174,865</u>
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LIABILITIES

Accounts payable	\$ 1,653,961
Accrued liabilities	64,619
Refundable advances	47,811
Due to other governments	5,640
Due to teachers' retirement system	1,160,915
Due to employees' retirement system	116,452
Bond anticipation notes payable	7,834,831
Other liabilities	99,521
Long-Term Obligations:	
Due in one year	3,051,064
Due in more than one year	47,091,612
TOTAL LIABILITIES	<u>\$ 61,126,426</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources	<u>\$ 5,709,213</u>
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NET POSITION

Net investment in capital assets	\$ 21,971,625
Restricted	4,249,736
Unrestricted	(20,773,223)
TOTAL NET POSITION	<u>\$ 5,448,138</u>

MECHANICVILLE CITY SCHOOL DISTRICT

Statement of Activities

For The Year Ended June 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
General support	\$ 5,108,470	\$ -	\$ -	\$ -	\$ (5,108,470)
Instruction	22,927,562	69,148	1,969,675	-	(20,888,739)
Pupil transportation	5,035,198	-	-	-	(5,035,198)
Capital outly	-	-	-	(8,596)	(8,596)
School lunch	852,460	75,697	761,383	-	(15,380)
Interest	421,055	-	-	-	(421,055)
Total Functions/Programs	\$ 34,344,745	\$ 144,845	\$ 2,731,058	\$ (8,596)	\$ (31,477,438)

General Revenues:

Property taxes	\$ 15,119,009
State and federal aid	16,787,069
Investment earnings	786,170
Compensation for loss	62,393
Miscellaneous	397,775
Total General Revenues	\$ 33,152,416
Changes in Net Position	\$ 1,674,978
Net Position, Beginning of Year	3,773,160
Net Position, End of Year	\$ 5,448,138

MECHANICVILLE CITY SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2024

	General Fund	Special Aid Fund	School Lunch Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,295,776	\$ 145,219	\$ 558	\$ -	\$ -	\$ 1,441,553
Restricted cash and cash equivalents	99,581	-	-	-	8,366,416	8,465,997
Investments	6,859,021	-	-	-	-	6,859,021
Restricted investments	3,854,375	-	-	86,255	627	3,941,257
Receivables	1,720,702	606,082	61,626	-	138,156	2,526,566
Inventories	-	-	18,958	-	-	18,958
Due from other funds	1,049,465	41,812	14,906	-	1,841,543	2,947,726
TOTAL ASSETS	\$ 14,878,920	\$ 793,113	\$ 96,048	\$ 86,255	\$ 10,346,742	\$ 26,201,078
LIABILITIES AND FUND EQUITY (DEFICIENCY)						
<u>Liabilities</u> -						
Accounts payable	\$ 302,289	\$ 10,161	\$ -	\$ -	\$ 1,341,511	\$ 1,653,961
Accrued liabilities	41,327	210	1,381	-	-	42,918
Notes payable - bond anticipation notes	-	-	-	-	7,834,831	7,834,831
Due to other funds	1,898,261	782,606	56,307	-	210,552	2,947,726
Due to other governments	5,295	136	209	-	-	5,640
Due to TRS	1,160,915	-	-	-	-	1,160,915
Due to ERS	116,452	-	-	-	-	116,452
Other liabilities	99,521	-	-	-	-	99,521
Refundable advances	9,660	-	38,151	-	-	47,811
TOTAL LIABILITIES	\$ 3,633,720	\$ 793,113	\$ 96,048	\$ -	\$ 9,386,894	\$ 13,909,775
<u>Deferred Inflows</u> -						
Deferred inflows of resources	\$ 341,404	\$ -	\$ -	\$ -	\$ -	\$ 341,404
<u>Fund Equity (Deficiency)</u> -						
Nonspendable	\$ -	\$ -	\$ 18,958	\$ -	\$ -	\$ 18,958
Restricted	3,854,375	-	-	86,255	309,106	4,249,736
Assigned	4,024,140	-	-	-	650,742	4,674,882
Unassigned	3,025,281	-	(18,958)	-	-	3,006,323
TOTAL FUND EQUITY (DEFICIENCY)	\$ 10,903,796	\$ -	\$ -	\$ 86,255	\$ 959,848	\$ 11,949,899
TOTAL LIABILITIES						
DEFERRED INFLOWS AND						
FUND EQUITY (DEFICIENCY)	\$ 14,878,920	\$ 793,113	\$ 96,048	\$ 86,255	\$ 10,346,742	

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.	42,555,560
Taxes receivable is deferred for those amounts collected after ninety (90) days on fund basis, while those amounts are recorded as revenue on the full accrual basis.	341,404
Amounts due from other governments are not financial resources and therefore not reported in the funds	300,000
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(21,701)
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	(20,715,000)
Lease liabilities	(28,328)
Retainage	(59,331)
OPEB	(26,692,410)
Compensated absences	(322,337)
Premium	(330,088)
Deferred outflow	17,227
Deferred outflow - pension	5,614,957
Deferred outflow - OPEB	542,681
Net pension liability	(1,995,182)
Deferred inflow - pension	(1,329,842)
Deferred inflow - OPEB	(4,379,371)
Net Position of Governmental Activities	\$ 5,448,138

See accompanying notes to financial statements.

MECHANICVILLE CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Equity
Governmental Funds
For The Year Ended June 30, 2024

	General	Special	School	Special	Capital	Total
	Fund	Aid	Lunch	Revenue	Projects	Governmental
	Fund	Fund	Fund	Fund	Fund	Funds
REVENUES						
Real property taxes and tax items	\$ 15,071,179	\$ -	\$ -	\$ -	\$ -	\$ 15,071,179
Charges for services	69,148	-	-	-	-	69,148
Use of money and property	780,925	-	563	4,682	-	786,170
Sale of property and compensation for loss	62,393	-	-	-	-	62,393
Miscellaneous	320,794	-	723	17,554	-	339,071
Interfund revenues	95,750	-	-	-	-	95,750
State sources	16,736,945	169,602	194,554	-	(8,596)	17,092,505
Federal sources	50,124	1,800,073	566,829	-	-	2,417,026
Sales	-	-	75,697	-	-	75,697
TOTAL REVENUES	\$ 33,187,258	\$ 1,969,675	\$ 838,366	\$ 22,236	\$ (8,596)	\$ 36,008,939
EXPENDITURES						
General support	\$ 3,413,445	\$ -	\$ -	\$ -	\$ -	\$ 3,413,445
Instruction	15,831,107	1,565,229	-	-	-	17,396,336
Pupil transportation	3,474,829	47,356	-	-	-	3,522,185
Employee benefits	5,856,447	398,683	149,726	-	-	6,404,856
Debt service - principal	3,046,629	-	-	-	-	3,046,629
Debt service - interest	496,069	-	-	-	-	496,069
Cost of sales	-	-	702,734	-	-	702,734
Other expenses	-	-	-	23,226	-	23,226
Capital outlay	-	-	-	-	1,766,828	1,766,828
TOTAL EXPENDITURES	\$ 32,118,526	\$ 2,011,268	\$ 852,460	\$ 23,226	\$ 1,766,828	\$ 36,772,308
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES	\$ 1,068,732	\$ (41,593)	\$ (14,094)	\$ (990)	\$ (1,775,424)	\$ (763,369)
OTHER FINANCING SOURCES (USES)						
Transfers - in	\$ -	\$ 41,593	\$ 14,094	\$ -	\$ 1,841,543	\$ 1,897,230
Transfers - out	(1,897,230)	-	-	-	-	(1,897,230)
Premium on obligations issued - BAN	-	-	-	-	52,955	52,955
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,897,230)	\$ 41,593	\$ 14,094	\$ -	\$ 1,894,498	\$ 52,955
NET CHANGE IN FUND EQUITY	\$ (828,498)	\$ -	\$ -	\$ (990)	\$ 119,074	\$ (710,414)
FUND EQUITY, BEGINNING						
OF YEAR	11,732,294	-	-	87,245	840,774	12,660,313
FUND EQUITY, END OF YEAR	\$ 10,903,796	\$ -	\$ -	\$ 86,255	\$ 959,848	\$ 11,949,899

See accompanying notes to financial statements.

MECHANICVILLE CITY 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, 2024

NET CHANGE IN FUND EQUITY -
TOTAL GOVERNMENTAL FUNDS

\$ (710,414)

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

Governmental funds report capital and lease 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/amortization expense. The following are the amounts by which capital and lease outlays and additions of assets in excess in the current period depreciation/amortization in the current period:

Capital Outlay, Net of Retainage	\$ 3,532,251
Lease Additions	312,491
Amortization on Leases	(280,744)
Depreciation	<u>(1,609,260)</u>

1,954,738

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 Repayments	\$ 2,930,000
Amortization of Bond Premium	94,810
Lease Repayments	<u>116,629</u>

3,141,439

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

(2,088)

The Retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds

59,331

Property taxes are reported as revenue in governmental funds when available. Property taxes that are levied but not considered available are reported as deferred inflows, but reported when levied in the statement of activities.

47,830

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

(90,000)

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.

(1,739,451)

(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	(745,923)
Employees' Retirement System	(231,819)

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

(17,708)

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>9,043</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 1,674,978

MECHANICVILLE CITY SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2024

	Custodial Funds
ASSETS	
Restricted cash and cash equivalents	\$ 5,536
TOTAL ASSETS	<u>\$ 5,536</u>
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 5,536
TOTAL NET POSITION	<u>\$ 5,536</u>

Statement of Changes in Fiduciary Net Position

For The Year Ended June 30, 2024

	Custodial Funds
ADDITIONS	
Gifts and Contributions	\$ 4,500
Investment earnings	226
TOTAL ADDITIONS	<u>\$ 4,726</u>
DEDUCTIONS	
Scholarships and Awards	\$ 4,850
TOTAL DEDUCTIONS	<u>\$ 4,850</u>
CHANGE IN NET POSITION	\$ (124)
NET POSITION, BEGINNING OF YEAR	<u>5,660</u>
NET POSITION, END OF YEAR	<u>\$ 5,536</u>

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Mechanicville City 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 seven 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 reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of an entity included in the District's reporting entity:

The Extraclassroom Activity Fund

The extraclassroom activity fund of the District represents 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. However, due to administrative involvement defined in Footnote 1 to paragraph 8b of GASB 84, the District accounts for these student organization funds within the General Fund. A separate audited financial statement (cash basis) of the extraclassroom activity fund can be found at the District's business office, located at 25 Kniskern Ave, Mechanicville, New York.

B. *Joint Venture*

The Mechanicville City School District is one of 31 component school districts in the Washington-Saratoga-Warren-Hamilton-Essex Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

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

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

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

BOCES charges districts for program costs and administrative costs. During the year ended June 30, 2024, the District was billed \$3,653,131 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,185,528. Financial statements for the BOCES are available from the BOCES administrative offices.

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 nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column, if any, reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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.

The District reports the following major governmental funds:

I. Governmental Funds

1. General Fund

The general fund is the principal operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

The special revenue funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

a. Special Aid Fund

This fund is used to account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the fund, or by outside parties.

b. School Lunch Fund

The school lunch fund is used to account for child nutrition activities whose funds are restricted as to use.

c. Special Revenue Fund

Used to account for revenues legally restricted to expenditures for specific purposes such as scholarships.

3. Capital Projects Fund

The capital projects fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities, or equipment.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

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:

- a. Private purpose trust funds: These funds are used to account for trust arrangements under which principal and income benefits individuals, private organizations or other governments. 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. There are no funds that meet this criteria
- b. Custodial funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations.

D. Basis of Accounting/Measurement Focus

General Information

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

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

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

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

General Information

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 installment purchase debt and 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.

F. Property Taxes

I. Calendar

Real property taxes are levied annually by The Board of Education. The levy was adopted by the Board of Education on August 3, 2023 and became a lien on August 3, 2023. Taxes were collected during the period September 1, 2023 through October 31, 2023.

II. Enforcement

Uncollected real property taxes are enforced by the City of Mechanicville and the Counties of Saratoga and Rensselaer. An amount representing all uncollected real property taxes must be transmitted by the City and Counties to the District within two years from the return of unpaid taxes to such City and Counties. Real property taxes receivable expected to be collected within sixty days subsequent to June 30, 2024, less similar amounts collected during this period in the preceding year, are recognized as revenue; otherwise, real property taxes receivable are offset by deferred inflows of resources

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

1. 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.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

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

From Additional Revenues:	
Grants	\$ 33,920
Donations	4,181
Insurance Recovery	40,525
From Fund Balance Reserves:	
Purchase of Bus Garage	1,840,000
Construction of Access Road	1,500,000
Total Supplemental Appropriations	<u>\$ 3,418,626</u>

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

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 reservations of fund equity 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.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Budgetary Procedures and Budgetary Accounting

III. Budget Basis of Accounting

Under GASB 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.

H. Cash and Investments

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and School Districts. Investments are stated at fair value. Certificates of deposit, if any, are classified as investments in these financial statements.

I. Accounts Receivable

Accounts receivable are shown, net of an allowance for uncollectible accounts. Allowances are reported when accounts are considered to be uncollectible. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

J. Inventories and Prepaid Items

Inventories of food and/or 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. 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 of services are consumed.

A portion of fund equity in the amount of these non-liquid assets has been identified as not available for other subsequent expenditures.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Interfund Transactions

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

In the District-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

Refer to Note 3.A.III for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

L. Equity Classification

District-wide statements:

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

Net investment in capital and lease assets - Consists of net capital assets (cost less accumulated depreciation) and net lease assets (cost less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets and lease liabilities.

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

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

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classification

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:

	<u>Total</u>
Inventory in School Lunch	\$ 18,958
Total Nonspendable Fund Equity	<u>\$ 18,958</u>

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

Reserve for Employee Benefit Accrued Liability

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits due an employee upon termination of service. This reserve fund was established by a majority vote of the Board of Education and is funded by budgetary appropriations, and such other reserves and funds that may be legally appropriated.

Reserve for Debt

This reserve was established according to General Municipal Law §6-l, and for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from unexpended bond proceeds.

Retirement Contribution Reserve

According to General Municipal Law Section 6-r, must be used for financing retirement contributions including employee and teachers retirement. 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 a sub-fund for contributions to the New York State Teachers' Retirement System (TRS). During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classification

Capital Reserve

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

Special Revenue Fund

Restricted for scholarships for students that meet donor specified criteria.

Restricted fund equity includes the following:

	<u>Total</u>
<u>General Fund -</u>	
Retirement Contribution - ERS	\$ 741,208
Retirement Contribution - TRS	426,412
Debt	310,921
Employee Benefit Accrued Liability	375,834
Capital Reserves	2,000,000
<u>Capital Project Fund -</u>	
Encumbrances	309,106
<u>Special Revenue Fund -</u>	
Scholarships	86,255
Total Restricted Fund Equity	<u><u>\$ 4,249,736</u></u>

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school district's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2024.

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 the encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as assigned fund equity in the General Fund.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classification

Assigned fund equity includes the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 414,980
General Fund - Appropriated for Taxes: Construction of Access Road and Future Capital Project Work	3,609,160
Capital Projects Fund - Year End Equity	650,742
Total Assigned Fund Equity	<u>\$ 4,674,882</u>

Encumbrances

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

Purpose of Encumbrances

General Fund -

General Support	\$ 136,998
Instruction	20,119
Pupil Transportation	257,863
Total General Fund Encumbrances	<u>\$ 414,980</u>

Capital Projects Fund -

Capital Improvements	\$ 309,106
Total Capital Fund Encumbrances	<u>\$ 309,106</u>

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 equity resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity 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. The District exceeded this limit at June 30, 2024.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classification

Net Position/Fund Equity

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted sources. 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 sources (the total committed, assigned, and unassigned fund equity). 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.

Order of Use of Fund Equity:

The District's policy is to apply expenditures against nonspendable 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, nonspendable fund equity are determined first and then restricted fund equity 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 determined next, then assigned. The remaining amounts are reported as unassigned. Assignments of fund equity cannot cause a negative unassigned fund equity.

M. Post Employment Benefits

In addition to providing the retirement benefits described in Note 3.B.I., the District provides post employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. 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 post employment benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure. See Note 3.B.VIII.

N. Capital Assets and Lease Assets

Capital assets are reported at actual cost or estimated historical costs. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Donated assets, if any, are reported at estimated fair market value at the time received.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Capital Assets and Lease Assets

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

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 2,500	SL	15-40 Years
Machinery and equipment	\$ 1,000-2,500	SL	5-20 Years

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.

O. Short-term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The District did not issue or redeem any revenue or tax anticipation notes during the current year.

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

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. See Note 3.B.II.1. for detail of any BANs issued by the District.

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

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 may have four items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide statement of net position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB and pension reporting in the district-wide statement of net position. This represents the effect of the net change in the actual and expected experience. Fourth is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in 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.

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 has two items that qualify for reporting in this category. The first represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB and pension systems reported in the district-wide statement of net position. This represents the effect of the net changes of assumptions or other inputs and difference between expected and actual experience.

Q. 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 equities of governmental fund vs. net position of governmental activities:

Total fund equities 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.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

- b. Statement of revenues, expenditures and changes in fund equity vs. statement of activities:

Differences between the governmental funds statement of revenues, expenditures and changes in fund equity and the statement of activities fall into one of five broad categories.

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 in the statement of activities.

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported in 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 Differences

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

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

R. Estimates

The preparation of financial statements in conformity with GAAP 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 revenue and expenditures 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 absences, other post employment benefits, potential contingent liabilities, net pension liability/asset, deferred inflows/outflows and useful lives of long-term assets.

S. Vested Employee Benefits

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

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

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting 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.

T. Accrued Liabilities and Long-Term Obligations

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

U. Implementation of New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2024, the District implemented the following new standards issued by GASB which had no impact on the District:

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. Implementation of New Accounting Standards

GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the year ending June 30, 2024. This standard did not have a material impact on the financial statements.

V. Future Changes in Accounting Standards

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.

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025.

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ending June 30, 2025.

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026.

2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. Unassigned Fund Balance

The District's unassigned fund balance in the general fund was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year, by \$1,552,563.

B. Deficit Fund Balance

There were no deficit fund equities reported at June 30, 2024.

3. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

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 agent 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, 2024, all deposits were fully insured and collateralized by the District's agent in the District's name.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

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 organization

**MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

3. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Restricted Cash and Investments

Restricted cash and investments consists of the following:

	<u>Total</u>
<u>General Fund -</u>	
Retirement Contribution-ERS	\$ 741,208
Retirement Contribution-TRS	426,412
Debt	310,921
Employee Benefit Accrued Liability	375,834
Capital Reserve	2,000,000
Extraclassroom Activity	99,581
<u>Special Revenue Fund -</u>	
Scholarships	86,255
<u>Capital Projects Fund -</u>	
Expenditures for voter approved projects	8,367,043
<u>Fiduciary Fund -</u>	
Scholarships	5,536
Total	<u><u>\$ 12,412,790</u></u>

Investments

U.S. GAAP established 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;
- 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.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Investments

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 NYCLASS, 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, 2024, the District held \$10,800,278 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 based on unaudited numbers are \$11,737,682,390, which consisted of \$1,927,327,448 in repurchase agreements; \$1,537,636,393 in collateralized bank deposits; \$8,042,659,974 in U.S. Government Treasury Securities; and \$230,058,575 in FDIC Insured Bank Deposits.

<u>Investments in Securities at Fair Value</u>	<u>Valuation Inputs</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
General Fund	\$ -	\$ 10,713,396	\$ -	\$ 10,713,396
Special Revenue Fund	-	86,255	-	86,255
Capital Fund	-	627	-	627
Total	<u>\$ -</u>	<u>\$ 10,800,278</u>	<u>\$ -</u>	<u>\$ 10,800,278</u>

The above amounts represent the fair value of the investment pool shares. For the year ended June 30, 2024, 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 (Level 3) 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. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Risks and Uncertainties with Investments

The District invests in various investments 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 reasonably possible that changes could materially affect the amounts reported in the statement of net position and balance sheet.

II. Receivables

Receivable balances for the year ended June 30, 2024 are:

<u>Description</u>	<u>Governmental Activities</u>				<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>School Lunch Fund</u>	
Accounts Receivable	\$ 641	\$ -	\$ -	\$ 717	\$ 1,358
Due From State and Federal	1,138,089	606,082	138,156	60,909	1,943,236
Taxes Receivable, net	581,972	-	-	-	581,972
Total Receivables	\$ 1,720,702	\$ 606,082	\$ 138,156	\$ 61,626	\$ 2,526,566

III. Interfund Transactions

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 transactions and balances are as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,049,465	\$ 1,898,261	\$ -	\$ 1,897,230
Special Aid Fund	41,812	782,606	41,593	-
School Lunch Fund	14,906	56,307	14,094	-
Capital Projects Fund	1,841,543	210,552	1,841,543	-
Total	\$ 2,947,726	\$ 2,947,726	\$ 1,897,230	\$ 1,897,230

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

A. Assets

III. Interfund Transactions

The General Fund transferred to the Special Aid Fund is for the District's share of special education summer school programs its students attended. The General Fund transferred to the School Lunch Fund to cover the fund deficit. The General Fund transferred to the capital projects funds amounts voter approved for projects.

IV. Capital Assets

Capital asset balances for the year ended June 30, 2024, are as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2024</u>
Governmental Activities:				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 166,345	\$ -	\$ -	\$ 166,345
Construction in progress	487,820	1,826,158	-	2,313,978
<i>Total Nondepreciable</i>	<u>\$ 654,165</u>	<u>\$ 1,826,158</u>	<u>\$ -</u>	<u>\$ 2,480,323</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 57,086,003	\$ 1,643,843	\$ 27,413	\$ 58,702,433
Machinery and equipment	7,295,960	180,912	-	7,476,872
<i>Total Depreciated Assets</i>	<u>\$ 64,381,963</u>	<u>\$ 1,824,755</u>	<u>\$ 27,413</u>	<u>\$ 66,179,305</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 19,043,313	\$ 1,372,284	\$ 27,413	\$ 20,388,184
Machinery and equipment	5,788,374	236,976	-	6,025,350
<i>Total Accumulated Depreciation</i>	<u>\$ 24,831,687</u>	<u>\$ 1,609,260</u>	<u>\$ 27,413</u>	<u>\$ 26,413,534</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 39,550,276</u>	<u>\$ 215,495</u>	<u>\$ -</u>	<u>\$ 39,765,771</u>
Total Capital Assets	<u>\$ 40,204,441</u>	<u>\$ 2,041,653</u>	<u>\$ -</u>	<u>\$ 42,246,094</u>

Depreciation expense for the year ended June 30, 2024, was allocated to specific functions as follows:

General Support	\$ 241,781
Instruction	1,121,350
Pupil Transportation	246,129
Total	<u><u>\$ 1,609,260</u></u>

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

General Information

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

Plan Descriptions

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in the New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244-0001 or found at www.osc.state.ny.us/retire/publications/index.php.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Contributions

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% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS.

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ 408,865	\$ 1,046,600
2023	\$ 288,881	\$ 1,095,320
2022	\$ 327,268	\$ 877,093

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

At June 30, 2024, 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, 2024 for ERS and June 30, 2023 for TRS. The total net 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 of all participating members, actuarially determined. This information was provided by the ERS and TRS systems in reports provided to the District. The ERS information provided was further allocated by the District so that just its proportionate share is recognized.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Net pension assets/(liability)	\$ (1,335,865)	\$ (659,317)
District's portion of the Plan's total net pension asset/(liability)	0.0090727%	0.057653%

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Liabilities

Pension Expense (Credit)

For the year ended June 30, 2024, the District recognized its proportionate share of pension expense of \$1,873,448 for TRS and \$575,667 for ERS.

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 430,281	\$ 1,598,667	\$ 36,426	\$ 3,951
Changes of assumptions	505,060	1,419,489	-	309,370
Net difference between projected and actual earnings on pension plan investments	-	337,030	652,563	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	112,739	48,639	898	326,634
Subtotal	\$ 1,048,080	\$ 3,403,825	\$ 689,887	\$ 639,955
District's contributions subsequent to the measurement date	116,452	1,046,600	-	-
Grand Total	<u>\$ 1,164,532</u>	<u>\$ 4,450,425</u>	<u>\$ 689,887</u>	<u>\$ 639,955</u>

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension (liability)/asset in the year ended June 30, 2024 for TRS and March 31, 2025 for ERS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized within pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ -	\$ 195,761
2025	(193,740)	(407,245)
2026	280,717	2,597,802
2027	403,383	152,472
2028	(132,167)	125,156
Thereafter	-	99,924
Total	<u>\$ 358,193</u>	<u>\$ 2,763,870</u>

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Liabilities

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
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's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

The long-term expected 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 arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
<u>Asset Type -</u>		
Domestic equity	4.00%	6.80%
International equity	6.65%	7.60%
Global equity	0.00%	7.20%
Private equity	7.25%	10.10%
Real estate	4.60%	6.30%
Opportunistic/ARS portfolio	5.25%	0.00%
Real assets	5.79%	0.00%
Cash	0.25%	0.30%
Private debt	0.00%	6.00%
Real estate debt	0.00%	3.20%
High-yield fixed income securities	0.00%	4.40%
Domestic fixed income securities	0.00%	2.20%
Global fixed income securities	0.00%	1.60%
Credit	5.40%	0.00%
Fixed income	1.50%	0.00%

Discount Rate

The discount rate used to calculate the total pension (liability)/asset 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, and the System's 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)/asset.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

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

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

	1% Decrease	Current	1% Increase
<u>ERS</u>	<u>(4.90%)</u>	<u>(5.90%)</u>	<u>(6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (4,200,095)	\$ (1,335,865)	\$ 1,056,362
	1% Decrease	Current	1% Increase
<u>TRS</u>	<u>(5.95%)</u>	<u>(6.95%)</u>	<u>(7.95%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (10,041,725)	\$ (659,317)	\$ 7,231,695

Changes of Assumptions

Changes of 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 investment 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 of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2024 is \$640,420 for ERS and \$1,792,254 for TRS.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$116,452.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 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, 2024 amounted to \$1,160,915.

Other Benefits

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

II. Indebtedness

1. Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

Interest Paid	\$ 22,250
Less: Interest Accrued in the Prior Year	-
Plus: Interest Accrued in the Current Year	4,111
Total Short-Term Interest Expense	<u>\$ 26,361</u>

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

1. Short-Term Debt

Bond Anticipation Notes

Changes in short-term debt at June 30, 2024 are summarized as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
BAN	6/26/2024	4.50%	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -
BAN	6/25/2025	3.83%	-	7,834,831	-	7,834,831
Total Short-Term Debt			<u>\$ -</u>	<u>\$ 9,834,831</u>	<u>\$ 2,000,000</u>	<u>\$ 7,834,831</u>

2. Long-Term Debt

a. Serial and Statutory Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost 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 provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt and leases for the year was composed of:

Interest Paid	\$ 473,819
Less: Interest Accrued in the Prior Year	(19,613)
Plus: Interest Accrued in the Current Year	17,590
Plus: Amortization of Deferred Expenses	17,708
Less: Amortization of Bond Premium	(94,810)
Total Long-Term Interest Expense	<u><u>\$ 394,694</u></u>

b. Long-term Obligations

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.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

3. Changes

The changes in bonds and other long-term indebtedness during the year ended June 30, 2024 are summarized as follows:

	<u>Balance</u> <u>7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2024</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 23,645,000	\$ -	\$ 2,930,000	\$ 20,715,000	\$ 2,890,000
Unamortized loss on refunding*	(34,935)	-	(17,708)	(17,227)	-
Unamortized bond premium	424,898	-	94,810	330,088	73,405
Lease Liability (see Note 8)	144,957	-	116,629	28,328	28,328
Total Bonds and Notes Payable	\$ 24,179,920	\$ -	\$ 3,123,731	\$ 21,056,189	\$ 2,991,733
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 2,969,955	\$ -	\$ 974,773	\$ 1,995,182	\$ -
OPEB	25,742,673	1,784,161	834,424	26,692,410	-
Retainage Payable	-	59,331	-	59,331	59,331
Compensated Absences	331,380	-	9,043	322,337	-
Total Other Liabilities	\$ 29,044,008	\$ 1,843,492	\$ 1,818,240	\$ 29,069,260	\$ 59,331
Total Long-Term Obligations	\$ 53,223,928	\$ 1,843,492	\$ 4,941,971	\$ 50,125,449	\$ 3,051,064

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

*This item is recorded as a deferred outflow on the Statement of Net Position.

The above liabilities are liquidated by the General Fund.

4. Maturity

The following is a summary of maturity of indebtedness:

<u>Description</u>	<u>Original</u> <u>Amount</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>Outstanding</u> <u>6/30/2024</u>
Construction/Reconstructi	\$ 10,000,000	6/2/2020	6/15/2035	1.83%	\$ 7,540,000
2006 Refunding Bond	\$ 3,925,000	3/22/2016	6/15/2026	1.0%-4.0%	835,000
2021 Serial Bonds	\$ 13,185,138	6/16/2021	6/15/2035	1.66%	10,580,000
2021 Refunding	\$ 4,750,000	6/16/2021	6/15/2027	1.0%-2.0%	1,760,000
Total Serial Bonds					\$ 20,715,000

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

4. Maturity

The following is a summary of maturing debt service requirements:

<u>Year</u>	Serial Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>
2025	\$ 2,890,000	\$ 422,150	\$ 73,405
2026	2,735,000	365,450	52,272
2027	1,715,000	302,250	41,640
2028	1,645,000	267,950	36,409
2029	1,675,000	235,050	31,981
2030-34	8,885,000	659,350	90,701
2035	1,170,000	23,850	3,680
Total	\$ 20,715,000	\$ 2,276,050	\$ 330,088

III. Deferred Inflows of Resources

Deferred inflow of resources arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period and is contingent on future outcomes not expected to occur within the availability period. Amounts on the Balance Sheet reflect real property taxes not available at June 30, 2024.

IV. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 5,614,957	\$ 1,329,842
Bonds	17,227	-
OPEB	542,681	4,379,371
Total	\$ 6,174,865	\$ 5,709,213

V. Constitutional Debt Limit

The constitution of the State of New York limits the amounts of indebtedness which may be issued by the District. 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 average full valuation of taxable real estate within the District. At June 30, 2024, the District has exhausted 30.70% of its constitutional debt limit.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

VI. Workers' Compensation Insurance

The District participates in the Southern Adirondack Public Schools Workers' Compensation plan administered by the Board of Director which is composed of the chief executive office or other designated officer of the districts participating in Washington-Saratoga-Warren-Hamilton-Essex BOCES. Participant of the plan are required to make their current year contributions on July 15 and October 15 of each plan year. The plan year is July 1 through June 30. The Board may retain surplus to establish and maintain a claim contingency fund. If sufficient funds are not available the Board will determine the amount to be assessed to the participants. For the year ended June 30, 2024, \$123,190 was paid to the plan for workers' compensation premiums.

VII. Health Insurance Trust

The District participates in the WSWHE Health Insurance Consortium, a 501(c)9 not-for-profit trust. The Health Insurance Consortium Trust is operated of the benefit of School District/BOCES Members located in the counties of Washington, Saratoga, Warren, Hamilton and Essex, New York. The purpose of the Health Insurance Consortium Trust is to enable the member School/BOCES Districts to purchase group health insurance pursuant to New York State Insurance Law Section 4235.

VIII. Post Employment Benefits

Plan Description

The District administers the post employment benefits as a single-employer defined benefit plan (the Plan), through which retirees and their spouses receive benefits. The Plan provides for continuation of medical and/or dental/vision benefits for certain retirees and their survivors and can be amended by action of the District subject to applicable collective bargaining and employment agreements. 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 trust that meet the criteria in paragraph 4 of Statement No. 75.

Funding Policy

The obligations of the Plan members, employer and other contributing entities are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

VIII. Post Employment Benefits

Funding Policy

The District provides post employment (health insurance) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreement. The contribution requirements of the plan are negotiated between the District and union representatives. The required contribution is based on projected pay-as-you-go financing requirements. For retirees, the District contributes 75% of the premium cost for individual coverage. For spouses/dependents of retirees, the District contributes 35% of the premium cost in excess of what was billed for the retiree's individual coverage.

Employees Covered by Benefit Terms - At the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	105
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>218</u>
Total	<u>323</u>

Net OPEB Liability

The District's total OPEB liability was measured as of July 1, 2023; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability at the valuation date 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	2.60 percent, average, including inflation
Discount Rate	3.65 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

Mortality rates were based on RP-2014 Mortality Table with adjustments for mortality improvements based in Scale MP-2022.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

VIII. Post Employment Benefits

Actuarial Assumptions and Other Inputs

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit. Marriage assumption, it was assumed that participants will keep their marital status upon retirement. For current retirees, actual census 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.

The discount rate was based on the Bond Buyer GO-20 Index.

Changes in the Net OPEB Liability

Changes in the District's net OPEB liability were as follows:

Balance at June 30, 2023	<u>\$ 25,742,673</u>
<u>Changes for the Year -</u>	
Service cost	\$ 866,116
Interest	918,045
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(349,886)
Benefit payments	<u>(484,538)</u>
Net Changes	<u>\$ 949,737</u>
Balance at June 30, 2024	<u><u>\$ 26,692,410</u></u>

Changes of assumptions and other inputs includes a change in the discount rate from 3.54% to 3.65% in 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

	1% Decrease	Discount	1% Increase
	<u>(2.65%)</u>	<u>(3.65%)</u>	<u>(4.65%)</u>
Total OPEB Liability	\$ 30,107,335	\$ 26,692,410	\$ 23,394,278

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

3. DETAIL NOTES ON ALL FUNDS

B. Liabilities

VIII. Post Employment Benefits

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

The following presents the District's total OPEB liability, 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 (6.0% decreasing to 4.0%) or 1 percentage point higher (8.0% decreasing to 6.0%) than the current healthcare cost trend rate:

		Healthcare	
	1% Decrease	Cost Trend Rates	1% Increase
	(6.00%	(7.00%	(8.00%
	Decreasing	Decreasing	Decreasing
	<u>to 4.00%)</u>	<u>to 5.00%)</u>	<u>to 6.00%)</u>
Total OPEB Liability	\$ 23,417,132	\$ 26,692,410	\$ 30,023,033

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$2,282,131. At June 30, 2024, 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	\$ -	\$ 1,542,494
Changes of assumptions	-	2,836,877
Contributions after measurement date	542,681	-
Total	<u>\$ 542,681</u>	<u>\$ 4,379,371</u>

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

<u>Year</u>	
2025	\$ 497,972
2026	(564,721)
2027	(719,411)
2028	(719,411)
2029	(933,633)
Thereafter	(1,940,167)
Total	<u>\$ (4,379,371)</u>

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

4. COMMITMENTS AND CONTINGENCIES

A. *Litigation*

Various tax certiorari actions are pending against the District for reductions in the assessed value of various properties. While the ultimate results of these claims cannot be presently determined, management does not expect that these matters will have a material adverse effect on the financial position of the District.

B. *Risk Financing and Related Insurance*

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; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

C. *Other Items*

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.

5. TAX ABATEMENTS

The City of Mechanicville, entered into various property tax abatement programs for the purpose of economic development. The District property tax revenue was reduced by \$132,169. The District received payment in Lieu of Tax (PILOT) payment totaling \$50,761.

The City of Mechanicville Town of Stillwater Industrial Development Agency, entered into various property tax abatement programs for the purpose of economic development. The District property tax revenue was reduced by \$217,070. The District received payment in Lieu of Tax (PILOT) payment totaling \$213,087.

6. DUE FROM OTHER GOVERNMENT

The District levies taxes on behalf of the library and retains the debt service obligation. The District has outstanding serial bonds totaling \$380,000 at June 30, 2024 (included in the 2021 refunding) that were issued on behalf of the Mechanicville Public Library, the proceeds of which were used by the Library for a capital project that was administered by, and was the responsibility of, the Library. The Library is responsible for reimbursing the District for all debt service payments pertaining to this obligation. As a result, an amount totaling \$300,000 is also reflected as accounts receivable and long-term accounts receivable on the statement of net position. During the fiscal year ended June 30, 2024, the District received \$95,750 as reimbursement for bond principal (\$90,000) and interest (\$5,750) payments.

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

7. LEASE ASSET AND OBLIGATIONS

Lease Assets

A summary of the lease asset activity during the year ended June 30, 2024 is as follows:

<u>Type</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
<u>Lease Assets:</u>				
Furniture and equipment	\$ 689,285	\$ 312,491	\$ -	\$ 1,001,776
<i>Total Lease Assets</i>	<u>\$ 689,285</u>	<u>\$ 312,491</u>	<u>\$ -</u>	<u>\$ 1,001,776</u>
<u>Less Accumulated Amortization -</u>				
Furniture and equipment	\$ 411,566	\$ 280,744	\$ -	\$ 692,310
<i>Total Accumulated Amortization</i>	<u>\$ 411,566</u>	<u>\$ 280,744</u>	<u>\$ -</u>	<u>\$ 692,310</u>
<i>Total Lease Assets, Net</i>	<u><u>\$ 277,719</u></u>	<u><u>\$ 31,747</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 309,466</u></u>

Amortization expense is allocated to instruction on the statement of activities.

Lease agreements are summarized as follows:

	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2024</u>
Furniture and equipment	8/27/2022	3 years	29,297	3.414%	\$ 85,020	\$ 28,328
Total Lease Agreements						<u>\$ 28,328</u>

The computer equipment and printers were leased for the District with the terms noted above. This lease is not renewable and the District will not acquire the equipment at the end of the lease term.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 28,328	\$ 967
2026	-	-
2027	-	-
2028	-	-
2029	-	-
	<u>\$ 28,328</u>	<u>\$ 967</u>

MECHANICVILLE CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

8. DEFEASED DEBT

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$1,805,000 of bonds outstanding are considered defeased.

9. EMPLOYEE BENEFIT ALLOCATION

Employee benefits expense for the year ended June 30, 2024 was allocated to specific functions as follows:

General Support	\$	1,286,777
Instruction		5,967,903
Pupil Transportation		1,309,917
Total	\$	<u>8,564,597</u>

10. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 4, 2024, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2024, have been incorporated into these financial statements.

Required Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Equity -
Budget and Actual - General Fund
For The Year Ended June 30, 2024

	<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	\$ 13,679,361	\$ 13,679,361	\$ 13,737,603	\$ 58,242
Real property tax items	1,269,344	1,269,344	1,333,576	64,232
Charges for services	5,000	5,000	69,148	64,148
Use of money and property	150,000	150,000	780,925	630,925
Sale of property and compensation for loss	500	41,025	62,393	21,368
Miscellaneous	100,000	104,180	320,794	216,614
Interfund revenues	95,750	95,750	95,750	-
State Sources -				
Basic formula	15,719,607	15,719,607	12,644,047	(3,075,560)
Lottery aid	-	-	2,776,225	2,776,225
BOCES	1,213,847	1,213,847	1,185,528	(28,319)
Textbooks	81,608	81,608	66,646	(14,962)
All Other Aid -				
Computer software	20,448	20,448	5,692	(14,756)
Library loan	8,531	8,531	8,337	(194)
Other aid	22,396	56,316	50,470	(5,846)
Federal Sources	<u>20,000</u>	<u>20,000</u>	<u>50,124</u>	<u>30,124</u>
TOTAL REVENUES	<u>\$ 32,386,392</u>	<u>\$ 32,465,017</u>	<u>\$ 33,187,258</u>	<u>\$ 722,241</u>
Other Sources -				
Transfer - in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 32,386,392</u>	<u>\$ 32,465,017</u>	<u>\$ 33,187,258</u>	<u>\$ 722,241</u>
Appropriated reserves	<u>\$ -</u>	<u>\$ 3,340,001</u>		
Appropriated fund equity	<u>\$ 889,994</u>	<u>\$ 889,994</u>		
Prior year encumbrances	<u>\$ 210,212</u>	<u>\$ 210,212</u>		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND EQUITY	<u><u>\$ 33,486,598</u></u>	<u><u>\$ 36,905,224</u></u>		

Required Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Equity-
Budget and Actual - General Fund
For The Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balances</u>
EXPENDITURES					
General Support -					
Board of education	\$ 47,573	\$ 56,823	\$ 40,335	\$ 280	\$ 16,208
Central administration	277,646	265,379	263,113	-	2,266
Finance	445,692	474,358	446,679	16,536	11,143
Staff	125,492	122,570	85,521	13,208	23,841
Central services	2,369,038	2,477,883	2,191,150	106,974	179,759
Special items	388,716	389,494	386,647	-	2,847
Instructional -					
Instruction, administration and improvement	766,379	877,597	800,702	977	75,918
Teaching - regular school	7,716,153	7,672,306	7,128,576	13,283	530,447
Programs for children with handicapping conditions	5,010,571	4,908,559	4,623,353	1,882	283,324
Occupational education	585,990	595,990	586,414	-	9,576
Teaching - special schools	9,636	1,313	1,313	-	-
Instructional media	1,500,232	1,409,194	1,343,907	737	64,550
Pupil services	1,380,908	1,404,179	1,346,842	3,240	54,097
Pupil Transportation	1,930,838	3,867,928	3,474,829	257,863	135,236
Employee Benefits	6,967,241	6,799,060	5,856,447	-	942,613
Debt service - principal	2,930,000	3,046,629	3,046,629	-	-
Debt service - interest	834,493	496,069	496,069	-	-
TOTAL EXPENDITURES	<u>\$ 33,286,598</u>	<u>\$ 34,865,331</u>	<u>\$ 32,118,526</u>	<u>\$ 414,980</u>	<u>\$ 2,331,825</u>
Other Uses -					
Transfers - out	\$ 200,000	\$ 2,039,893	\$ 1,897,230	\$ -	\$ 142,663
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 33,486,598</u>	<u>\$ 36,905,224</u>	<u>\$ 34,015,756</u>	<u>\$ 414,980</u>	<u>\$ 2,474,488</u>
NET CHANGE IN FUND EQUITY	\$ -	\$ -	\$ (828,498)		
FUND EQUITY, BEGINNING OF YEAR	<u>11,732,294</u>	<u>11,732,294</u>	<u>11,732,294</u>		
FUND EQUITY, END OF YEAR	<u>\$ 11,732,294</u>	<u>\$ 11,732,294</u>	<u>\$ 10,903,796</u>		

Required Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedules of Changes in Total OPEB Liability
For The Year Ended June 30, 2024

	TOTAL OPEB LIABILITY						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 866,116	\$ 1,275,407	\$ 1,214,673	\$ 944,113	\$ 899,155	\$ 1,030,156	\$ 1,030,156
Interest	918,045	711,776	697,706	1,170,604	1,194,744	802,668	
Changes in benefit terms	-	-	-	(5,000,000)	-	-	671,706
Differences between expected and actual experiences	-	(3,385,424)	-	(94,539)	-	7,965,174	-
Changes of assumptions or other inputs	(349,886)	(4,820,496)	136,100	1,808,313	1,082,831	(526,328)	(2,391,070)
Benefit payments	<u>(484,538)</u>	<u>(706,970)</u>	<u>(686,378)</u>	<u>(801,369)</u>	<u>(639,883)</u>	<u>(621,246)</u>	<u>(544,952)</u>
Net Change in Total OPEB Liability	\$ 949,737	\$ (6,925,707)	\$ 1,362,101	\$ (1,972,878)	\$ 2,536,847	\$ 8,650,424	\$ (1,234,160)
Total OPEB Liability - Beginning	<u>\$ 25,742,673</u>	<u>\$ 32,668,380</u>	<u>\$ 31,306,279</u>	<u>\$ 33,279,157</u>	<u>\$ 30,742,310</u>	<u>\$ 22,091,886</u>	<u>\$ 23,326,046</u>
Total OPEB Liability - Ending	<u>\$ 26,692,410</u>	<u>\$ 25,742,673</u>	<u>\$ 32,668,380</u>	<u>\$ 31,306,279</u>	<u>\$ 33,279,157</u>	<u>\$ 30,742,310</u>	<u>\$ 22,091,886</u>
 Covered Employee Payroll	 \$ 11,977,353	 \$ 10,328,946	 \$ 10,318,880	 \$ 9,046,527	 \$ 9,845,344	 \$ 9,407,881	 \$ 8,993,697
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 222.86%	 249.23%	 316.59%	 346.06%	 338.02%	 326.77%	 245.64%

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
MECHANICVILLE CITY SCHOOL DISTRICT
Schedules of Proportionate Share of the Net Pension Liability (Asset)
For The Year Ended June 30, 2024

<u>NYSERS Pension Plan</u>										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0090727%	0.0086691%	0.0082840%	0.0077647%	0.0069452%	0.0073234%	0.0076218%	0.0074670%	0.0074608%	0.0073043%
Proportionate share of the net pension liability (assets)	\$ 1,335,869	\$ 1,859,006	\$ (677,184)	\$ 7,732	\$ 1,839,138	\$ 518,888	\$ 245,988	\$ 701,619	\$ 1,197,472	\$ 246,758
Covered-employee payroll	\$ 3,195,884	\$ 3,025,093	\$ 2,888,739	\$ 2,631,703	\$ 2,681,134	\$ 2,470,909	\$ 2,396,643	\$ 2,239,654	\$ 2,189,738	\$ 2,108,171
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	41.800%	61.453%	-23.442%	0.294%	68.596%	21.000%	10.264%	31.327%	54.686%	11.705%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
<u>NYSTRS Pension Plan</u>										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.057653%	0.057895%	0.051765%	0.053638%	0.052557%	0.051245%	0.050648%	0.050111%	0.049215%	0.049159%
Proportionate share of the net pension liability (assets)	\$ 659,317	\$ 1,110,949	\$ (8,970,356)	\$ 1,482,149	\$ (1,365,436)	\$ (926,637)	\$ 384,972	\$ (536,713)	\$ 5,111,902	\$ 5,476,001
Covered-employee payroll	\$ 10,879,894	\$ 10,767,766	\$ 10,424,040	\$ 8,870,726	\$ 9,263,447	\$ 8,838,630	\$ 8,025,977	\$ 7,731,509	\$ 7,451,879	\$ 7,312,256
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	6.060%	10.317%	-86.055%	16.708%	-14.740%	-10.484%	4.797%	-6.942%	68.599%	74.888%
Plan fiduciary net position as a percentage of the total pension liability	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

Required Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedules of District Contributions
For The Year Ended June 30, 2024

NYSERS Pension Plan

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 375,732	\$ 296,718	\$ 373,034	\$ 354,930	\$ 348,706	\$ 359,789	\$ 356,199	\$ 339,682	\$ 419,803	\$ 400,997
Contributions in relation to the contractually required contribution	<u>(375,732)</u>	<u>(296,718)</u>	<u>(373,034)</u>	<u>(354,930)</u>	<u>(348,706)</u>	<u>(359,789)</u>	<u>(356,199)</u>	<u>(339,682)</u>	<u>(419,803)</u>	<u>(400,997)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,195,884	\$ 3,025,093	\$ 2,888,739	\$ 2,631,703	\$ 2,681,134	\$ 2,470,909	\$ 2,396,643	\$ 2,239,654	\$ 2,189,738	\$ 2,108,171
Contributions as a percentage of covered-employee payroll	11.76%	9.81%	12.91%	13.49%	13.01%	14.56%	14.86%	15.17%	19.17%	19.02%

NYSTRS Pension Plan

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,095,689	\$ 1,005,119	\$ 837,321	\$ 806,613	\$ 931,653	\$ 818,023	\$ 940,645	\$ 1,025,353	\$ 1,295,959	\$ 1,180,001
Contributions in relation to the contractually required contribution	<u>(1,095,689)</u>	<u>(1,005,119)</u>	<u>(837,321)</u>	<u>(806,613)</u>	<u>(931,653)</u>	<u>(818,023)</u>	<u>(940,645)</u>	<u>(1,025,353)</u>	<u>(1,295,959)</u>	<u>(1,180,001)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 10,879,894	\$ 10,767,766	\$ 10,424,040	\$ 8,870,726	\$ 9,263,447	\$ 8,838,630	\$ 8,025,977	\$ 7,731,509	\$ 7,451,879	\$ 7,312,256
Contributions as a percentage of covered-employee payroll	10.07%	9.33%	8.03%	9.09%	10.06%	9.26%	11.72%	13.26%	17.39%	16.14%

Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedule of Changes From Adopted Budget To Final Budget
And The Schedule of Real Property Tax Limit
For The Year Ended June 30, 2024

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	\$ 33,276,386
Prior year's encumbrances	<u>210,212</u>
Original Budget	\$ 33,486,598
Budget revisions -	
Grants	33,920
Donations	4,181
Purchase of bus garage	1,840,000
Insurance recovery	40,525
Construction of access road	<u>1,500,000</u>
FINAL BUDGET	<u><u>\$ 36,905,224</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2024-25 voter approved expenditure budget	\$ 36,817,940
<u>Unrestricted fund equity:</u>	
Assigned fund equity	\$ 4,024,140
Unassigned fund equity	<u>3,025,281</u>
Total Unrestricted fund equity	<u>\$ 7,049,421</u>
<u>Less adjustments:</u>	
Appropriated fund equity	\$ 3,609,160
Encumbrances included in assigned fund equity	<u>414,980</u>
Total adjustments	<u>\$ 4,024,140</u>
General fund fund equity subject to Section 1318 of	
Real Property Tax Law	<u>3,025,281</u>
ACTUAL PERCENTAGE	<u><u>8.22%</u></u>

Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedule of Project Expenditures
Capital Projects Fund
For The Year Ended June 30, 2024

<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 Equity</u>
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Proceeds of Obligations</u>	<u>Local Sources</u>	<u>Total</u>	
Phase IV SED 010-004	\$ 1,050,418	\$ 1,066,171	\$ 1,066,171	\$ -	\$ 1,066,171	\$ -	\$ 1,061,207	\$ 4,964	\$ 1,066,171	\$ -
Phase II SED 006-015	11,714,862	12,871,341	12,871,341	-	12,871,341	-	11,978,986	892,355	12,871,341	-
Phase II SED 010-006	940,338	940,338	-	98,220	98,220	842,118	-	-	-	(98,220)
Phase II SED 010-007	-	2,400,000	-	86,165	86,165	2,313,835	385,902	1,500,000	1,885,902	1,799,737
Phase II SED 5005-004	325,962	325,962	-	356,370	356,370	(30,408)	-	-	-	(356,370)
Phase II SED 006-020	6,454,048	6,454,048	-	889,123	889,123	5,564,925	-	-	-	(889,123)
Phase I SED 006-016	10,010,970	10,064,020	10,064,020	-	10,064,020	-	9,863,300	200,720	10,064,020	-
Phase I SED 014-001	290,713	293,335	293,335	-	293,335	-	281,995	11,585	293,580	245
Smartschool Project	884,252	884,252	860,155	(8,596)	851,559	32,693	-	860,155	860,155	8,596
MS Roof SED 006-019	516,207	601,213	601,213	-	601,213	-	-	601,213	601,213	-
No SED Project Yet	7,700	502,030	502,030	345,546	847,576	(345,546)	-	1,342,559	1,342,559	494,983
Lease costs	-	-	169,120	-	169,120	(169,120)	-	169,120	169,120	-
Bus purchases	1,480,000	1,451,220	1,451,220	-	1,451,220	-	1,280,051	171,169	1,451,220	-
TOTAL	<u>\$ 33,675,470</u>	<u>\$ 37,853,930</u>	<u>\$ 27,878,605</u>	<u>\$ 1,766,828</u>	<u>\$ 29,645,433</u>	<u>\$ 8,208,497</u>	<u>\$ 24,851,441</u>	<u>\$ 5,753,840</u>	<u>\$ 30,605,281</u>	<u>\$ 959,848</u>

Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
Schedule of Net Investment in Capital and Lease Assets
June 30, 2024

Capital and lease asset, net		\$ 42,555,560
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Add:

Cash and Investments	\$ 8,366,416	
Deferred loss on refunding	<u>17,227</u>	
		8,383,643

Deduct:

Bond payable	\$ 20,715,000	
Retainage payable	59,331	
Unamortized bond premium	330,088	
Bond anticipation note	7,834,831	
Lease Liability	<u>28,328</u>	
		<u>28,967,578</u>

Net Investment in Capital and Lease Assets		<u><u>\$ 21,971,625</u></u>
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BUSINESS
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AND CPAS

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

To the President and Members
of the Board of Education of the
Mechanicville City 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 governmental activities, each major fund and fiduciary fund of the Mechanicville City School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2024.

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 the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-003 and 2024-004 that we consider 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany schedule of findings and questioned costs as items 2024-001 and 2024-002.

District's Response to Findings

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

Purpose of this Report

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

Mengel, Metzger, Barw & Co. LLP

Latham, NY
October 4, 2024



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

To the President and Members
of the Board of Education of
Mechanicville City School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Mechanicville City 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, 2024. 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 Mechanicville City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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
October 4, 2024

Supplementary Information
MECHANICVILLE CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2024

<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 Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Education:</u>				
<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)	84.027	0032-24-0820	\$ -	\$ 375,958
COVID-19 ARP Special Education - Grants to States (IDEA, Part B)	84.027X	5532-22-0815	-	23,737
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-24-0820	-	16,725
COVID-19 ARP Special Education - Preschool Grants (IDEA Preschool)	84.173X	5533-22-0815	-	5,353
Total Special Education Cluster IDEA			<u>\$ -</u>	<u>\$ 421,773</u>
<u>Education Stabilization Fund -</u>				
COVID-19 CRRSA - ESSER 2	84.425D	5891-21-2695	\$ -	\$ 73,291
COVID-19 ARP - ESSER 3	84.425U	5880-21-2695	-	525,774
COVID-19 ARP - SLR Comprehensive After School	84.425U	5883-21-2695	-	34,196
COVID-19 ARP - SLR Learning Loss	84.425U	5884-21-2695	-	185,191
COVID-19 CARES Act - GEER 2	84.425C	5896-21-2695	-	5,360
COVID-19 ARP - Full Day UPK	84.425U	5870-22-9185	-	184,113
Total Education Stabilization fund			<u>\$ -</u>	<u>\$ 1,007,925</u>
Title IIA - Supporting Effective				
Instruction State Grant	84.367	0147-24-2715	\$ -	\$ 42,571
Title IV - Student Support and Enrichment Program				
Title IV - Student Support and Enrichment Program	84.424	0080-23-2715	-	20,166
Title IV - Student Support and Enrichment Program	84.424	0080-24-2715	-	20,616
Total Title IV			<u>-</u>	<u>40,782</u>
Title I - Grants to Local Educational Agencies				
Title I - Grants to Local Educational Agencies	84.010	0021-23-2715	-	416
Title I - Grants to Local Educational Agencies	84.010	0021-24-2715	-	286,606
Total Title I			<u>-</u>	<u>287,022</u>
Total U.S. Department of Education			<u>\$ -</u>	<u>\$ 1,800,073</u>
<u>U.S. Department of Agriculture:</u>				
<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	Not Applicable	\$ -	\$ 367,354
COVID-19 National School Lunch Program Supply Chain	10.555	Not Applicable	-	40,184
National School Lunch Program-Non-Cash				
Assistance (Commodities)	10.555	Not Applicable	-	42,455
National School Breakfast Program	10.553	Not Applicable	-	96,306
Total Child Nutrition Cluster			<u>\$ -</u>	<u>\$ 546,299</u>
Food Service Equipment Assistance Grant	10.579	5805-23-0061	-	10,720
Local Food for Schools Cooperative Agreement	10.185	Not Applicable	-	9,810
Total U.S. Department of Agriculture			<u>\$ -</u>	<u>\$ 566,829</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 2,366,902</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**MECHANICVILLE CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the Mechanicville City 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.

3. SCOPE OF AUDIT

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

3. 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, 2024, the District received food commodities totaling \$42,455.

4. INDIRECT COST RATE

The Mechanicville City 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.

**MECHANICVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

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? _____yes X 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>
10.555,10.553	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? _____X yes _____no

**MECHANICVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II: Financial Statement Findings

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

Noncompliance Material to the Financial Statements

2024-001 Compliance with New York State Real Property Tax Law

Statement of Condition: The unassigned fund balance of the general fund exceeds 4% of the 2024-25 general fund budget by \$1,552,563.

Criteria: NYS Real Property Tax Law Section 1318 limits the amount of unassigned fund balance a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

Cause of Condition: The cumulative effect of expenditures being under budget for numerous years.

Effect of Condition: The District was not in compliance with NYS Real Property Tax Law.

Recommendation: The District should continue to implement the plan to address and use the excess in future years.

Context: As part of our audit procedures compliance with the NYS Real Property Tax Law Limit Section 1318 is reviewed.

Views of the Responsible Officials and Planned Corrective Actions: The District recognizes that it has a fund balance in excess of RPTL 1318. As noted, we are higher than 4% but our current fund balance reflects a significant change/reduction than the prior year. The District will continue to monitor the use of fund balance and use it to ensure fiscal stability and a balanced budget. As we face reduced financial resources from state aid and grants, the District has the fiscal responsibility to monitor these funds appropriately.

2024-002 Compliance with New York State Regulations

Statement of Condition: District payroll was not certified for all pay periods of the 2023/2024 fiscal year.

Criteria: Section 170.2 of the Regulations of the Commissioner of Education requires that payroll be certified by an officially designated individual.

Cause of Condition: One out of twenty-seven payroll registers reviewed was not certified by the designated individual.

Effect of Condition: Noncompliance with Education Law and the possibility of unauthorized pay occurring during the year.

**MECHANICVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II: Financial Statement Findings

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

Noncompliance Material to the Financial Statements

2024-002 Compliance with New York State Regulations

Recommendation: The District should ensure that each payroll is being reviewed and certified as indicated by signoff of the designated individual.

Context: We reviewed all payrolls for the year for evidence of certification.

Views of the Responsible Officials and Planned Corrective Actions: The District recognizes these findings and will address accordingly. These instances occurred during a transition in staff and temporary changes in the normal processing of the same. While the error is not condoned, we understand how such occurrences can happen. Every payroll will be certified and reviewed by an independent party of the person who processes the payroll and will not be considered complete until such signatures are obtained by the proper authority/designated official.

Responsibility: Colleen DiCaprio, Business Official *Completion Date:* 6/30/25

Significant Deficiencies

2024-003 Computer Controls Access and Review

Statement of Condition: The Business Manager has administrative rights within the general ledger software, as well as transactional rights within the software.

Criteria: There should be proper segregation of duties in regards to functions in the business office, including within the general ledger software.

Cause of Condition: Access within the software has not been restricted and there are limited compensating controls that would identify if incorrect changes were made.

Effect of Condition: Inappropriate, unauthorized or incorrect changes could be made to data and not detected.

Recommendation: The District should designate someone without transactional rights, typically someone in the IT department, to have administrator rights and develop a process to ensure that only necessary permissions are granted to each user based on job functions.

Context: As part of our audit procedures we review access levels within the general ledger software in addition to evaluation of internal controls including compensating controls. Due to training and shifting of responsibilities the District has not completed their evaluation of rights within the general ledger software.

**MECHANICVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II: Financial Statement Findings

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

Significant Deficiencies

2024-003 Computer Controls Access and Review

Views of the Responsible Officials and Planned Corrective Actions: The District recognizes the need for oversight and segregation with regards to access and rights within the financial program. This was discussed with our audit firm during on-site review and it was explained that providing IT with the rights to assign permissions was not a viable solution due to the complexity and understanding of what and who can have what rights, etc. It was proposed and stated that compensating controls is to run an audit report which displays what has been changed, entered, etc. We will implement a quarterly review by an independent reviewer to ensure that the Business Manager's access and activities are compliant with District policies, etc.

Responsibility: Colleen DiCaprio, Business Manager Completion date: 6/30/25

Compensating Controls: Ensure all JE's are entered by a separate individual and JE's are reviewed and approved by another. This process is currently practiced.

2024-004 Payroll Change Report Review

Statement of Condition: Two out of twenty-seven payroll change reports were not reviewed and signed off on.

Criteria: Payroll change reports should be reviewed each pay period for any unauthorized changes or fictitious employees.

Cause of Condition: Due to turnover in a key position, the payroll change reports did not get reviewed for each pay period during the year.

Effect of Condition: Fictitious employees or unauthorized changes could exist and not be detected.

Recommendation: The District should ensure that each payroll change report is being reviewed as indicated by signoff of the designated individual.

Context: We reviewed all payroll changes reports throughout the year.

**MECHANICVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II: Financial Statement Findings

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

Significant Deficiencies

2024-004 Payroll Change Report Review

Views of the Responsible Officials and Planned Corrective Actions: The District recognizes these findings and will address accordingly. These instances occurred during a transition in staff and temporary changes in the normal processing of the same. While the error is not condoned, we understand how such occurrences can happen. Every payroll will be certified and reviewed by an independent party of the person who processes the payroll and will not be considered complete until such signatures are obtained by the proper authority/designated official.

Responsibility: Colleen DiCaprio, Business Official Completion Date: 6/30/25

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 2 CFR.516(a):

None

**MECHANICVILLE CITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

Finding 2023-001

Compliance with New York State Real Property Tax Law

Condition: The unassigned fund balance of the general fund exceeds 4% of the 2023-24 general fund budget.

Current Status

Comment was repeated as item 2024-001.