

L YME CENTRAL
SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2023

Table of Contents

LYME CENTRAL SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
AUDITED BASIC FINANCIAL STATEMENTS	23
STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	23
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES	24
BALANCE SHEET – GOVERNMENTAL FUNDS	25
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	26
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	27
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	28
STATEMENT OF FIDUCIARY NET POSITION	30
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	31
NOTES TO AUDITED BASIC FINANCIAL STATEMENTS	32
REQUIRED SUPPLEMENTARY INFORMATION	79
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS	79
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND	80
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) – NYSLRS PENSION PLAN	81
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN	82
SUPPLEMENTARY INFORMATION	83
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND	83
COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS	84

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS _____	85
NET INVESTMENT IN CAPITAL ASSETS _____	86
FEDERAL AWARD PROGRAM INFORMATION _____	87
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 <i>GOVERNMENT AUDITING STANDARDS</i> _____	88
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE _____	90
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS _____	93
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS _____	95
SCHEDULE OF FINDINGS AND QUESTIONED COSTS _____	97
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS _____	100
EXTRA CLASSROOM ACTIVITY FUNDS _____	102
INDEPENDENT AUDITOR’S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS _____	103
EXTRA CLASSROOM ACTIVITY FUNDS – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS _____	105
EXTRA CLASSROOM ACTIVITY FUNDS – NOTE TO FINANCIAL STATEMENT _____	106

INDEPENDENT AUDITOR'S REPORT

BOARD OF EDUCATION LYME CENTRAL SCHOOL DISTRICT

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyme Central School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Lyme Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Lyme Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Lyme Central 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 Lyme Central School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant 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 (pages 5-22), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 79), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (page 80), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 81), and Schedule of District's Contributions – NYSLRS Pension Plan (page 82) 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.

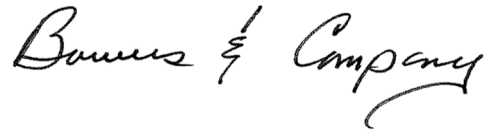
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lyme Central School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 83-86) and Schedule of Expenditures of Federal Awards (pages 93-94), 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 purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 83-86), and the Schedule of Expenditures of Federal Awards (pages 93-94) 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 9, 2023, on our consideration of the Lyme Central School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lyme Central 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 Lyme Central School District’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bowens & Company". The signature is written in black ink and is positioned to the right of the main text block.

Watertown, New York
October 9, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

INTRODUCTION

The following is a discussion and analysis of Lyme Central School District's financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section. Responsibility for completeness and fairness of the information contained rests with the School District.

The School District's purpose is to educate all students to high levels of academic performance while fostering positive growth in social/emotional behaviors and attitudes. The board of education is the governing body elected by the residents of the School District. Their mission is to maintain certain standards of excellence set by the New York State Board of Regents. This has to be accomplished with the least economic impact to the local taxpayer. The following financial highlights are the School District's attempt at completing this mission.

FINANCIAL HIGHLIGHTS

For the year ended June 30, 2023, total revenues of \$9,507,972 were \$720,661 less than the \$10,228,633 in expenses. This decrease of \$720,661 was added to the beginning deficit Net Position of \$10,822,351 for an ending deficit Net Position of \$11,543,012 at June 30, 2023.

The School District's portion of Net Position designated to reduce real estate taxes in 2023-2024 is \$533,947. The General Fund Unassigned Fund Balance is \$1,716,848, or 19.11% of the 2023-2024 budget.

The total property assessment for the School District in the 2022-2023 school year was \$430,803,539 which was a \$14,411,116 or a 3.46% increase over the 2021-2022 school year. The true value tax rate for 2022-2023 was \$10.304 per thousand of assessment up 2.01% from the previous year.

The School District employs about 69 full and part-time employees. The two unions, (Lyme Central School Teachers' Association and Lyme Central School Related Personnel Association) have collective bargaining agreements. The School Related Personnel contract is in place until June 30, 2024 and the Teachers contract expires June 30, 2027.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

FINANCIAL HIGHLIGHTS – Continued

The School District established ten reserve funds following careful consideration of the overall financial plan for the District. The reserve funds established were an (1) Unemployment Insurance Reserve that is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants, (2) a Retirement Contribution Reserve Fund for the purpose of financing retirement contributions made to the NYS and Local Employees' Retirement System, (3) a Workers' Compensation Reserve used to pay workers' compensation claims, (4) an Employee Benefit Accrued Liability Reserve used to pay accrued benefits due to employees upon termination of service, (5) a Property Loss Reserve used for property loss & liability claims incurred, (6) an Insurance Reserve used for liability, casualty, and other types of losses, (7) a Tax Certiorari Reserve used to pay judgments & claims from tax certiorari proceedings, (8) a Capital Reserve to pay the cost of any object for purpose for which bonds may be issued, (9) a Repair Reserve for capital improvements or equipment not recurring annually, and (10) a Reserve for Teachers' Retirement Contributions for the purpose of financing retirement contributions made to the NYS Teachers' Retirement System.

GASB Statement No. 68 addresses the accounting and financial reporting for New York State Pensions (Teachers and Employees). This statement requires employers participating in the New York State Pension plan to:

- Report expanded information concerning pensions in their financial statements,
- Report their proportionate share of the net pension asset or liability effective for fiscal years beginning after June 15, 2014.

This statement establishes standards for measuring and recognizing:

- Assets
- Liabilities
- Deferred outflows of resources
- Deferred inflows of resources
- Expense/expenditures

Total opening enrollment for the 2022-2023 school year was 338. Projections for 2023-2024 show an increase of seven (7) students, bringing the total enrollment to 345.

The District continues to implement and maintain all statutory programs and regulations as outlined by the Commissioner, Education Law and the NYS Board of Regents.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS

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

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


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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS – Continued

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

Table A-1	Major Features of the District-Wide and Fund Financial Statement		
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance	Instances in which the School District acts as a trustee or acts as an agent for resources that belong to others but does not have administrative control, such as property taxes collected on behalf of other governments or scholarships in a trust
Required Financial Statements	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures, and Changes in Fund Balance	5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic focus
Type of Asset / Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow / Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS – Continued

District-Wide Statements

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

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

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

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

Fund Financial Statements

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS – Continued

Fund Financial Statements – Continued

The District has two kinds of funds:

- 1) **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information after the governmental funds statements explains the relationship (or differences) between them.

- 2) **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the property taxes collected on behalf of other governments. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations and does not have administrative control over funds that are not under specific trust arrangements.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11,543,012 at the close of the most recent fiscal year. This represents a \$720,661 decrease in the statement of net position for the year. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2023, the OPEB liability was \$25,055,852 compared to \$32,331,391 reported at the close of the prior fiscal year. See Note 11 for additional OPEB information.

LYME CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A
WHOLE – Continued**

The largest portion of the School District's net position, \$7,843,809, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The School District used capital assets to provide services; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedule summarizes the School District's net position. The complete Statement of Net Position can be found in the School District's basic financial statements.

Condensed Statement of Net Position		
Fiscal Year 2022-2023 and 2021-2022		
	2022-2023	2021-2022
ASSETS		
Current and Other Assets	\$ 6,020,892	\$ 8,526,284
Capital Assets, Net	<u>9,261,456</u>	<u>9,424,000</u>
Total Assets	<u>\$ 15,282,348</u>	<u>\$ 17,950,284</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Bond Refunding	\$ 16,903	\$ 22,092
Pensions	1,782,080	1,772,184
Other Postemployment Benefits	<u>6,720,862</u>	<u>8,181,242</u>
Total Deferred Outflows of Resources	<u>\$ 8,519,845</u>	<u>\$ 9,975,518</u>
LIABILITIES		
Current Liabilities	\$ 771,901	\$ 858,742
Long-Term Liabilities	<u>27,037,260</u>	<u>33,955,334</u>
Total Liabilities	<u>\$ 27,809,161</u>	<u>\$ 34,814,076</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	\$ 168,464	\$ 3,341,016
Other Postemployment Benefits	<u>7,367,580</u>	<u>593,061</u>
Total Deferred Inflows of Resources	<u>\$ 7,536,044</u>	<u>\$ 3,934,077</u>
NET POSITION		
Net Investment in Capital Assets	\$ 7,843,809	\$ 7,641,919
Restricted		
Other Legal Restrictions	2,926,017	2,713,666
Unrestricted (Deficit)	<u>(22,312,838)</u>	<u>(21,177,936)</u>
Total Net Position	<u>\$ (11,543,012)</u>	<u>\$ (10,822,351)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A
WHOLE – Continued**

In general, current assets are those assets that are available to satisfy current obligations and current liabilities and those liabilities that will be paid within one year. Current assets consist primarily of cash and cash equivalents of \$5,312,297, and State and BOCES aid receivable of \$698,278.

In addition to assets, the *Statement of Net Position* reports 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. Included in deferred outflows of resources in the current year is \$1,782,080 related to the District's participation in the NYS TRS and ERS pension systems, \$6,720,862 related to the District's OPEB Plan, and \$16,903 related to the deferred charge on bond refunding.

Current liabilities consist primarily of accounts payable and accrued expenses totaling \$74,907, TRS and ERS payable of \$309,986, and the current portion of bonds payable for \$370,000.

In addition to liabilities, the *Statement of Net Position* or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources on the Statement of Net Position in the current year is \$168,464 related to the District's participation in the NYS TRS and ERS pension systems and \$7,367,580 related to the District's OPEB Plan.

The Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted State and Federal aid must support the net cost of the School District's programs.

LYME CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A
WHOLE – Continued**

The following schedule summarizes the School District's activities. The complete Statement of Activities can be found in the School District's basic financial statements.

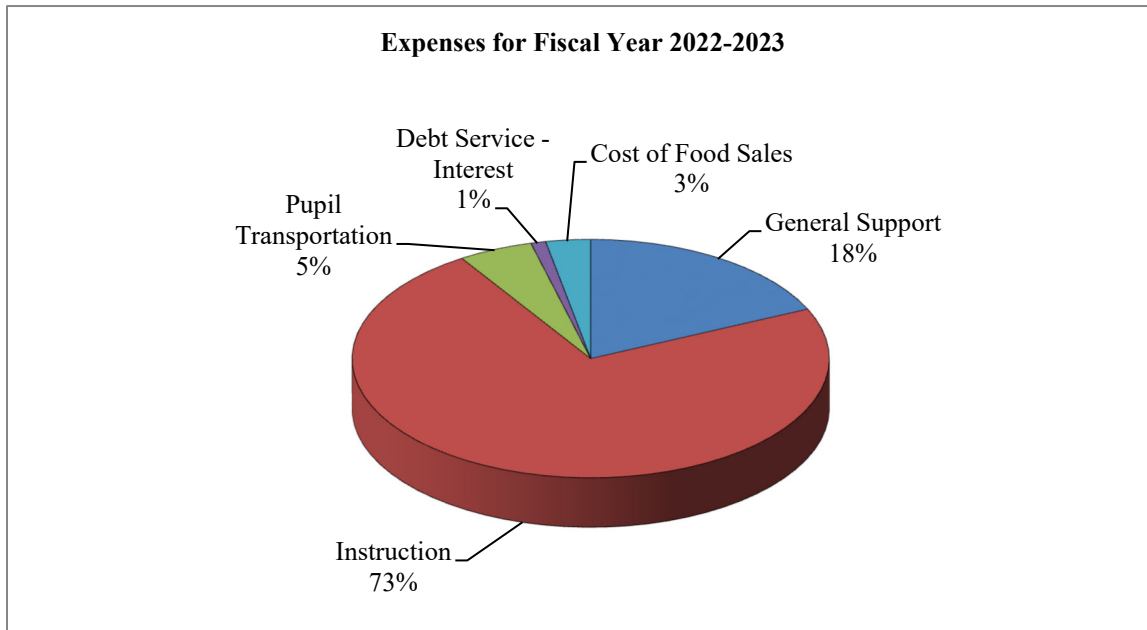
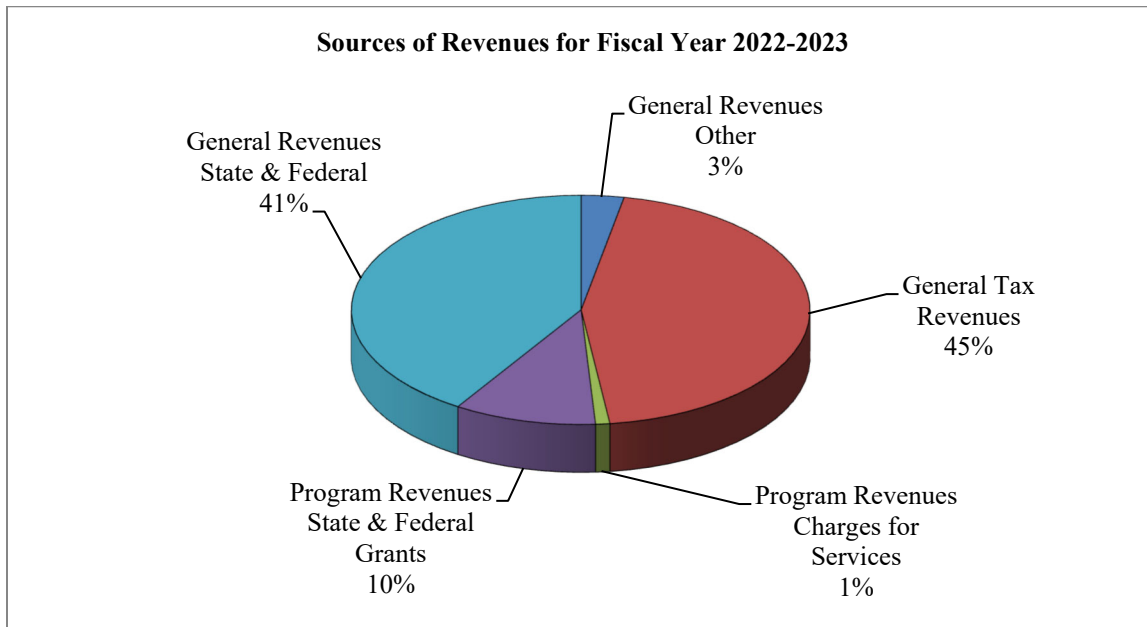
Condensed Statement of Activities
Fiscal Year 2022-2023 and 2021-2022

	2022-2023	2021-2022
REVENUES		
Program Revenues		
Charges for Services	\$ 25,818	\$ 7,059
Operating Grants	935,197	914,999
General Revenues		
Property and Other Tax Items	4,259,222	4,212,434
Use of Money and Property	98,480	6,070
State Sources	3,915,361	3,746,508
Federal Sources	26,369	58,646
Other	<u>247,525</u>	<u>256,502</u>
Total Revenues	<u>9,507,972</u>	<u>9,202,218</u>
EXPENSES		
General Support	1,816,479	1,410,606
Instruction	7,409,911	7,152,770
Pupil Transportation	639,301	638,283
Debt Service – Interest	28,533	35,208
School Food Service Program - Cost of Food Sales	<u>334,409</u>	<u>261,088</u>
Total Expenses	<u>10,228,633</u>	<u>9,497,955</u>
Change in Net Position	<u>\$ (720,661)</u>	<u>\$ (295,737)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A
WHOLE – Continued**

The School District is dependent on both State and Federal aid for its funding. State and Federal Grants and State General Revenues combined account for 51% of total revenues for both the 2023 and 2022 school years. General Tax Revenues account for 45% of total revenues for both the 2023 and 2022 school years. These two areas make up 96% of the total revenues received in the 2022-2023 and 2021-2022 school years. Miscellaneous sources represent 4% of revenues for both the 2023 and 2022 school years.

Instruction, transportation, and general support account for 96% of the total expenses of the School District for both the 2023 and 2022 school years.

The financial statements also include the Special Aid Fund and School Food Service Fund, which are primarily funded by State and Federal aid and meal sales. The District qualified for the CEP (Community Eligibility Provision), which provides both breakfast and lunch to all District students at no charge. The Lyme School Food Service Program is self-supporting and receives no District subsidy.

GENERAL FUND BUDGETARY HIGHLIGHTS

The School District's budget of \$8,972,391 for 2022-2023 was voted upon and approved by referendum on May 17, 2022 (by 86% of the 177 residents that voted). The School District's total budget increase for 2022-2023 was \$146,912 or a 1.66% increase from the prior year's budget.

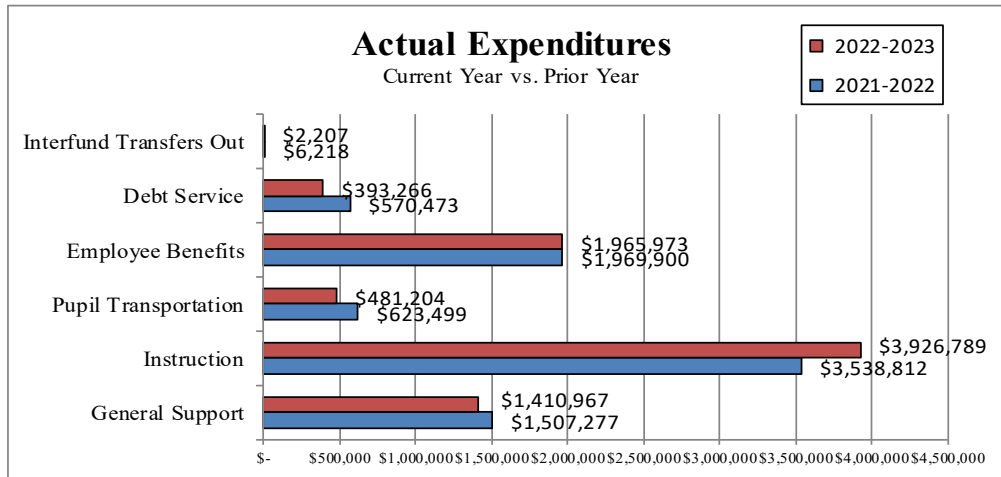
Actual expenditures, including transfers to other funds, for 2022-2023 and 2021-2022 totaled \$8,180,406 and \$8,216,179, respectively, which represents a \$35,773 (0.44%) decrease in fiscal year 2022-2023 over the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS – Continued

The following graph shows how the actual expenditures are distributed for each budget item over the past two years:



The major changes in spending for fiscal year 2022-2023, as compared to prior fiscal year 2021-2022, were in the areas of general support (decreased \$96,310), instruction (increased \$387,977), debt service (decreased \$177,207) and pupil transportation (decreased \$142,295).

In the 2021-2022 school year, three significant projects were successfully completed, including the construction of a new playground, installation of a new door security system, and the installation of a new campus notification system. These endeavors substantially augmented the general support category’s expenses during that year. No projects exceeding \$100,000 were executed in the subsequent 2022-2023 school year, resulting in a decrease.

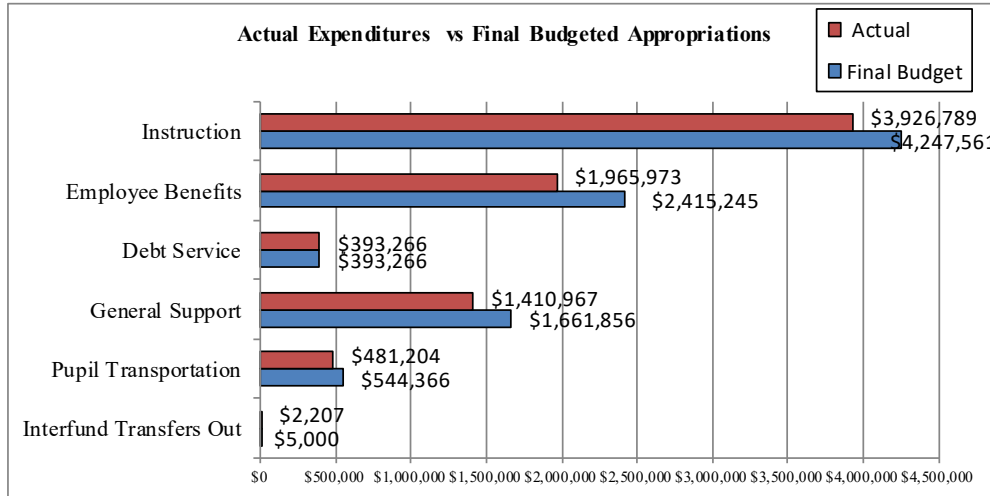
Within the instruction category, increased costs primarily stemmed from higher salaries, expenses associated with special education BOCES services, and technology purchases. Additionally, there was an increase in material and supply expenditures, primarily attributable to the school’s logo change from the Lyme Indians to the Lyme Lakers. On the other hand, Pupil Transportation costs decreased compared to the previous year, due to reduced fuel and oil expenses, garage repairs, and bus part expenditures. Furthermore, debt service decreased \$177,207, due to reduced bond principal and interest payments.

The total unspent appropriation budget for fiscal year 2022-2023 was \$849,864 (net of encumbrances totaling \$237,024). The following graph depicts variations between the final budgeted appropriations and the actual expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS – Continued



EXPENDITURES:

The School District overestimated budget appropriations for the following reasons.

General Support: The District experienced reduced expenses in the areas of Board of Education, Chief School Administrator Salaries, and Unallocated Insurance.

Instruction Budget: The District finds it fiscally prudent and responsible to budget additional funds to cover unexpected medical leaves and the possibility of new enrollments of high-cost special education students.

Pupil Transportation: The District budgeted for higher fuel costs and usage.

Employee Benefits: The number of employees who are eligible to access benefits can and often does at any time change unexpectedly. Therefore, the budget must reflect an amount that may potentially be needed. The expected benefit amount was less than anticipated due retiree deaths and due to a greatly diminished applicant pool, and therefore the District’s lack of success in filling vacant positions with qualified candidates.

MANAGEMENT'S DISCUSSION AND ANALYSIS

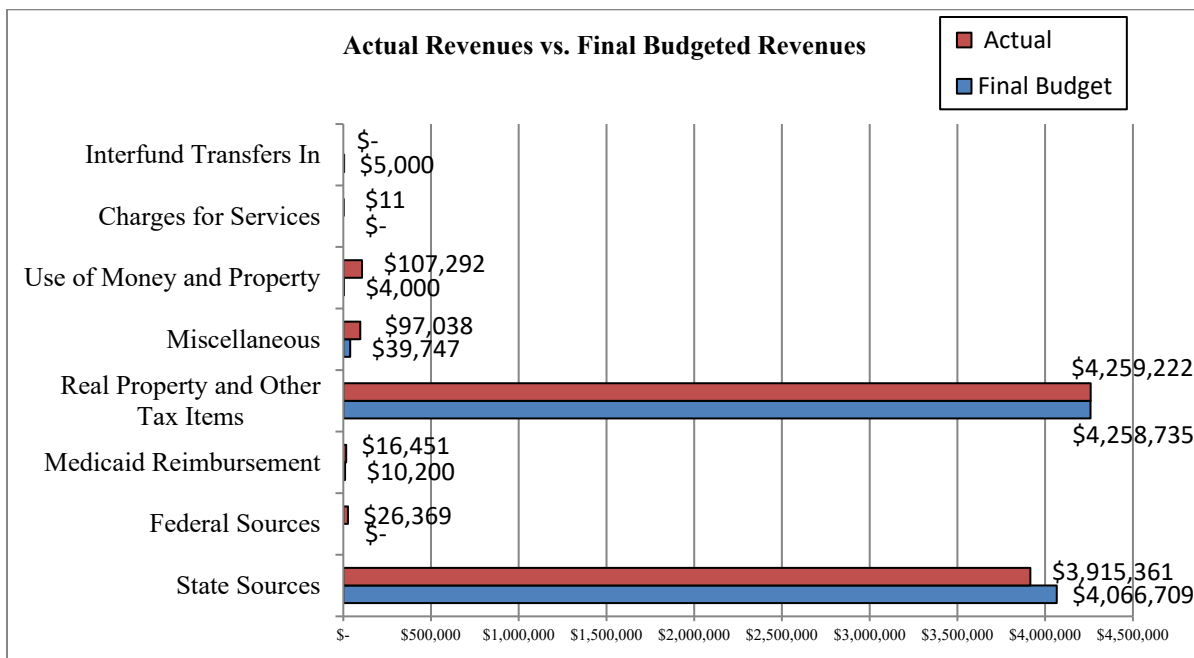
June 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS – Continued

REVENUES:

The School District underestimated its budgeted revenues by less than 1% (0.45%) or \$37,353.

The following graph depicts actual revenues in comparison with final budgeted revenues.



ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

General Fund

The General Fund is used to operate the school's daily educational and transportation programs and maintain the buildings and grounds of the facility for continued use. This is the only fund that relies on real property taxes for a portion of funding. Actual property taxes paid (less STAR Reimbursement) amounts to 47.65% of total General Fund revenues.

Special Aid Fund

The School District receives State and Federal grants, which fund specific academic activities. These grants are written for specific purposes and include reading improvement, staff development, technology improvements and needs related to students with disabilities.

LYME CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS – Continued

Special Aid Fund – Continued

It is important to note that most of these grants have a fiscal year that runs from September 1 to August 31, which differs from the school fiscal year of July 1 to June 30. Therefore, there are funds being spent during the summer months which result in carry-over amounts to the following school year.

The listing below shows the grant amounts recorded in the Special Aid Fund:

		2022-2023	2021-2022
Title I ESEA	Basic Grant	\$ 109,424	\$ 106,846
Title IIA	Teacher Training	11,153	14,490
Title IV	Student Support and Academic Enrichment	10,000	10,000
Title VI B	Rural Education Achievement Program	29,222	26,335
IDEA Part B Section 611	School Age Special Education	89,797	85,902
ARP IDEA Part B Section 611	School Age Special Education	8,117	10,598
IDEA Part B Section 619	Preschool Special Education	367	216
ARP IDEA Part B Section 619	Preschool Special Education	363	1,721
	Summer School 4408	8,559	22,562
	Healthcare Workers Bonus	3,000	-
	ELC School Reopening	49,017	-
CRRSA ESSER II	Emergency Relief Fund	135,982	184,343
ARP ESSER III	Emergency Relief Fund	194,988	139,456
Universal PreK	Preschool Education	35,649	35,649
		<u>\$ 685,638</u>	<u>\$ 638,118</u>

School Food Service Fund

The School Food Service Program is totally funded through State and Federal Aid along with sales of lunch and breakfast items. The School Food Service Program showed a decrease in Fund Balance (a net loss) of \$35,345 for the year ended June 30, 2023. The decrease in fund balance can be attributed to heightened expenditures across various categories, including equipment, materials, supplies, food service salaries, and employee benefits. Furthermore, the 2022-2023 year witnessed a substantial escalation in food costs, which surged by 36%, and milk costs, which surged by 47%. The surge in costs drastically affected the School Food Service Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS – Continued

Capital Assets and Intangible Lease Assets

In 1937 the original school building was constructed and was known as Chaumont High School and was later renamed Lyme Central School. There have been several expansions and renovations to the building that date back to 1957. Numerous pieces of adjoining land have been added over the years to secure space for additions and the expanding needs of the extracurricular athletic program. The following major projects have been included in the District's capital assets.

\$1,566,500	1986 – New gym constructed with renovation work to basement and old gym area.
\$1,595,000	1996 – 3 Classroom additions with Library-media center expansion and boiler replacement at bus garage.
\$994,670	1999 – Fuel depot construction, new playground, and window work on main building.
\$2,992,475	2003 – Addition of 5 classrooms, cafeteria, renovation work and new bus garage.
\$4,035,000	2010 – Interior renovation work, Classroom renovations, Athletic Field Upgrades, Mechanical and Electrical Upgrades, Exterior Masonry repairs, Roof repairs.
\$875,800	2013 – Roof replacement and other main building renovations.

Furniture & Equipment are recorded for the entire School District and includes vehicles and school buses.

The District has no infrastructure.

The District purchased one school bus with voter approval. The bus purchase was paid from General Fund appropriations, no debt was issued. The school bus purchase is aided in accordance to an assumed amortization schedule of five years, as established by the State Education Department.

A fixed asset policy was established by the School Board on August 11, 2016 to capitalize fixed assets of at least \$5,000 and building improvements of \$20,000, which was used as the threshold for capital asset additions through June 30, 2023.

LYME CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS – Continued

Capital Assets and Intangible Lease Assets – Continued

Net Capital Assets and Intangible Lease Assets after depreciation and amortization are \$9,261,456 at June 30, 2023.

	Balance June 30, 2022	Additions	Retirements / Reclassifications	Balance June 30, 2023
Land	\$ 860,758	\$ -	\$ -	\$ 860,758
Building & Improvements	11,514,961	-	-	11,514,961
Furniture & Equipment	2,713,848	310,027	(103,239)	2,920,636
Intangible Lease Assets - Equipment	39,559	-	-	39,559
Less:				
Accumulated Depreciation	(5,701,170)	(462,508)	101,088	(6,062,590)
Accumulated Amortization	(3,956)	(7,912)	-	(11,868)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Capital Assets	<u><u>\$ 9,424,000</u></u>	<u><u>\$ (160,393)</u></u>	<u><u>\$ (2,151)</u></u>	<u><u>\$ 9,261,456</u></u>

For more information refer to Note 5 in the notes to financial statements.

Long-Term Debt

The School District has bonds outstanding on capital projects from Refunding Serial Bonds issued on February 11, 2021 and March 19, 2021 with final payments due March 15, 2027 and June 15, 2026, respectively. The School District also has outstanding capital project Serial Bonds issued June 24, 2015 with final payments due June 15, 2031.

The Long-Term Debt is broken down by current (within one year) and long term (after one year). At June 30, 2023 and 2022 the School District had the following breakdown of debt (excludes Compensated Absences Payable of \$155,389, and \$186,128, respectively).

	2023	2022
Bonds Due and Payable Within One Year	\$ 370,000	\$ 365,000
Bonds Due and Payable After One Year	<u>1,050,000</u>	<u>1,420,000</u>
Total Long Term Debt	<u><u>\$ 1,420,000</u></u>	<u><u>\$ 1,785,000</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the following observations, the School District can only project what future financial changes will be by how the history of budget and school operations have been in the School District.

- As previously stated, approximately 51% of revenues are procured through State and Federal Aid. The difficulty for future budgets of the Lyme Central School District in its rural setting is magnified by the uncertainty of the fiscal condition of New York State. The State budget has a greater impact for many districts that derive a high percentage of their revenue from State and Federal Aid. Even after the State passes their budget, our funding stream may be disrupted and payments extended past the original schedule due to a lack of cash flow from the State.
- The economic climate in our region could be characterized as generally depressed. The District has no major employers or large businesses, however, there are several small businesses in our catchment area.
- It is the responsibility of District management to ensure that the aim of providing predictability, stability and certainty regarding the long-term sustainable operation of the Lyme Central School District for the District's stakeholders (students, taxpayers, families, and staff), is achieved. For that purpose, the District continues to seek ways to save money and share services, including but not limited to overseeing our community shared Fuel Facility and sharing a food service director. The School District works diligently to maintain the high academic standards of our students as they are the future of the district and will exemplify our success in meeting our mission and goals.
- In addition, recent changes in State Aid formulas due to District assessed taxable values, and the necessity to stay within mandated tax caps has resulted in fluctuating state aid, unpredictable grant funding opportunities and variable tax revenue to the District. Such unpredictability creates challenges that require management to creatively and proactively consider all conditions and budgeting options when conducting long range District planning.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Clerk or Superintendent at the following address: Lyme Central School, P.O. Box 219, Chaumont, New York 13622.

LYME CENTRAL SCHOOL DISTRICT

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES

June 30, 2023

ASSETS	
Cash and Cash Equivalents	
Unrestricted	\$ 2,386,280
Restricted	2,926,017
Receivables	
State and Federal Aid	458,020
Due From Other Governments	240,258
Other	5,910
Inventories	4,407
Capital Assets, Net	9,261,456
TOTAL ASSETS	\$ 15,282,348
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	\$ 16,903
Pensions	1,782,080
Other Postemployment Benefits	6,720,862
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 8,519,845
LIABILITIES	
Payables	
Accounts Payable	\$ 24,937
Accrued Liabilities	49,970
Due to Other Governments	1,644
Accrued Interest on Bonds Payable	1,397
Due to Teachers' Retirement System	280,124
Due to Employees' Retirement System	29,862
Unearned Credits	
Unearned Revenues – Other	9,344
Long-Term Liabilities	
Due and Payable Within One Year	
Bonds Payable, Net of Unamortized Premium	374,623
Due and Payable After One Year	
Bonds Payable, Net of Unamortized Premium	1,059,927
Compensated Absences Payable	155,389
Other Postemployment Benefits Payable	25,055,852
Net Pension Liability – Proportionate Share	766,092
TOTAL LIABILITIES	\$ 27,809,161
DEFERRED INFLOWS OF RESOURCES	
Other Postemployment Benefits	\$ 7,367,580
Pensions	168,464
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 7,536,044
NET POSITION	
Net Investment in Capital Assets	\$ 7,843,809
Restricted for:	
Other Legal Restrictions	2,926,017
Unrestricted (Deficit)	(22,312,838)
TOTAL NET POSITION	\$ (11,543,012)

See notes to audited basic financial statements.

LYME CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2023

		Program Revenues		Net (Expenses)
	Expenses	Charges for	Operating	Revenues and
		Services	Grants	Changes in
FUNCTIONS/PROGRAMS				Net Position
General Support	\$ 1,816,479	\$ 11	\$ -	\$ (1,816,468)
Instruction	7,409,911	-	683,431	(6,726,480)
Pupil Transportation	639,301	-	-	(639,301)
Debt Service – Interest	28,533	-	-	(28,533)
School Food Service Program	334,409	25,807	251,766	(56,836)
Total Functions and Programs	\$ 10,228,633	\$ 25,818	\$ 935,197	(9,267,618)
GENERAL REVENUES				
Real Property Taxes				4,013,046
Other Tax Items				246,176
Use of Money and Property				98,480
Sale of Property and Compensation for Loss				8,812
Gain on Disposal of Property and Equipment				9,849
State Sources				3,915,361
Medicaid Reimbursement				16,451
Federal Sources				26,369
Miscellaneous				212,413
Total General Revenues				8,546,957
Change in Net Position				(720,661)
Net Position – Beginning of Year				(10,822,351)
Net Position – End of Year				\$ (11,543,012)

See notes to audited basic financial statements.

LYME CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2023

	General	Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents			
Unrestricted	\$ 2,032,031	\$ 354,249	\$ 2,386,280
Restricted	2,848,233	77,784	2,926,017
Receivables			
Due From Other Funds	572,376	19,666	592,042
State and Federal Aid	91,127	366,893	458,020
Due From Other Governments	191,241	49,017	240,258
Other	5,910	-	5,910
Inventories	-	4,407	4,407
TOTAL ASSETS	\$ 5,740,918	\$ 872,016	\$ 6,612,934
LIABILITIES			
Payables			
Accounts Payable	\$ 23,600	\$ 1,337	\$ 24,937
Accrued Liabilities	49,970	-	49,970
Due to Other Funds	19,666	572,376	592,042
Due to Other Governments	1,644	-	1,644
Due to Teachers' Retirement System	280,124	-	280,124
Due to Employees' Retirement System	29,862	-	29,862
Unearned Credits			
Unearned Revenues	-	9,344	9,344
Total Liabilities	404,866	583,057	987,923
FUND BALANCES			
Nonspendable	-	4,407	4,407
Restricted	2,848,233	77,784	2,926,017
Assigned	770,971	206,768	977,739
Unassigned	1,716,848	-	1,716,848
Total Fund Balances	5,336,052	288,959	5,625,011
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,740,918	\$ 872,016	\$ 6,612,934

See notes to audited basic financial statements.

LYME CENTRAL SCHOOL DISTRICT

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

June 30, 2023

Total Fund Balance – Governmental Funds \$ 5,625,011

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

Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the fund statements.

Net Pension Liability - Proportionate Share - TRS	\$	271,179	
Net Pension Liability - Proportionate Share - ERS		494,913	(766,092)

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

Other Postemployment Benefits	\$	6,720,862	
Deferred Charge on Bond Refunding		16,903	
Pensions		1,782,080	8,519,845

Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

Other Postemployment Benefits	\$	7,367,580	
Pensions		168,464	(7,536,044)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:

The Cost of Capital Assets is	\$	15,335,914	
Accumulated Depreciation and Amortization is		(6,074,458)	9,261,456

Long-term liabilities, including bonds payable and compensated absences, are not due in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities, at year end, consist of:

Bonds Payable	\$	1,420,000	
Premium on Bond Issue		14,550	
Accrued Interest Payable		1,397	
Compensated Absences Payable		155,389	
Other Postemployment Benefits Payable		25,055,852	(26,647,188)

Total Net Position – Governmental Activities \$ (11,543,012)

LYME CENTRAL SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS**

Year Ended June 30, 2023

	<u>General</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Real Property Taxes	\$ 4,013,046	\$ -	\$ 4,013,046
Other Tax Items	246,176	-	246,176
Charges for Services	11	-	11
Use of Money and Property	98,480	-	98,480
Sale of Property and Compensation for Gain	8,812	-	8,812
State Sources	3,915,361	49,491	3,964,852
Medicaid Reimbursement	16,451	-	16,451
Federal Sources	26,369	843,769	870,138
Surplus Food	-	41,937	41,937
Sales - School Food Service	-	23,433	23,433
Miscellaneous	97,038	117,749	214,787
Total Revenues	<u>8,421,744</u>	<u>1,076,379</u>	<u>9,498,123</u>
EXPENDITURES			
General Support	1,410,967	127,540	1,538,507
Instruction	3,926,789	685,638	4,612,427
Pupil Transportation	481,204	-	481,204
Employee Benefits	1,965,973	31,946	1,997,919
Debt Service			
Principal	365,000	-	365,000
Interest	28,266	-	28,266
Cost of Sales - School Food Service	-	153,432	153,432
Other Expenditures	-	107,887	107,887
Total Expenditures	<u>8,178,199</u>	<u>1,106,443</u>	<u>9,284,642</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>243,545</u>	<u>(30,064)</u>	<u>213,481</u>
OTHER FINANCING SOURCES AND (USES)			
Operating Transfers In	-	2,207	2,207
Operating Transfers (Out)	(2,207)	-	(2,207)
Total Other Financing Sources and (Uses)	<u>(2,207)</u>	<u>2,207</u>	<u>-</u>
Net Change in Fund Balance	241,338	(27,857)	213,481
Fund Balances – Beginning of Year	<u>5,094,714</u>	<u>316,816</u>	<u>5,411,530</u>
Fund Balances – End of Year	<u>\$ 5,336,052</u>	<u>\$ 288,959</u>	<u>\$ 5,625,011</u>

See notes to audited basic financial statements.

LYME CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2023

Net Change in Fund Balances – Total Governmental Funds \$ 213,481

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, assets with an initial individual cost of more than \$5,000 are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization expense exceeded capital outlays and the related gain on disposal of capital assets in the current period.

Capital Outlays	\$	298,027	
Gain on Disposition of Assets		9,849	
Depreciation and Amortization Expense		(470,420)	(162,544)

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current year. 365,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is increased by the amount that the amortization of the deferred charge on bond refunding exceeds the amortization of bond premium and the reduction in accrued interest on bonds. (267)

In the Statement of Activities, certain operating expenses--compensated absences (vacations and certain sick pay) and special termination benefits (early retirement)--are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). 30,739

LYME CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2023

On the Statement of Activities, the actual and projected long term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits. (959,360)

(Increases) decreases in proportionate share of net pension asset (liability) and related deferred outflows/inflows 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	\$ (104,196)	
Employees' Retirement System	<u>(103,514)</u>	<u>(207,710)</u>
Change in Net Position of Governmental Activities		<u>\$ (720,661)</u>

LYME CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2023

	Custodial
ASSETS	
Cash and Cash Equivalents	
Restricted	<u>\$ -</u>
 Total Assets	 <u><u>\$ -</u></u>
LIABILITIES	
Other Liabilities	<u>\$ -</u>
 Total Liabilities	 <u>-</u>
NET POSITION	
Restricted	<u><u>\$ -</u></u>

See notes to audited basic financial statements.

LYME CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2023

	Custodial
ADDITIONS	
Taxes Collected for Other Governments (Library Levy)	\$ 86,141
Total Additions	<u>86,141</u>
DEDUCTIONS	
Payments of Tax to Other Governments (Library Levy)	<u>86,141</u>
Total Deductions	<u>86,141</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

See notes to audited basic financial statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

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 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

Extra Classroom Activity Funds

The Extra Classroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management with the District having administrative involvement. Separate audited financial statements (cash basis) of the Extra Classroom Activity Funds can be found at the District's business office. Due to administrative involvement, the District accounts for assets in a special revenue fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Joint Venture

The District is one of 18 component school districts in the Jefferson-Lewis-Hamilton-Herkimer-Oneida Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the District was billed \$1,504,588 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$289,749. This represents state aid distributions of \$253,276 and 2022 fund balance returned to schools of \$36,473.

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

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 and Federal aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital specific grants.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

District-Wide Statements - Continued

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between direct program expenses and revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Statements

The fund statements provide information about the District’s funds, including each type of 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. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition, extra classroom activity funds which the District has administrative involvement or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for specific educational programs.

School Food Service Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Extra Classroom Activity Funds: Used to account for funds of the students of the District which are restricted as to use by the various student organizations where the District has administrative involvement over the funds.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

Special Revenue Funds – Continued

Scholarships and Awards Fund: Used to account for proceeds received from various individuals and organizations that are restricted for specific scholarship and award programs not under specific trust arrangements.

The District reports the following fiduciary funds:

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 is one class of fiduciary funds:

Custodial Funds: These funds are limited to assets that are being held for individuals, private organizations, or other governments that are not held in a trust. Assets are held by the District as agent for property taxes collected on behalf of other governments.

Measurement Focus and Basis of Accounting

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

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

The 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 collectible within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting – Continued

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

Property Taxes

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

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

Restricted Resources

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

Interfund Transactions

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Interfund Transactions – Continued

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Estimates

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

Cash and Cash Equivalents

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

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Receivables

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Inventories

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

Capital Assets and Intangible Lease Assets

Capital assets are reported at actual cost or estimated historical cost, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and Improvements	\$ 20,000	SL	20-50 Years
Furniture and Equipment	5,000	SL	5 - 20 Years

The District does not possess any infrastructure.

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of \$5,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying assets.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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 has four items that qualify for reporting in this category. First is the deferred charge on bond refunding reported in the District-wide Statement of Net Position. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and the changes of assumptions or other inputs. The fourth item is the District's contributions to the New York State Teachers' and Employees' pension systems and to Other Postemployment Benefit (OPEB) plan subsequent to the measurement date.

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

Unearned Revenue

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

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

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

Other Benefits

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

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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

The District may issue Bond Anticipation Notes (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.

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.

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 postemployment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Food Service Fund of \$4,407.

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

Liability Claims and Property Loss

According to Education Law §1709(8)(c), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000. This reserve is accounted for in the General Fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Scholarships and Awards Fund

According to constraints placed on the use of resources established by various scholarship and award programs, must be used for the specific purpose outlined in the program. The monies are accounted for in the Scholarships and Awards Fund.

Extra Classroom Activity Funds

According to the regulations of the Commissioner of Education (8 NYCRR Part 172), the Board of Education of the District is required to make the rules and regulations for the establishment, conduct, operation, and maintenance of extra classroom activities and for the safeguarding, accounting and audit of all moneys received. According to the regulations of the Board of Education, the monies represent the funds of the students of the District and must be used by the student organizations of the District. The monies are accounted for in the Extra Classroom Activity Funds.

Employee Benefit Accrued Liability

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Workers' Compensation

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

Retirement Contributions

According to General Municipal Law §6-r, all expenditure made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During 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. This reserve is accounted for in the General Fund.

Repairs

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Capital

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

Tax Certiorari

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

Insurance

According to General Municipal Law §6-n, must be used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contributions to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Restricted fund balance includes the following at June 30, 2023:

General Fund:	
Unemployment Insurance	\$ 94,003
Workers' Compensation	104,451
Employee Benefit Accrued Liability	155,389
Retirement Contributions - NYSERS	317,392
Retirement Contributions - NYSTRS	246,341
Repairs	254,219
Capital	1,566,768
Tax Certiorari	5,222
Liability Claims and Property Loss Insurance	52,224
Extra Classroom Activity Funds	70,670
Scholarships and Awards Fund	<u>7,114</u>
 Total Restricted Funds	 <u><u>\$ 2,926,017</u></u>

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the 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, 2023.

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Use of Fund Balance

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

New Accounting Standards

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

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

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

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 98, *The Annual Comprehensive Financial Report*, effective for the year ended June 30, 2023.

GASB has issued Statement No. 99, *Omnibus 2022*, effective for the year ended June 30, 2023.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Future Changes in Accounting Standards

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the year ended June 30, 2024.

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

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

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

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

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

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

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

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

1. Long-Term Revenue and Expense Differences:

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

2. Capital Related Differences:

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

3. Long-Term Debt Transaction Differences:

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

4. 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of
Activities – Continued**

5. OPEB Differences:

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

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

Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

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

Budgets – Continued

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year ended June 30, 2023.

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

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

Special Revenue Funds have not been included in the comparison because they do not have a legally authorized (appropriated) budget.

Encumbrances

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

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

Other

The District’s unreserved undesignated fund balance 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. To address this issue, the District is appropriating additional fund balance for subsequent year expenditures; hiring additional teaching assistants to address instructional gaps and related recommendations for class sizes; and establishing a second capital reserve fund to be used to offset the tax impact of voter-approved capital projects.

The District’s School Food Service fund balance was in excess of the allowable 3 months average expenditures under 7 CFR §210.14(b) by approximately \$117,000, however, the District has an approved plan with the New York State Education Department to reduce the excess fund balance to an amount within the allowable limits.

During the year ended June 30, 2023, the General Fund had an excess of actual expenditures over budget for Instruction – Occupational Education by \$1,325.

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

Cash

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

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

Uncollateralized	<u>\$ -</u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	<u>\$ 2,389,779</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

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

Cash – Continued

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$2,848,233 restricted for various fund balance reserves in the General Fund, \$70,670 restricted for extra classroom in the Extra Classroom Activity Funds, and \$7,114 restricted for scholarships and awards in the Scholarships and Awards Fund within the governmental funds.

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, 2023 all deposits were fully insured and collateralized by the District's agent not in the District's name.

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.

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

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Investment Pool – NYCLASS

The District participated in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article §5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2023, the District held \$2,786,847 in the General Fund through the cooperative classified as unrestricted and restricted cash.

The above amounts represent the cost of the investment pool shares and are considered to approximate net asset value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report on NYCLASS.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 5 – CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS

Capital asset and intangible lease asset balances and activity as of June 30, 2023 were as follows:

Governmental Activities	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	\$ 860,758	\$ -	\$ -	\$ 860,758
Total Nondepreciable Assets	<u>860,758</u>	<u>-</u>	<u>-</u>	<u>860,758</u>
Other Capital Assets:				
Buildings and Improvements	11,514,961	-	-	11,514,961
Furniture and Equipment	2,713,848	310,027	(103,239)	2,920,636
Intangible Lease Assets - Equipment	39,559	-	-	39,559
Total Other Capital Assets	<u>14,268,368</u>	<u>310,027</u>	<u>(103,239)</u>	<u>14,475,156</u>
Less Accumulated Depreciation:				
Buildings and Improvements	4,501,573	238,615	-	4,740,188
Furniture and Equipment	1,199,597	223,893	(101,088)	1,322,402
Less Accumulated Amortization:				
Intangible Lease Assets - Equipment	3,956	7,912	-	11,868
Total Accumulated Depreciation and Amortization	<u>5,705,126</u>	<u>470,420</u>	<u>(101,088)</u>	<u>6,074,458</u>
Total Other Capital Assets, Net	<u>8,563,242</u>	<u>(160,393)</u>	<u>(2,151)</u>	<u>8,400,698</u>
Capital Assets, Net	<u>\$ 9,424,000</u>	<u>\$ (160,393)</u>	<u>\$ (2,151)</u>	<u>\$ 9,261,456</u>

Depreciation and amortization expense was charged to governmental functions as follows:

General Support	\$ 114,262
Instruction	238,615
Pupil Transportation	<u>117,543</u>
Total Depreciation and Amortization Expense	<u>\$ 470,420</u>

NOTE 6 – SHORT-TERM DEBT OBLIGATIONS

There were no short-term debt financing transactions during the year ended June 30, 2023.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 7 – LONG-TERM DEBT 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.

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make 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 local government. The provisions will be in the General Fund’s future budgets for capital indebtedness.

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

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and Notes Payable					
General Obligation Debt					
Serial Bonds	\$ 1,785,000	\$ -	\$ 365,000	\$ 1,420,000	\$ 370,000
Premium on Bonds	19,173	-	4,623	14,550	4,623
	<u>1,804,173</u>	<u>-</u>	<u>369,623</u>	<u>1,434,550</u>	<u>374,623</u>
Total Bonds & Notes Payable					
Other Liabilities					
Compensated Absences Payable					
	186,128	-	30,739	155,389	-
Other Postemployment Benefits Liability					
	32,331,391	-	7,275,539	25,055,852	-
Net Pension Liability - Proportionate Share					
	-	766,092	-	766,092	-
	<u>32,517,519</u>	<u>766,092</u>	<u>7,306,278</u>	<u>25,977,333</u>	<u>-</u>
Total Other Liabilities					
Total Governmental Activities	<u>\$ 34,321,692</u>	<u>\$ 766,092</u>	<u>\$ 7,675,901</u>	<u>\$ 27,411,883</u>	<u>\$ 374,623</u>

The

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences and other postemployment benefits.

LYME CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 7 – LONG-TERM DEBT OBLIGATIONS – Continued

Existing serial and statutory obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Refunding Bond - 2021 Series A	3/19/2021	6/15/2026	1.00-1.25%	\$ 175,000
Refunding Bond - 2021 Series B	2/11/2021	3/15/2027	1.00%	820,000
Serial Bond - 2015	6/24/2015	6/15/2031	3.17%	425,000
				<u> </u>
				<u><u>\$ 1,420,000</u></u>

The following is a summary of debt service requirements at year-end June 30:

	Principal	Interest	Total
2024	\$ 370,000	\$ 23,423	\$ 393,423
2025	370,000	18,529	388,529
2026	380,000	13,636	393,636
2027	105,000	8,534	113,534
2028	65,000	6,182	71,182
2029-2031	130,000	7,133	137,133
	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 1,420,000</u></u>	<u><u>\$ 77,437</u></u>	<u><u>\$ 1,497,437</u></u>

Advance Refunding

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the 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. At June 30, 2023, the amount of outstanding defeased bonds totaled \$990,000.

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

Interest Paid	\$ 28,266
Less: Interest Accrued in the Prior Year	(1,696)
Plus: Interest Accrued in the Current Year	1,397
Plus: Amortization of Deferred Charge on Bond Refunding	5,189
Less: Amortization of Bond Premium	<u>(4,623)</u>
Total Interest on Long-Term Debt	<u><u>\$ 28,533</u></u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - PENSION PLANS

General Information

The District participates in the New York State Teachers' Retirement System (NYSTRS) and the New York State Employees' Retirement System (NYSERS). These are cost-sharing multiple employer public employee defined benefit 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.

Teachers' Retirement System (TRS) Plan Description

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

Employees’ Retirement System (ERS) Plan Description

The District participates in the New York State and Local Employees’ Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees’ Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State’s financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

TRS Benefits Provided

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the Legislature with the Governor’s approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credited service times final average salary.

Under Article 19 of the RSSL, eligible Tiers 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of 2 additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at age 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service for the first 20 years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55-62 regardless of service credit.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Vested Benefits

Retirement benefits for Tiers 1-6 are now vested after 5 years of credited service. Prior to April 9, 2022, Tier 5 and 6 members to attain 10 years of state service credit to be vested. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service and certain retirees. For active members, the benefit is based on final salary, age and the number of years of credited service. For retired members, it is also based on the number of years in retirement.

Prior Service and Military Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service. Certain members may also claim military service credit prior to or interrupting membership.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of annual benefit. The applicable percentage payable beginning September 2022 and 2021 is 3.0% and 1.4%, respectively. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

ERS Benefits Provided

Benefits

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 2 years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the 5 highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent of the employment average of the previous 4 years.

Vested Benefits

Members who joined the System prior to January 1, 2010 need 5 years of service to be 100 percent vested. Members who joined on or after January 1, 2010 required 10 years of service credit to be 100 percent vested. As of April 9, 2022, legislation was passed that reduced the number of years of service credit from 10 years to 5 years. Therefore, all Members are vested when they reach 5 years of service credit.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2022 and received an overall discount of \$524).

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

	NYSTRS	NYSERS
2022-2023	\$ 245,347	\$ 72,829
2021-2022	229,290	102,001
2020-2021	212,151	91,537

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

Funding Policies – Continued

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System’s fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District exercised.

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

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

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (494,913)	\$ (271,179)
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0023079%	0.014132%
Change in Proportion (%) Since the Prior Measurement Date	0.0002571%	-0.000043%

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

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

For the year ended June 30, 2023, the District’s recognized pension expense of \$103,514 for ERS and \$104,196 for TRS. At June 30, 2023, the District’s reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences Between Expected and Actual Experience	\$ 52,712	\$ 284,162	\$ 13,899	\$ 5,434
Changes of Assumptions	240,362	526,042	2,656	109,239
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	350,390	2,908	-
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	23,903	18,420	9,647	24,681
District's Contributions Subsequent to the Measurement Date	29,862	256,227	-	-
Total	\$ 346,839	\$ 1,435,241	\$ 29,110	\$ 139,354

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

	ERS	TRS
2024	\$ 70,807	\$ 205,424
2025	(22,307)	99,914
2026	102,616	(48,480)
2027	136,751	689,786
2028	-	88,642
Thereafter	-	4,374

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Interest Rate	5.9%	6.95%
Salary Scale	4.4%	1.3%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation Rate	2.9%	2.4%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021.

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

Actuarial Assumptions – Continued

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Asset Type		
Domestic Equity	4.30%	6.50%
International Equity	6.85%	7.20%
Private Equity	7.50%	9.90%
Global Equity		6.90%
Real Estate	4.60%	6.20%
Opportunistic / Absolute Return Strategies Portfolio	5.38%	
Credit	5.43%	
Real Assets	5.84%	
Fixed Income	1.50%	
Cash		-0.30%
Private Debt		5.30%
Real Estate Debt		2.40%
Domestic Fixed Income Securities		1.10%
Global Bonds		0.60%
High-Yield Bonds		3.30%

Discount Rate

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

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

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

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,195,993)	\$ (494,913)	\$ 90,920

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (2,500,402)	\$ (271,179)	\$ 1,603,582

Pension Plan Fiduciary Net Position

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

	(In Thousands)		
	ERS	TRS	Total
Measurement Date	March 31, 2023	June 30, 2022	
Employer's Total Pension Asset (Liability)	\$ (232,627,259)	\$ (133,883,474)	\$ (366,510,733)
Plan Net Position	211,183,223	131,964,582	343,147,805
Employer's Net Pension Asset (Liability)	<u>\$ (21,444,036)</u>	<u>\$ (1,918,892)</u>	<u>\$ (23,362,928)</u>
Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability)	90.78%	98.57%	

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – PENSION PLANS – Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$29,862. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$280,124.

NOTE 9 – INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund balances at June 30, 2023 are as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 572,376	\$ 19,666	\$ -	\$ 2,207
Special Aid	4,947	565,402	2,207	-
School Food Service	<u>14,719</u>	<u>6,974</u>	<u>-</u>	<u>-</u>
Total Governmental Funds	<u>\$ 592,042</u>	<u>\$ 592,042</u>	<u>\$ 2,207</u>	<u>\$ 2,207</u>

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. The General Fund advanced funds to the Special Aid Fund to provide temporary cash until New York State has reimbursed the grant programs.

LYME CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 – FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2023:

	General	Non-Major	Total Governmental Funds
Nonspendable			
School Food Service Inventory	\$ -	\$ 4,407	\$ 4,407
Restricted			
Capital	1,566,768	-	1,566,768
Employee Benefit Accrued Liability	155,389	-	155,389
Insurance	52,224	-	52,224
Retirement Contributions - NYERS	317,392	-	317,392
Retirement Contributions - NYTRS	246,341	-	246,341
Liability Claims and Property Loss	52,224	-	52,224
Tax Certiorari	5,222	-	5,222
Unemployment Insurance	94,003	-	94,003
Repairs	254,219	-	254,219
Workers' Compensation	104,451	-	104,451
Extra Classroom Activity Funds	-	70,670	70,670
Scholarships and Awards Fund	-	7,114	7,114
Assigned			
Designated for Next Fiscal Year	533,947	-	533,947
General Support	181,571	-	181,571
Instruction	21,996	-	21,996
Pupil Transportation	31,856	-	31,856
Employee Benefits	1,601	-	1,601
School Food Service Fund	-	206,768	206,768
Unassigned			
General Fund	1,716,848	-	1,716,848
Total Governmental Fund Balance	<u>\$ 5,336,052</u>	<u>\$ 288,959</u>	<u>\$ 5,625,011</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	52
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	64
Total Covered Employees	116

The District participates in the Jefferson-Lewis Et. Al. School Employees’ Healthcare Plan (the Plan). The Plan allows eligible District employees and spouses to continue health coverage upon retirement. The Plan does issue a publicly available financial report.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2023 the District recognized \$645,213 for its share of insurance premiums for currently enrolled retirees.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

General Information about the OPEB Plan – Continued

Eligible teachers and administrators are those who are at least age 55 with 10 years of service. Teachers retiring after July 1, 2017 must be 55 with 15 years of service. School related employees hired before July 1, 1998 must be 55 with 5 years of service and those hired after July 1, 1998 must be 55 with 10 years of service. Employees must also be eligible to retire under ERS or TRS.

- Surviving spouses are permitted to continue coverage after the death of the retiree but are responsible for paying 100% of the plan premium.
- Retirees with single contracts pay 10% of the plan premium. Retirees with dual or family contracts pay 20% of the plan premium.
- Medicare Part B premiums are not reimbursed.
- Retiree medical and prescription drug benefits are provided through the Provider Choice POS Plan and the Traditional Plan.
 - The Provider Choice POS Plan is a self-insured POS plan offered through the Plan.
 - The Traditional Plan is a self-insured indemnity plan offered through the Plan.

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2023 which indicates that the total liability for other postemployment benefits is \$25,055,852 which is reflected in the Statement of Net Position. The OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions

Measurement Date	06/30/22
Rate of Compensation Increase	3.00%
Discount Rate	3.77%
Health Care Cost Trend Rate Assumed for Next Fiscal Year	6.75%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.50%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (in Years)	7.54

The discount rate was based on using an average of three 20-year bond indices (e.g. Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, and Fidelity GA AA 20 Years) as of June 30, 2022.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021. Benefit obligations are projected to the measurement date using roll forward techniques by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the assumptions as of the measurement date.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

Changes in the Total OPEB Liability

Balance at June 30, 2022	\$	32,331,391
Changes for the Year		
Service Cost		623,736
Interest		1,204,911
Changes of Assumptions or Other Inputs		(8,362,425)
Benefit Payments		<u>(741,761)</u>
Net Changes		<u>(7,275,539)</u>
Balance at June 30, 2023	\$	<u>25,055,852</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.09 percent as of June 30, 2021 to 3.77 percent as of June 30, 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.77 percent) or 1 percentage point higher (4.77 percent) than the current discount rate:

	1% Decrease (2.77%)	Discount Rate (3.77%)	1% Increase (4.77%)
Total OPEB Liability	<u>\$ 29,557,436</u>	<u>\$ 25,055,852</u>	<u>\$ 21,518,500</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

Changes in the Total OPEB Liability – Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (trend decreasing to 3.5 percent) or 1 percentage point higher (trend decreasing to 5.5 percent) than the current healthcare cost trend rate:

	1% Decrease (Trend Less 1% Decreasing to 3.5%)	Healthcare Cost Trend Rates (Trend Decreasing to 4.5%)	1% Increase (Trend Plus 1% Decreasing to 5.5%)
Total OPEB Liability	<u>\$ 21,024,000</u>	<u>\$ 25,055,852</u>	<u>\$ 30,333,842</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$959,360. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions or Other Inputs	\$ 5,948,181	\$ 7,367,580
Benefit Payments Subsequent to the Measurement Date	772,681	-
	<u>\$ 6,720,862</u>	<u>\$ 7,367,580</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

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

District benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024, if applicable. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2024	\$ 267,995
2025	382,225
2026	128,834
2027	(312,703)
2028	(504,335)
Thereafter	<u>(1,381,415)</u>
	<u>\$ (1,419,399)</u>

NOTE 12 – RISK MANAGEMENT

General

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

Pooled Non-Risk-Retained

The District participates in the Jefferson-Lewis Et. Al. School Employees’ Healthcare Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 16 individual governmental units located within the pool’s geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$750,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$750,000 limit and the District has essentially transferred all related risk to the pool.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 12 – RISK MANAGEMENT – Continued

Pooled Non-Risk-Retained – Continued

The District participates in the Black River Valley School Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$0.

NOTE 13 – CONTINGENCIES AND COMMITMENTS

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

NOTE 14 – DONOR-RESTRICTED ENDOWMENTS

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

Donor-restricted endowments are reported at fair value.

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS**

Ended June 30, 2023

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service Cost	\$ 623,736	\$ 1,042,586	\$ 758,470	\$ 588,927	\$ 604,277	\$ 705,366
Interest	1,204,911	554,505	564,650	615,813	718,404	632,623
Changes in Assumptions or Other Inputs	(8,362,425)	4,559,740	2,746,756	2,971,551	(704,250)	(2,224,607)
Benefit Payments	(741,761)	(713,557)	(646,317)	(647,251)	(517,070)	(478,031)
Net Change in Total OPEB Liability	<u>(7,275,539)</u>	<u>5,443,274</u>	<u>3,423,559</u>	<u>3,529,040</u>	<u>101,361</u>	<u>(1,364,649)</u>
Total OPEB Liability - Beginning	<u>32,331,391</u>	<u>26,888,117</u>	<u>23,464,558</u>	<u>19,935,518</u>	<u>19,834,157</u>	<u>21,198,806</u>
Total OPEB Liability - Ending	<u>\$25,055,852</u>	<u>\$32,331,391</u>	<u>\$26,888,117</u>	<u>\$23,464,558</u>	<u>\$19,935,518</u>	<u>\$19,834,157</u>
Covered Payroll	\$ 3,070,900	\$ 3,070,900	\$ 2,990,135	\$ 2,990,135	\$ 3,071,276	\$ 2,878,749
Total OPEB Liability as a Percentage of Covered Payroll	815.91%	1052.83%	899.23%	784.73%	649.10%	688.99%

10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

LYME CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
REVENUES					
Local Sources					
Real Property Taxes	\$4,252,735	\$ 4,252,735	\$ 4,013,046		\$ (239,689)
Other Tax Items	6,000	6,000	246,176		240,176
Charges for Services	-	-	11		11
Use of Money and Property	4,000	4,000	98,480		94,480
Sale of Property and Compensation for Loss	-	-	8,812		8,812
Miscellaneous	39,747	39,747	97,038		57,291
Total Local Sources	4,302,482	4,302,482	4,463,563		161,081
State Sources	4,066,709	4,066,709	3,915,361		(151,348)
Medicaid Reimbursement	10,200	10,200	16,451		6,251
Federal Sources	-	-	26,369		26,369
Total Revenues	8,379,391	8,379,391	8,421,744		42,353
OTHER FINANCING SOURCES					
Transfers From Other Funds	5,000	5,000	-		(5,000)
Total Revenues and Other Financing Sources	8,384,391	8,384,391	8,421,744		\$ 37,353
Final Budget Year-End Variance With Actual Encumbrances And Encumbrances					
EXPENDITURES					
General Support					
Board of Education	21,032	26,181	18,134	\$ 8,047	\$ -
Central Administration	202,953	191,694	191,686	8	-
Finance	221,903	233,426	233,426	-	-
Staff	49,200	41,697	41,697	-	-
Central Services	834,869	1,002,715	771,030	173,516	58,169
Special Items	170,136	166,143	154,994	-	11,149
Total General Support	1,500,093	1,661,856	1,410,967	181,571	69,318
Instruction					
Instruction, Administration and Improvement	151,682	150,492	148,922	91	1,479
Teaching - Regular School	2,075,089	1,999,852	1,781,074	8,700	210,078
Programs for Children with Handicapping Conditions	830,149	685,480	597,847	-	87,633
Occupational Education	629,709	641,210	642,535	-	(1,325)
Instructional Media	220,907	268,307	267,177	1,130	-
Pupil Services	484,001	502,220	489,234	12,075	911
Total Instruction	4,391,537	4,247,561	3,926,789	21,996	298,776
Pupil Transportation	562,153	544,366	481,204	31,856	31,306
Employee Benefits	2,415,245	2,415,245	1,965,973	1,601	447,671
Debt Service	393,266	393,266	393,266	-	-
Total Expenditures	9,262,294	9,262,294	8,178,199	237,024	847,071
OTHER FINANCING USES					
Operating Transfers to Other Funds	5,000	5,000	2,207	-	2,793
Total Expenditures and Other Financing Uses	9,267,294	9,267,294	8,180,406	\$ 237,024	\$ 849,864
Net Change in Fund Balance	(882,903)	(882,903)	241,338		
Fund Balances - Beginning of Year	5,094,714	5,094,714	5,094,714		
Fund Balances - End of Year	\$ 4,211,811	\$ 4,211,811	\$ 5,336,052		

Note to Required Supplementary Information Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

See paragraph on supplementary schedules included in independent auditor's report.

LYME CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) – NYSLRS PENSION PLAN LAST NINE FISCAL YEARS

Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)									
District's Proportion of the Net Pension Asset (Liability)	0.014132%	0.014175%	0.014108%	0.014177%	0.013698%	0.013329%	0.013637%	0.015253%	0.016671%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (271,179)	\$ 2,456,422	\$ (389,827)	\$ 368,320	\$ 247,689	\$ 101,311	\$ (146,062)	\$ 1,584,290	\$ 1,857,076
District's Covered Payroll	\$ 2,511,616	\$ 2,413,184	\$ 2,397,551	\$ 2,378,194	\$ 2,225,937	\$ 2,113,985	\$ 2,115,384	\$ 2,271,001	\$ 2,462,607
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	<u>10.80%</u>	<u>101.79%</u>	<u>16.26%</u>	<u>15.49%</u>	<u>11.13%</u>	<u>4.79%</u>	<u>6.90%</u>	<u>69.76%</u>	<u>75.41%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Employees' Retirement System (ERS)									
District's Proportion of the Net Pension Asset (Liability)	0.0023079%	0.0020508%	0.0021745%	0.0020928%	0.0021270%	0.0020729%	0.0018810%	0.0023765%	0.0024937%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (494,913)	\$ 167,644	\$ (2,165)	\$ (554,198)	\$ (150,703)	\$ (66,901)	\$ (176,742)	\$ (381,441)	\$ (84,243)
District's Covered Payroll	\$ 704,706	\$ 701,953	\$ 683,492	\$ 691,951	\$ 717,109	\$ 677,152	\$ 739,421	\$ 683,397	\$ 706,391
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	<u>70.23%</u>	<u>23.88%</u>	<u>0.32%</u>	<u>80.09%</u>	<u>21.02%</u>	<u>9.88%</u>	<u>23.90%</u>	<u>55.82%</u>	<u>11.93%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%

10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See paragraph on supplementary schedules included in independent auditor's report.

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN

LAST NINE FISCAL YEARS

Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)									
Contractually Required Contribution	\$ 245,347	\$ 229,290	\$ 212,151	\$ 251,309	\$ 218,657	\$ 247,544	\$ 279,041	\$ 401,646	\$ 400,174
Contributions in Relation to the Contractually Required Contribution	<u>245,347</u>	<u>229,290</u>	<u>212,151</u>	<u>251,309</u>	<u>218,657</u>	<u>247,544</u>	<u>279,041</u>	<u>401,646</u>	<u>400,174</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,511,616	\$ 2,413,184	\$ 2,397,551	\$ 2,378,194	\$ 2,225,937	\$ 2,113,985	\$ 2,115,384	\$ 2,271,001	\$ 2,462,607
Contributions as a Percentage of Covered Payroll	9.77%	9.50%	8.85%	10.57%	9.82%	11.71%	13.19%	17.69%	16.25%
Employees' Retirement System (ERS)									
Contractually Required Contribution	\$ 72,829	\$ 102,001	\$ 91,537	\$ 94,134	\$ 102,229	\$ 99,779	\$ 94,258	\$ 112,463	\$ 113,977
Contributions in Relation to the Contractually Required Contribution	<u>72,829</u>	<u>102,001</u>	<u>91,537</u>	<u>94,134</u>	<u>102,229</u>	<u>99,779</u>	<u>94,258</u>	<u>112,463</u>	<u>113,977</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 704,706	\$ 701,953	\$ 683,492	\$ 691,951	\$ 717,109	\$ 677,152	\$ 739,421	\$ 683,397	\$ 706,391
Contributions as a Percentage of Covered Payroll	10.33%	14.53%	13.39%	13.60%	14.26%	14.74%	12.75%	16.46%	16.14%

10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

LYME CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND

June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 8,972,391
Add: Prior Year's Encumbrances	294,903
	9,267,294
Original Budget	9,267,294
Budget Revisions	-
	-
Final Budget	\$ 9,267,294

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2023-2024 Voter Approved Expenditure Budget	\$ 8,984,952
Maximum Allowed 4% of 2023-2024 Budget	\$ 359,398
	\$ 9,344,350
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 770,971
Unassigned Fund Balance	1,716,848
Total Unrestricted Fund Balance	2,487,819
Less:	
Appropriated Fund Balance	533,947
Encumbrances Included in Assigned Fund Balance	237,024
Total Adjustments	770,971
General Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ 1,716,848
Actual Percentage	19.11%

See paragraph on supplementary schedules included in independent auditor's report.

LYME CENTRAL SCHOOL DISTRICT

COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2023

	<u>Special Aid</u>	<u>School Food Service</u>	<u>Extra Classroom Activity</u>	<u>Scholarships and Awards</u>	<u>Total Non-Major Funds</u>
ASSETS					
Cash and Cash Equivalents					
Unrestricted	\$ 145,396	\$ 208,853	\$ -	\$ -	\$ 354,249
Restricted	-	-	70,670	7,114	77,784
Receivables					
Due From Other Funds	4,947	14,719	-	-	19,666
State and Federal Aid	366,042	851	-	-	366,893
Due From Other Governments	49,017	-	-	-	49,017
Inventories	-	4,407	-	-	4,407
TOTAL ASSETS	<u>\$ 565,402</u>	<u>\$ 228,830</u>	<u>\$ 70,670</u>	<u>\$ 7,114</u>	<u>\$ 872,016</u>
LIABILITIES					
Payables					
Accounts Payable	\$ -	\$ 1,337	\$ -	\$ -	\$ 1,337
Due to Other Funds	565,402	6,974	-	-	572,376
Unearned Credits					
Unearned Revenues	-	9,344	-	-	9,344
Total Liabilities	<u>565,402</u>	<u>17,655</u>	<u>-</u>	<u>-</u>	<u>583,057</u>
FUND BALANCES					
Nonspendable	-	4,407	-	-	4,407
Restricted	-	-	70,670	7,114	77,784
Assigned	-	206,768	-	-	206,768
Total Fund Balances	<u>-</u>	<u>211,175</u>	<u>70,670</u>	<u>7,114</u>	<u>288,959</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 565,402</u>	<u>\$ 228,830</u>	<u>\$ 70,670</u>	<u>\$ 7,114</u>	<u>\$ 872,016</u>

See paragraph on supplementary schedules included in independent auditor's report.

LYME CENTRAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2023

	Special Aid	School Food Service	Extra Classroom Activity	Scholarships and Awards	Total Non-Major Funds
REVENUES					
State Sources	\$ 45,001	\$ 4,490	\$ -	\$ -	\$ 49,491
Federal Sources	638,430	205,339	-	-	843,769
Surplus Food	-	41,937	-	-	41,937
Sales - School Food Service	-	23,433	-	-	23,433
Miscellaneous	-	2,374	113,775	1,600	117,749
Total Revenues	<u>683,431</u>	<u>277,573</u>	<u>113,775</u>	<u>1,600</u>	<u>1,076,379</u>
EXPENDITURES					
General Support	-	127,540	-	-	127,540
Instruction	685,638	-	-	-	685,638
Employee Benefits	-	31,946	-	-	31,946
Cost of Sales - School Food Service	-	153,432	-	-	153,432
Other Expenditures	-	-	102,842	5,045	107,887
Total Expenditures	<u>685,638</u>	<u>312,918</u>	<u>102,842</u>	<u>5,045</u>	<u>1,106,443</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,207)</u>	<u>(35,345)</u>	<u>10,933</u>	<u>(3,445)</u>	<u>(30,064)</u>
OTHER FINANCING SOURCES					
Operating Transfers In	<u>2,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,207</u>
Total Other Financing Sources	<u>2,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,207</u>
Net Change in Fund Balance	-	(35,345)	10,933	(3,445)	(27,857)
Fund Balances – Beginning of Year	<u>-</u>	<u>246,520</u>	<u>59,737</u>	<u>10,559</u>	<u>316,816</u>
Fund Balances – End of Year	<u>\$ -</u>	<u>\$ 211,175</u>	<u>\$ 70,670</u>	<u>\$ 7,114</u>	<u>\$ 288,959</u>

See paragraph on supplementary schedules included in independent auditor's report.

LYME CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2023

Capital Assets, Net		\$ 9,261,456
Add:		
Deferred Charge on Bond Refunding		16,903
Deduct:		
Premium on Bonds Payable	\$ 14,550	
Short-Term Portion of Bonds Payable	370,000	
Long-Term Portion of Bonds Payable	<u>1,050,000</u>	<u>1,434,550</u>
Net Investment in Capital Assets		<u><u>\$ 7,843,809</u></u>

See paragraph on supplementary schedules included in independent auditor's report.

FEDERAL AWARD PROGRAM INFORMATION

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

**BOARD OF EDUCATION
LYME CENTRAL SCHOOL DISTRICT**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lyme Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lyme Central School District’s basic financial statements, and have issued our report thereon dated October 9, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

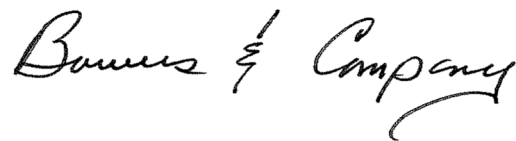
As part of obtaining reasonable assurance about whether Lyme Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 accompanying schedule of findings and questioned costs as item 2023-001.

Lyme Central School District's Response to Findings

Governmental Auditing Standards requires the auditor to perform limited procedures on the Lyme Central School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Lyme Central School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in cursive script that reads "Bowens & Company". The signature is written in black ink and is positioned to the right of the main text block.

Watertown, New York
October 9, 2023

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

**BOARD OF EDUCATION
LYME CENTRAL SCHOOL DISTRICT**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lyme Central School District’s 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 Lyme Central School District’s major federal programs for the year ended June 30, 2023. Lyme Central School 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, Lyme Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Lyme Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lyme Central School 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 Lyme Central School 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 Lyme Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Lyme Central School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Lyme Central School 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 Lyme Central School 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 Lyme Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in black ink and is positioned to the right of the main text block.

Watertown, New York
October 9, 2023

LYME CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	Assistance Listing Number	Agency or Pass-Through Number	Total Federal Expenditures
<u>U. S. Department of Education</u>			
Passed-Through NYS Education Department:			
Title I Grants to Local Educational Agencies	84.010A	0021-23-1195	\$ 109,424
Special Education Cluster:			
Special Education – Grants to States (IDEA, Part B)	84.027A	0032-23-0321	89,797
COVID-19: Special Education – Grants to States (IDEA, Part B)	84.027X	5532-22-0321	8,117
Special Education – Preschool Grants (IDEA Preschool)	84.173A	0033-23-0321	367
COVID-19: Special Education – Preschool Grants (IDEA Preschool)	84.173X	5533-22-0321	363
Total Special Education Cluster			98,644
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief Fund (CRRSA-ESSER II)	84.425D	5891-21-1195	135,982
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP-ESSER III)	84.425U	5880-21-1195	194,988
Total Education Stabilization Fund			330,970
Student Support and Academic Enrichment Program	84.424A	0204-23-1195	10,000
Supporting Effective Instruction State Grant	84.367A	0147-23-1195	11,153
Total Passed Through NYS Education Department			560,191
Direct Program:			
Impact Aid	84.041		26,369
Rural Education Achievement Program	84.358A		29,222
Total Direct Programs from U.S. Department of Education			55,591
Total U.S. Department of Education			615,782
Subtotal to Next Page			\$ 615,782

See paragraph on supplementary schedules included in independent auditor’s report and accompanying notes to schedule of expenditures of federal awards.

LYME CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

Year Ended June 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	Assistance Listing Number	Agency or Pass-Through Number	Total Federal Expenditures
Subtotal from Previous Page			\$ 615,782
<u>U.S. Department of Health and Human Services</u>			
Passed-Through Jefferson Lewis BOCES			
COVID-19: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		49,017
Total Passed Through Jeffers on Lewis BOCES			49,017
Total U.S Department of Health and Human Services			49,017
<u>U. S. Department of Agriculture</u>			
Passed-Through NYS Education Department:			
COVID-19: Pandemic EBT Administrative Costs	10.649		628
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555		12,787
Fresh Fruit and Vegetable Program	10.582		6,586
Non-Cash Assistance Subtotal			19,373
Cash Assistance			
School Breakfast Program	10.553		56,552
COVID-19: Supply Chain Assistance Grant	10.555		22,564
National School Lunch Program	10.555		148,159
Cash Assistance Subtotal			227,275
Total Child Nutrition Cluster			246,648
Total Passed Through NYS Education Department			247,276
Total U.S. Department of Agriculture			247,276
Total Federal Assistance			\$ 912,075

See paragraph on supplementary schedules included in independent auditor’s report and accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District’s accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District’s 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The federal expenditures are recognized under the Uniform Guidance.

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. 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 of the data presented.

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

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

NOTE 3 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

NOTE 4 – SCOPE OF AUDIT

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

NOTE 5 – OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

NOTE 6 – NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted \$12,787 of commodities under the National School Lunch Program (Assistance Listing 10.555) and \$6,586 under the Fresh Fruit and Vegetable Program (Assistance Listing 10.582).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

NOTE A – SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of Lyme Central School District.
2. No significant deficiencies were disclosed during the audit of the basic financial statements of Lyme Central School District.
3. One instance of noncompliance material to the financial statements of Lyme Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed during the audit of the major federal award programs of Lyme Central School District.
5. The auditor’s report on compliance for the major federal award programs for Lyme Central School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR Section 200.516(a) related to the major federal award programs for Lyme Central School District.
7. The programs tested as major programs includes:

U.S. Department of Education:

Passed-Through NYS Education Department

- | | |
|--|---------|
| COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP-ESSER) | 84.425U |
| COVID-19 Elementary and Secondary School Emergency Relief Fund (CRRSA-ESSER 2) | 84.425D |
| Title I Grants to Local Educational Agencies | 84.010A |
8. The threshold for distinguishing between Type A and B programs was \$750,000.
 9. Lyme Central School District was determined not to be a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

NOTE B – FINDINGS – FINANCIAL STATEMENT AUDIT

Finding Control Number: 2023-001

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation

Criteria

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserves for tax reduction and insurance recoveries, the District can retain to no more than 4% of the subsequent year's budgeted appropriations. Amounts appropriated for the subsequent year, encumbrances, nonspendable and restricted balances are also excluded for the 4% limitation.

Condition

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$1,357,450 during the fiscal year.

Context

During our audit test of compliance - §1318 Real Property Tax, it was noted that the unassigned fund balances of \$1,716,848 had exceeded maximum allowed unexpended balance of \$359,398 for the fiscal year ended.

Effect

As a result, the District was not in compliance with the unexpended surplus funds limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2023.

Cause

The District understands the requirements relating to §1318 Real Property Tax law and due to the uncertainty of primary revenue sources maintains fund balance levels deemed appropriate in accordance with their long range fund balance plan.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2023

**NOTE B – FINDINGS – FINANCIAL STATEMENT AUDIT –
Continued**

Finding Control Number: 2023-001 – Continued

Surplus Unexpended Funds in Excess of 4% Limitation - Continued

Recommendation

We recognize the District has developed and implemented a long range written reserve plan. The District also monitors the fund balance on a regular basis. We recommend school officials continue to review fund balance throughout the year to address compliance with the Real Property Tax Law §1318.

Views of Responsible Officials and Planned Corrective Actions

The District acknowledges the importance of addressing the issue of exceeding the New York State Real Property Tax Law §1318 limit. The District is actively and purposefully taking steps to promptly and effectively reduce these surplus funds. In the upcoming fiscal year, the District has budgeted approximately \$533,947 for the utilization of appropriated fund balance.

Furthermore, the District's commitment to responsible fiscal management is evident in the maintenance of ten fully funded reserve funds, a prudent measure given the District's substantial financial responsibilities, including those stemming from the challenges imposed by the COVID-19 pandemic.

Additionally, District plans include seeking voter approval to establish a second capital reserve fund, which will serve as a crucial tool in mitigating the tax impact of future voter-approved capital projects. These proactive initiatives emphasize the District's unwavering commitment to responsible fiscal stewardship and ongoing enhancements to the District's educational environment.

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

There were no findings to report.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2023

NOTE A – FINDINGS – FINANCIAL STATEMENT AUDIT

Finding Control Number: 2022-001

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserves for tax reduction and insurance recoveries, the District can retain to no more than 4% of the subsequent year's budgeted appropriations. Amounts appropriated for the subsequent year, encumbrances, nonspendable and restricted balances are also excluded for the 4% limitation.

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$1,209,545 during the previous fiscal year.

Views of Responsible Officials and Corrective Actions

The unprecedented impact that the COVID-19 pandemic has greatly influenced the timeline for decreasing the unassigned fund balance. The District fully recognizes the need to address the issue of having an amount in excess of the New York State Real Property Tax Law §1318 limit. The District continues to take intentional steps to reduce those funds as quickly as possible and practicable. The District has budgeted to utilize approximately \$588,000 of appropriated fund balance in the next fiscal year. The District continues to maintain ten fully funded reserve accounts as previously deemed fiscally responsible and necessary given overwhelming financial responsibilities, including those associated with the COVID-19 pandemic. The District will strive to further reduce the fund balance, considerably, in the 2022-2023 school year by utilizing fund balance to address necessary improvements, enhancements and/or repairs in and around the District's facilities since many of last year's planned improvements or enhancements were not addressed as expected, due to COVID – 19 related restrictions, including staffing and material shortages.

Current Status

Similar finding was noted in the 2023 audit.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2023

**NOTE B – FINDINGS AND QUESTIONED COSTS – MAJOR
FEDERAL AWARD PROGRAMS AUDIT**

There were no prior year findings.

EXTRA CLASSROOM ACTIVITY FUNDS

INDEPENDENT AUDITOR’S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

BOARD OF EDUCATION LYME CENTRAL SCHOOL DISTRICT

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Lyme Central School District for the year ended June 30, 2023 and the related note to the financial statements.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Lyme Central School District for the year then ended June 30, 2023, in accordance with cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Lyme Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

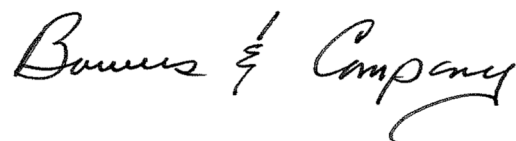
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 Lyme Central 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 Lyme Central School District's ability to continue as a going concern for a reasonable period of time.

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

The image shows a handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the main body of text.

Watertown, New York
October 9, 2023

LYME CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2023

Class of:	Cash Balances 7/1/2022	Cash Receipts	Cash Disbursements	Cash Balances 6/30/2023
2023	\$ 11,624	\$ 32,380	\$ 43,160	\$ 844
2024	6,604	9,878	6,721	9,761
2025	5,868	2,216	324	7,760
2026	4,365	10,927	5,369	9,923
2027	5,030	9,206	6,730	7,506
2028	-	12,778	8,851	3,927
Yearbook	9,861	9,062	10,035	8,888
Student Council	1,146	2,233	2,818	561
National Honor Society	62	5,260	4,571	751
Band	71	-	-	71
Drama Club	7,425	9,086	3,908	12,603
Chorus	807	-	100	707
Leadership Class	1,010	-	-	1,010
Odyssey of the Mind	1,113	-	-	1,113
Lego League	353	-	-	353
Varsity Club	4,187	10,744	10,253	4,678
	<u>59,526</u>	<u>113,770</u>	<u>102,840</u>	<u>70,456</u>
Passbook Interest	211	5	2	214
Total	<u><u>\$ 59,737</u></u>	<u><u>\$ 113,775</u></u>	<u><u>\$ 102,842</u></u>	<u><u>\$ 70,670</u></u>

See note to financial statement.

EXTRA CLASSROOM ACTIVITY FUNDS – NOTE TO FINANCIAL STATEMENT

June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The Extra Classroom Activity Funds of the Lyme Central School District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management.

The accounts of the Extra Classroom Activity Funds of the Lyme Central School District are maintained on a cash basis and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expenses, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statement.