

LETCHWORTH CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2023



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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Letchworth Central School District, New York

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Letchworth Central School District, New York, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in District's total OPEB liability and related ratio, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4-13 and 51-55 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 Letchworth Central School District's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, 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.

The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents and schedule of expenditures of federal awards is 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 September 26, 2023 on our consideration of Letchworth 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 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 Letchworth Central School District's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
September 26, 2023

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

The following is a discussion and analysis of the Letchworth 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, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

At the close of the fiscal year, the total assets (what the district owns) exceeded its total liabilities (what the district owes) by \$39,056,270 (net position) an increase of \$1,564,633 from the prior year.

General revenues which include Federal and State Aid and Real Property Taxes accounted for \$21,831,010 or 84% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions, accounted for \$4,017,033 or 16% of total revenues.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$3,295,597, a decrease of \$8,980,353 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, Capital Projects Fund and Misc. Special Revenue Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the special aid fund, and the capital projects fund which are reported as major funds. Data for the School Lunch fund, the Debt Service Fund and the Misc. Special Revenue Fund are aggregated into a single column reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in a custodial capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

Major Feature of the District-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Financial Statements	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education, scholarship programs, and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position 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 resources 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 year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District As A Whole

Net Position

The District's combined net position were more on June 30, 2023, then they were the year before, increasing to \$39,056,270 as shown in the table below.

	Governmental Activities		Total Variance
	2023	2022	
ASSETS:			
Current and Other Assets	\$ 21,947,516	\$ 26,555,077	\$ (4,607,561)
Capital Assets	45,666,085	34,585,766	11,080,319
Total Assets	\$ 67,613,601	\$ 61,140,843	\$ 6,472,758
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources	\$ 5,884,413	\$ 5,874,136	\$ 10,277
LIABILITIES:			
Long-Term Debt Obligations	\$ 15,072,617	\$ 12,629,873	\$ 2,442,744
Other Liabilities	18,680,452	2,360,905	16,319,547
Total Liabilities	\$ 33,753,069	\$ 14,990,778	\$ 18,762,291
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources	\$ 688,675	\$ 10,532,564	\$ (9,843,889)
NET POSITION:			
Net Investment in Capital Assets	\$ 28,960,915	\$ 25,941,875	\$ 3,019,040
<u>Restricted For,</u>			
Employment Retirement System	1,632,229	1,632,229	-
Capital Reserve	4,148,293	2,568,869	1,579,424
Other Purposes	3,079,666	5,855,168	(2,775,502)
Unrestricted	1,235,167	1,493,496	(258,329)
Total Net Position	\$ 39,056,270	\$ 37,491,637	\$ 1,564,633

Key Variances

- Current and Other Assets decreased as a result of the NYS ERS and TRS pension systems no longer reporting a net pension asset in 2023
- Capital Assets increased as a result of work completed on the 2021 capital improvement project
- Other Liabilities increased as a result of the issuance of \$15 million BAN to fund capital project activity
- Deferred Inflows of Resources decreased as a result of changes in the actuarially determined amounts related to future amortization for the net pension liability

The District's financial position is the product of many factors.

By far, the largest component of the School District's net position (74%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and 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.

There were three restricted net asset balances, Reserve for employee retirement system, Capital reserves, and Other purposes which constitute 23% of total net position. The remaining balance of unrestricted net position totalled \$1,235,167 or 3%.

Changes in Net position

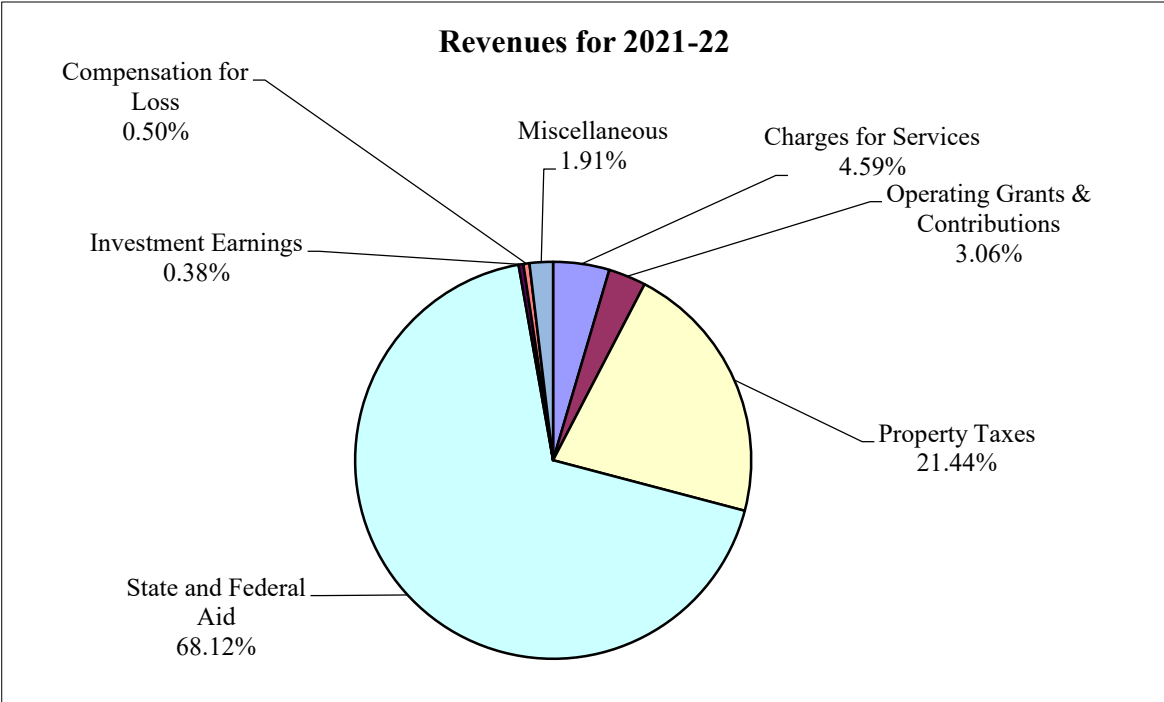
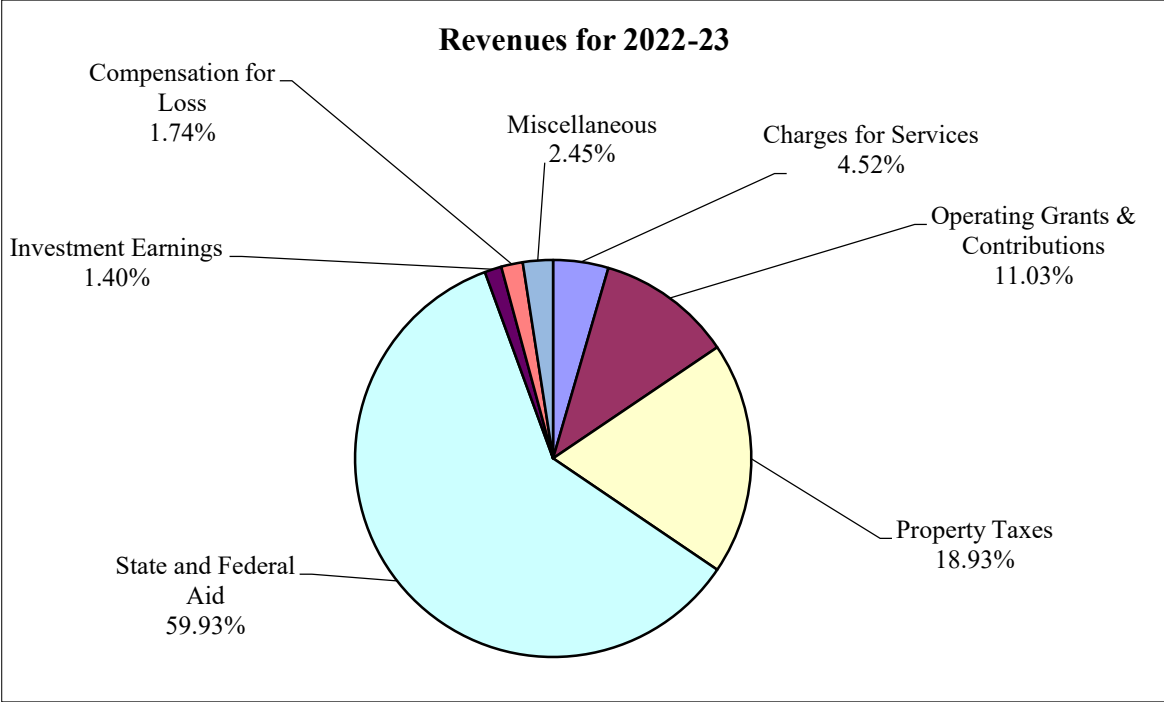
The District’s total revenue increased 6% to \$25,848,043. Approximately 60% of the revenue was from State and Federal Aid sources while 19% came from property taxes. The remaining 21% of the revenue came from charges for services, operating grants & contributions, investment earnings, compensation for loss and miscellaneous revenues.

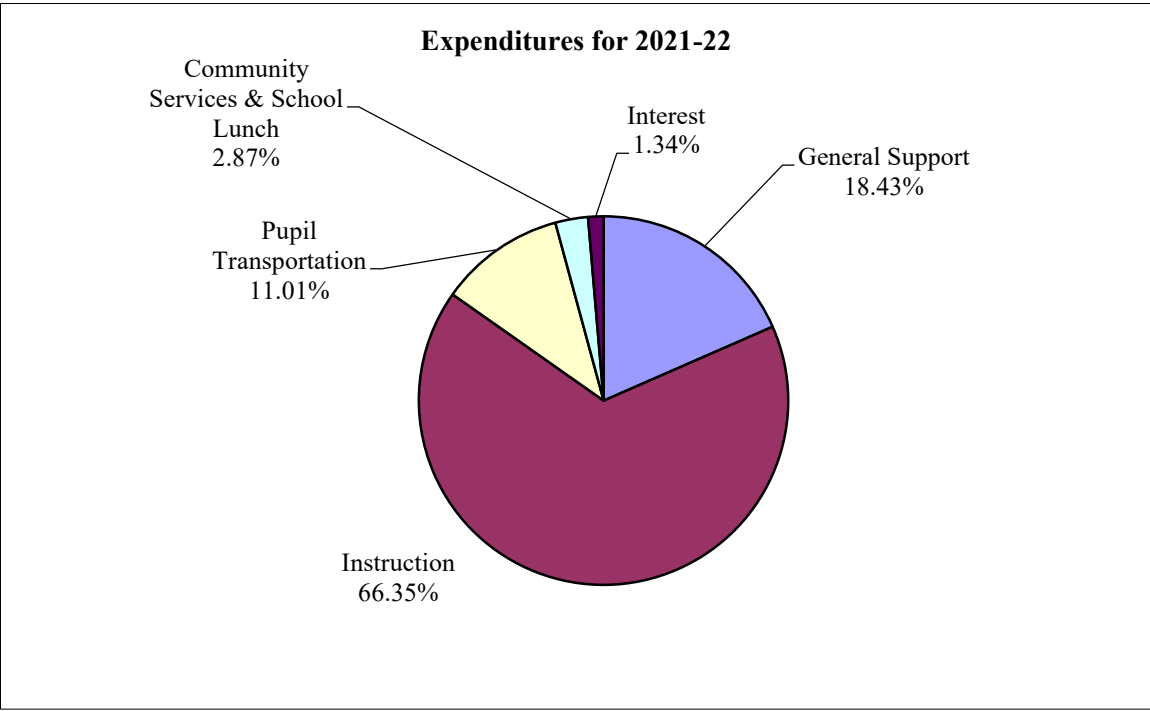
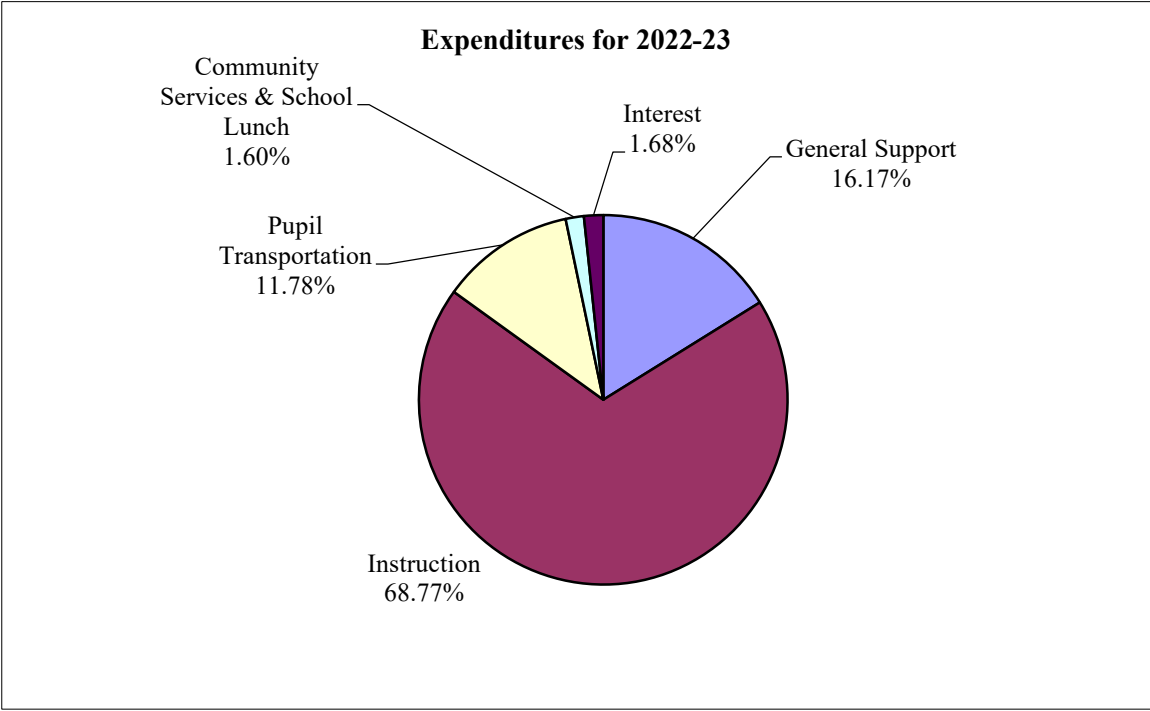
The total cost of all the programs and services increased 17% to \$24,283,410. The District’s expenses were predominately related to education and caring for the students. In total approximately 69% of all expenses were on educational services. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 16% of the total costs. See the table below for further details:

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>Variance</u>
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 1,167,118	\$ 1,025,665	\$ 141,453
Operating Grants & Contributions	2,849,915	2,684,862	165,053
Total Program	\$ 4,017,033	\$ 3,710,527	\$ 306,506
<u>General -</u>			
Property Taxes	\$ 4,892,347	\$ 4,796,583	\$ 95,764
State and Federal Aid	15,489,741	15,237,512	252,229
Investment Earnings	361,024	84,846	276,178
Compensation for Loss	449,841	112,686	337,155
Miscellaneous	638,057	425,299	212,758
Total General	\$ 21,831,010	\$ 20,656,926	\$ 1,174,084
TOTAL REVENUES	\$ 25,848,043	\$ 24,367,453	\$ 1,480,590
<u>EXPENSES:</u>			
General Support	\$ 3,926,692	\$ 3,836,809	\$ 89,883
Instruction	16,700,797	13,813,321	2,887,476
Pupil Transportation	2,860,715	2,292,913	567,802
Community Services	6,146	5,382	764
School Lunch	382,556	592,944	(210,388)
Interest	406,504	278,766	127,738
TOTAL EXPENSES	\$ 24,283,410	\$ 20,820,135	\$ 3,463,275
CHANGE IN NET POSITION	\$ 1,564,633	\$ 3,547,318	
NET POSITION, BEGINNING OF YEAR	37,491,637	33,944,319	
NET POSITION, END OF YEAR	\$ 39,056,270	\$ 37,491,637	

Key Variances

- Instruction expense increased as a result of changes in the actuarially determined liabilities for pensions and OPEB





Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$3,314,847 which is less than last year's ending fund balance of \$12,275,950.

A summary of the General Fund balance classifications is shown below:

<u>General Fund Balances:</u>	<u>2023</u>	<u>2022</u>	<u>Total Variance</u>
Nonspendable	\$ 499,427	\$ 378,025	\$ 121,402
Restricted	8,469,733	6,833,223	1,636,510
Assigned	356,265	638,344	(282,079)
Unassigned	986,023	899,358	86,665
Total General Fund Balances	<u>\$ 10,311,448</u>	<u>\$ 8,748,950</u>	<u>\$ 1,562,498</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$261,920. This change is attributable to \$162,914 for carry over encumbrances from the prior year, \$1,656 for donations, \$50,000 for self-insured retention for 22-23 emergency project, and \$47,350 for employee separation payments for accrued leave

The key factors for budget variances in the general fund are listed below along with explanations for each.

Revenue Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Transfers-In	(\$175,417)	Interest paid from assigned fund balance instead of transfer from the capital projects fund
Expenditure Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Employee Benefits	(\$163,268)	Lower than anticipated personnel costs

Revenue Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Use of Money and Property	\$289,920	Increased interest rates
Expenditure Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
General Support	\$219,841	Costs lower than originally anticipated, support of federal grants
Instructional	\$514,470	Costs lower than originally anticipated, support of federal grants
Employee Benefits	\$788,619	Personnel costs lower than originally anticipated, support of federal grants

Capital Asset and Debt Administration

Capital Assets

By the end of the 2023 fiscal year, the District had invested \$45,262,508 in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2023</u>	<u>2022</u>
<u>Capital Assets:</u>		
Land	\$ 20,000	\$ 20,000
Work in Progress	14,714,668	3,501,737
Buildings and Improvements	27,508,758	27,820,405
Machinery and Equipment	3,019,082	2,815,121
Total Capital Assets	<u>\$ 45,262,508</u>	<u>\$ 34,157,263</u>
<u>Lease Assets:</u>		
Buildings	\$ 79,829	\$ 185,401
Equipment	323,748	243,102
Total Lease Assets	<u>\$ 403,577</u>	<u>\$ 428,503</u>

Long-Term Debt

At year end, the District had \$15,072,617 in general obligation bonds and other long-term debt as follows:

<u>Type</u>	<u>2023</u>	<u>2022</u>
Serial Bonds	\$ 7,280,000	\$ 7,880,000
Unamortized Bond Premium	864,864	943,488
Lease Liability	149,160	252,571
OPEB	3,076,026	2,977,610
Net Pension Liability	2,616,017	-
Retainage Payable	576,019	61,815
Compensated Absences	510,531	514,389
Total Long-Term Obligations	\$ 15,072,617	\$ 12,629,873

Factors Bearing on the District's Future

For the eleventh time in as many years state and federal sources to fund the educational programs offered at Letchworth Central School District increased. The Board of Education continues to carefully monitor and manage reserve fund use for specific purposes including capital costs, one-time expenses and budget support.

The Letchworth Central School District continues to work in cooperation with other school districts for the sharing of services. One example is the continuing shared transportation services with Perry Central School District through an Inter-Municipal Agreement whereby Letchworth has taken over transportation operations for Perry CSD. Both districts continue to see cost savings through this agreement. The District also continues to look for innovative solutions for long term savings including entering into a Solar Field Lease and a Power Purchase Agreement.

The question this year and in the near future continues to be how the District can continue to provide the excellent educational and extra-curricular opportunities for our students considering the current state economic climate and declining enrollment. The District is also facing significant increases in costs due to inflation and workforce scarcity while also providing additional educational services to assist students to recover from the significant learning loss resulting from the COVID-19 pandemic. While these and other cost increases are currently being supported by a substantial increase in short-term federal aid, there is a significant concern related about how to sustain services once the increased federal funding expires. The District has been and will continue to be proactive in addressing these challenges to provide the best programs possible. Difficult decisions may have to be made, but with our current strong financial condition, and continued collaboration with all stakeholders, solutions will be sought that will best benefit our students.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Letchworth Central School District
5550 School Road
Gainesville, NY 14066
Attn: Mr. John P. Novak, Business Administrator

LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 19,937,117
Accounts receivable	1,510,972
Inventories	19,250
Prepaid items	499,427
Capital Assets:	
Land	20,000
Work in progress	14,714,668
Other capital assets (net of depreciation)	30,931,417
TOTAL ASSETS	<u>\$ 67,632,851</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 5,884,413</u>
 LIABILITIES	
Accounts payable	\$ 1,690,757
Accrued liabilities	193,466
Unearned revenues	209,742
Due to other governments	27,191
Due to teachers' retirement system	893,401
Due to employees' retirement system	94,251
Bond anticipation notes payable	15,445,000
Other Liabilities	126,644
Long-Term Obligations:	
Due in one year	1,548,633
Due in more than one year	13,523,984
TOTAL LIABILITIES	<u>\$ 33,753,069</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 688,675</u>
 NET POSITION	
Net investment in capital assets	\$ 28,960,915
Restricted For:	
Reserve for employee retirement system	1,632,229
Capital reserves	4,148,293
Other purposes	3,079,666
Unrestricted	1,254,417
TOTAL NET POSITION	<u>\$ 39,075,520</u>

(See accompanying notes to financial statements)

LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Activities

For The Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary Government -				
General support	\$ 3,926,692	\$ -	\$ -	\$ (3,926,692)
Instruction	16,700,797	1,097,683	2,593,389	(13,009,725)
Pupil transportation	2,860,715	-	-	(2,860,715)
Community services	6,146	-	-	(6,146)
School lunch	363,306	69,435	256,526	(37,345)
Interest	406,504	-	-	(406,504)
Total Primary Government	<u>\$ 24,264,160</u>	<u>\$ 1,167,118</u>	<u>\$ 2,849,915</u>	<u>\$ (20,247,127)</u>
 General Revenues:				
Property taxes				\$ 4,892,347
State and federal aid				15,489,741
Investment earnings				361,024
Compensation for loss				449,841
Miscellaneous				638,057
Total General Revenues				<u>\$ 21,831,010</u>
Changes in Net Position				\$ 1,583,883
Net Position, Beginning of Year				<u>37,491,637</u>
Net Position, End of Year				<u>\$ 39,075,520</u>

(See accompanying notes to financial statements)

LETCORTH CENTRAL SCHOOL DISTRICT, NEW YORK

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

	General Fund	Special Aid Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 9,984,533	\$ 580,821	\$ 8,847,387	\$ 524,376	\$ 19,937,117
Receivables	986,359	200,808	322,219	1,586	1,510,972
Inventories	-	-	-	19,250	19,250
Due from other funds	955,940	328,955	98,152	247,455	1,630,502
Prepaid items	499,427	-	-	-	499,427
TOTAL ASSETS	<u>\$ 12,426,259</u>	<u>\$ 1,110,584</u>	<u>\$ 9,267,758</u>	<u>\$ 792,667</u>	<u>\$ 23,597,268</u>
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable	\$ 443,800	\$ 132	\$ 1,228,720	\$ 18,105	\$ 1,690,757
Accrued liabilities	139,981	24,952	-	-	164,933
Notes payable - bond anticipation notes	-	-	15,445,000	-	15,445,000
Due to other funds	390,088	911,444	275,573	53,397	1,630,502
Due to other governments	26,646	12,944	-	545	40,135
Due to TRS	893,401	-	-	-	893,401
Due to ERS	94,251	-	-	-	94,251
Other liabilities	126,644	-	-	-	126,644
Unearned revenue	-	161,112	-	35,686	196,798
TOTAL LIABILITIES	<u>\$ 2,114,811</u>	<u>\$ 1,110,584</u>	<u>\$ 16,949,293</u>	<u>\$ 107,733</u>	<u>\$ 20,282,421</u>
Fund Balances -					
Nonspendable	\$ 499,427	\$ -	\$ -	\$ 19,250	\$ 518,677
Restricted	8,469,733	-	497,812	390,455	9,358,000
Assigned	356,265	-	-	275,229	631,494
Unassigned	986,023	-	(8,179,347)	-	(7,193,324)
TOTAL FUND BALANCE	<u>\$ 10,311,448</u>	<u>\$ -</u>	<u>\$ (7,681,535)</u>	<u>\$ 684,934</u>	<u>\$ 3,314,847</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,426,259</u>	<u>\$ 1,110,584</u>	<u>\$ 9,267,758</u>	<u>\$ 792,667</u>	

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

Capital assets/right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	45,666,085
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(28,533)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(7,280,000)
Leases	(149,160)
Retainage	(576,019)
OPEB	(3,076,026)
Compensated absences	(510,531)
Unamortized bond premium	(864,864)
Deferred outflow - pension	5,598,217
Deferred outflow - OPEB	286,196
Net pension liability	(2,616,017)
Deferred inflow - pension	(437,819)
Deferred inflow - OPEB	(250,856)
Net Position of Governmental Activities	<u>\$ 39,075,520</u>

LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2023

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Aid</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Real property taxes and tax items	\$ 4,892,347	\$ -	\$ -	\$ -	\$ 4,892,347
Charges for services	1,097,683	-	-	-	1,097,683
Use of money and property	309,920	-	-	51,104	361,024
Sale of property and compensation for loss	127,623	-	322,218	-	449,841
Miscellaneous	435,223	379,000	-	7,647	821,870
State sources	15,346,582	306,140	-	5,587	15,658,309
Federal sources	143,159	1,908,249	-	250,939	2,302,347
Sales	-	-	-	69,435	69,435
TOTAL REVENUES	\$ 22,352,537	\$ 2,593,389	\$ 322,218	\$ 384,712	\$ 25,652,856
EXPENDITURES					
General support	\$ 2,991,370	\$ 193,208	\$ -	\$ -	\$ 3,184,578
Instruction	9,852,990	1,733,480	-	-	11,586,470
Pupil transportation	2,262,296	43,391	-	-	2,305,687
Community services	6,146	-	-	-	6,146
Employee benefits	4,343,827	348,832	-	-	4,692,659
Debt service - principal	718,662	-	-	-	718,662
Debt service - interest	421,712	-	-	48,152	469,864
Cost of sales	-	-	-	41,158	41,158
Other expenses	-	-	-	307,654	307,654
Capital outlay	-	-	11,511,519	-	11,511,519
TOTAL EXPENDITURES	\$ 20,597,003	\$ 2,318,911	\$ 11,511,519	\$ 396,964	\$ 34,824,397
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES	\$ 1,755,534	\$ 274,478	\$ (11,189,301)	\$ (12,252)	\$ (9,171,541)
OTHER FINANCING SOURCES (USES)					
Transfers - in	\$ 115,000	\$ 160,239	\$ 582,514	\$ -	\$ 857,753
Transfers - out	(308,036)	(434,717)	-	(115,000)	(857,753)
Proceeds from obligations	-	-	15,251	-	15,251
Premium on obligations issued	-	-	-	195,187	195,187
TOTAL OTHER FINANCING	\$ (193,036)	\$ (274,478)	\$ 597,765	\$ 80,187	\$ 210,438
SOURCES (USES)	\$ (193,036)	\$ (274,478)	\$ 597,765	\$ 80,187	\$ 210,438
NET CHANGE IN FUND BALANCE	\$ 1,562,498	\$ -	\$ (10,591,536)	\$ 67,935	\$ (8,961,103)
FUND BALANCE, BEGINNING					
OF YEAR	8,748,950	-	2,910,001	616,999	12,275,950
FUND BALANCE, END OF YEAR	\$ 10,311,448	\$ -	\$ (7,681,535)	\$ 684,934	\$ 3,314,847

(See accompanying notes to financial statements)

LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2023

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS \$ (8,961,103)

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

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

Capital Outlay	\$ 11,511,519	
Additions to Assets, Net	1,194,897	
Lease Additions, Net	128,315	
Gain/ (Loss) on disposal	(85,783)	
Depreciation and Amortization	<u>(1,668,629)</u>	11,080,319

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

Debt Repayments	\$ 718,662	
Unamortized Bond Premium	78,624	
Proceeds from Lease Obligations	<u>(15,251)</u>	782,035

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (15,264)

The retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (514,204)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (126,521)

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

Teachers' Retirement System		(249,002)
Employees' Retirement System		(416,235)

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

Compensated Absences		<u>3,858</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 1,583,883**

LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2023

	Custodial <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 145,943
Receivable from general fund	507
TOTAL ASSETS	\$ 146,450
 NET POSITION	
Restricted for individuals, organizations and other governments	\$ 146,450
TOTAL NET POSITION	\$ 146,450

Statement of Changes in Fiduciary Net Position

For The Year Ended June 30, 2023

	Custodial <u>Funds</u>
ADDITIONS	
Library taxes	\$ 212,611
Student activity	348,618
TOTAL ADDITIONS	\$ 561,229
 DEDUCTIONS	
Student activity	\$ 347,574
Library taxes	212,611
TOTAL DEDUCTIONS	\$ 560,185
CHANGE IN NET POSITION	\$ 1,044
NET POSITION, BEGINNING OF YEAR	145,406
NET POSITION, END OF YEAR	\$ 146,450

LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies

The financial statements of the Letchworth Central School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 61, *The Financial Reporting Entity*. 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 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 review of certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held as an agency for various student organizations in an agency fund.

(I.) (Continued)

B. Joint Venture

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

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

During the year, the District was billed \$2,382,370 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,010,365.

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

C. Basis of Presentation

1. Districtwide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital specific grants.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended 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.

(I.) (Continued)

2. **Fund Statements**

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

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

Special Aid Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Fund - Used to account for the acquisition construction or major repair of capital facilities.

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

School Lunch Fund - Used to account for transactions of the District's lunch, breakfast and milk programs.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

Miscellaneous Special Revenue Fund – used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

c. **Fiduciary** - 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.

Custodial Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

(I.) (Continued)

D. Measurement Focus and Basis of Accounting

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

The District-Wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, 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 financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

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.

E. Property Taxes

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

Uncollected real property taxes are subsequently enforced by the County (ies) in which the District is located. The County (ies) pay an amount representing uncollected real property taxes transmitted to the County (ies) for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

(I.) (Continued)

G. Interfund Transactions

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

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

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 VI for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H. Estimates

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

I. 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 the 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.

(I.) (Continued)

J. Receivables

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

K. Inventory and Prepaid Items

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

L. Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-40 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

(I.) (Continued)

M. Right To Use Assets

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

N. Unearned Revenue

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

O. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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 (expenses/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

P. Vested Employee Benefits

1. Compensated Absences

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

Certain 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.

(I.) (Continued)

Q. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees 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 may be 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.

R. Short-Term Debt

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 a BAN issued for capital purposes be converted to long-term financing within five years after the original issue date.

S. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds' financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

T. Equity Classifications

1. District-Wide Statements

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

- a. **Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- b. **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.

(I.) (Continued)

On the Statement of Net Position, the following balances represent the restricted for other purposes:

	<u>Total</u>
Workers' Compensation	\$ 500,000
Unemployment Costs	240,821
Retirement Contribution - TRS	708,574
Insurance	190,000
Repair	294,723
Debt	308,006
Liability	244,562
Employee Benefit Accrued Liability	510,531
Scholarships	82,449
Total Net Position - Restricted for Other Purposes	<u><u>\$ 3,079,666</u></u>

c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications

2. **Fund Statements**

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

a. **Nonspendable Fund Balance** – 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 \$499,427 in prepaid expenditures and \$19,250 in school lunch inventory.

b. **Restricted Fund Balances** – 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:

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

(I.) (Continued)

<u>Name of Reserve</u>	<u>Maximum Funding</u>	<u>Total Funding Provided</u>	<u>Total Year to Date Balance</u>
Maintenance and Equipment	\$ 400,000	\$ 400,000	\$ 173,645
Capital Transportation Vehicles	\$ 950,000	\$ 950,000	\$ 91,754
Reserve for Capital Building 2019	\$ 3,000,000	\$ 3,000,000	\$ 870,622
2022 Building Capital Reserve	\$ 4,000,000	\$ 2,062,272	\$ 2,062,272
2023 Transportation Vehicle Reserve	\$ 950,000	\$ 950,000	\$ 950,000

Reserve for Debt Service - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

Employee Benefit Accrued Liability Reserve - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to 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.

Teachers' Retirement Reserve – General Municipal Law §6r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous year's TRS salary.

Liability Reserve - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

Insurance Reserve - 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 appropriation, 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 contribution 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.

(I.) (Continued)

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

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used financing retirement contributions. 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.

Unemployment Insurance Reserve - 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.

Workers' Compensation Reserve - 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.

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

(I.) (Continued)

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Workers' Compensation	\$ 500,000
Unemployment Costs	240,821
Retirement Contribution - ERS	1,632,229
Retirement Contribution - TRS	708,574
Insurance	190,000
Repair	294,723
Liability	244,562
Capital Reserves	4,148,293
Employee Benefit Accrued Liability	510,531
<u>Capital Fund -</u>	
Capital Projects	497,812
<u>Misc Special Revenue Fund -</u>	
Scholarships	82,449
<u>Debt Service Fund -</u>	
Debt Service	308,006
Total Restricted Fund Balance	<u><u>\$ 9,358,000</u></u>

The District appropriated and/or budgeted funds from the following reserves for the 2023-24 budget:

	<u>Total</u>
Debt Service	\$ 110,000
Total	<u><u>\$ 110,000</u></u>

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

d. **Assigned Fund Balance** – Includes amounts that are constrained by the District’s intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District’s purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

(I.) (Continued)

Management has determined significant encumbrances for the General Fund to be \$33,700, Capital Projects Fund to be \$20,300, School Lunch Fund to be \$3,800 and Special Aid Fund to be \$5,300. The significant encumbrances are noted below:

<u>General Fund -</u>	
Instruction	\$ 44,702
<u>School Lunch Fund -</u>	
Equipment	\$ 66,380
<u>Capital Projects Fund -</u>	
Capital Improvements	\$ 6,789,888
<u>Special Aid Fund -</u>	
General Support	\$ 87,212
Instructional	\$ 217,627

Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 56,265
General Fund - Appropriated for Taxes	300,000
School Lunch Fund - Year End Equity	275,229
Total Assigned Fund Balance	<u><u>\$ 631,494</u></u>

e. **Unassigned Fund Balance** –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 school district.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

3. 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 restricted fund balance. In the general fund, the remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

(I.) (Continued)

U. New Accounting Standards

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

GASB has issued Statement No. 91, *Conduit Debt Obligations*.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraph 11b*.

GASB has issued Statement No. 96, *Subscription Based Information Technology*.

GASB has issued Statement No. 99, *Omnibus 2022 (leases, PPPs, and SBITAs)*.

V. Future Changes in Accounting Standards

GASB has issued Statement No. 100, *Accounting for Changes and Error Corrections-an Amendment of GASB Statement No. 62*, which will be effective for reporting periods beginning after June 15, 2023.

GASB has issued Statement No. 101, *Compensated Absences*, which will be effective for reporting periods beginning after December 15, 2023.

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.

II. Changes in Accounting Principles

For the year ended June 30, 2023, the District implemented GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)*. The implementation of the statement changes the reporting for SBITAs. There was no financial statement impact for the implementation of the Statement.

III. Stewardship, Compliance and Accountability

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

A. Budgets

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

The voters of the District approved the proposed appropriation budget.

(III.) (Continued)

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2022-23 fiscal year, the budget was increased \$162,914 for prior year encumbrances \$1,656 for donations from the prior year, \$47,350 for employee separation payments, \$50,000 for an emergency project.

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 projects 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.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund 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.

C. Deficit Fund Balance-Capital Projects Fund

The Capital Projects Fund had a deficit fund balance of \$7,681,535 at June 30, 2023, which is a result of bond anticipation notes which are used as a temporary means of financing capital projects. These proceeds are not recognized as revenue but merely serve to provide cash to meet expenditures. This results in the creation of a fund deficit which will remain until the notes are replaced by permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations).

IV. Cash and Cash Equivalents

Credit risk: In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

(IV.) (Continued)

Concentration of Credit risk: To promote competition in rates and service cost, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District's investment policy limits the amounts that may be deposited with any one financial institution.

Interest rate risk: The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates

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	\$	-
Collateralized within Trust Department or Agent		21,891,330
Total		\$ 21,891,330

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 \$9,358,000 within the governmental funds and \$145,943 in the fiduciary funds.

V. **Receivables**

Receivables at June 30, 2023 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

Description	Governmental Activities				Total
	General Fund	Special Aid Fund	Capital Projects Fund	Nonmajor Funds	
Accounts Receivable	\$ 107,479	\$ 71,949	\$ 322,219	\$ -	\$ 501,647
Due From State and Federal	424,210	128,859	-	1,586	554,655
Due From Other Governments	454,670	-	-	-	454,670
Total Receivables	\$ 986,359	\$ 200,808	\$ 322,219	\$ 1,586	\$ 1,510,972

District management has deemed the amounts to be fully collectible.

VI. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2023 were as follows:

	Interfund			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 955,940	\$ 390,088	\$ 115,000	\$ 308,036
Special Aid Fund	328,955	911,444	160,239	434,717
Capital Projects Fund	98,152	275,573	582,514	-
Nonmajor Funds	247,455	53,397	-	115,000
Total	<u>\$ 1,630,502</u>	<u>\$ 1,630,502</u>	<u>\$ 857,753</u>	<u>\$ 857,753</u>

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

VII. Capital Assets and Lease Assets

A. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2023</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Work in progress	3,501,737	12,025,723	812,792	14,714,668
<i>Total Nondepreciable</i>	<u>\$ 3,521,737</u>	<u>\$ 12,025,723</u>	<u>\$ 812,792</u>	<u>\$ 14,734,668</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 45,843,177	\$ 797,541	\$ -	\$ 46,640,718
Machinery and equipment	8,127,456	849,185	494,615	8,482,026
<i>Total Depreciated Assets</i>	<u>\$ 53,970,633</u>	<u>\$ 1,646,726</u>	<u>\$ 494,615</u>	<u>\$ 55,122,744</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 18,022,772	\$ 1,109,188	\$ -	\$ 19,131,960
Machinery and equipment	5,312,335	559,441	408,832	5,462,944
<i>Total Accumulated Depreciation</i>	<u>\$ 23,335,107</u>	<u>\$ 1,668,629</u>	<u>\$ 408,832</u>	<u>\$ 24,594,904</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 30,635,526</u>	<u>\$ (21,903)</u>	<u>\$ 85,783</u>	<u>\$ 30,527,840</u>
Total Capital Assets	<u>\$ 34,157,263</u>	<u>\$ 12,003,820</u>	<u>\$ 898,575</u>	<u>\$ 45,262,508</u>

(VII.) (Continued)

B. Lease Assets

A summary of the leased asset activity during the year ended June 30, 2023 is as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2023</u>
<u>Lease Assets:</u>				
Buildings	\$ 463,503	\$ -	\$ -	\$ 463,503
Equipment	555,875	189,074	60,759	684,190
<i>Total Lease Assets</i>	<u>\$ 1,019,378</u>	<u>\$ 189,074</u>	<u>\$ 60,759</u>	<u>\$ 1,147,693</u>
<u>Less Accumulated Amortization -</u>				
Buildings	\$ 278,102	\$ 105,572	\$ -	\$ 383,674
Equipment	312,773	108,428	60,759	360,442
<i>Total Accumulated Amortization</i>	<u>\$ 590,875</u>	<u>\$ 214,000</u>	<u>\$ 60,759</u>	<u>\$ 744,116</u>
<i>Total Lease Assets, Net</i>	<u>\$ 428,503</u>	<u>\$ (24,926)</u>	<u>\$ -</u>	<u>\$ 403,577</u>

C. Other capital assets (net depreciation and amortization):

Depreciated Capital Assets (net)	\$ 30,527,840
Amortized Lease Assets (net)	403,577
Total Other Capital Assets (net)	<u>\$ 30,931,417</u>

D. Depreciation/Amortization expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General Government Support	\$ 187,836	\$ -	\$ 187,836
Instruction	990,411	214,000	1,204,411
Pupil Transportation	462,515	-	462,515
School Lunch	27,867	-	27,867
Total Depreciation and Amortization Expense	<u>\$ 1,668,629</u>	<u>\$ 214,000</u>	<u>\$ 1,882,629</u>

VIII. Short-Term Debt

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
BAN	6/29/2023	4.00%	\$ -	\$ 4,250,000	\$ 4,250,000	\$ -
BAN	6/21/2024	4.75%	-	15,445,000	-	15,445,000
Total Short-Term Debt			\$ -	\$ 19,695,000	\$ 4,250,000	\$ 15,445,000

A summary of the short-term interest expense for the year is as follows:

Interest Paid	\$ 147,333
Plus: Interest Accrued in the Current Year	16,258
Total Short-Term Interest Expense	\$ 163,591

IX. Long-Term Debt Obligations

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

	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 7,880,000	\$ -	\$ 600,000	\$ 7,280,000	\$ 630,000
Unamortized Bond Premium	943,488	-	78,624	864,864	78,624
Lease Liability	252,571	15,251	118,662	149,160	136,357
Total Bonds and Notes Payable	\$ 9,076,059	\$ 15,251	\$ 797,286	\$ 8,294,024	\$ 844,981
<u>Other Liabilities -</u>					
Net Pension Liability	\$ -	\$ 2,616,017	\$ -	\$ 2,616,017	\$ -
OPEB	2,977,610	98,416	-	3,076,026	-
Retainage Payable	61,815	514,204	-	576,019	576,019
Compensated Absences	514,389	-	3,858	510,531	127,633
Total Other Liabilities	\$ 3,553,814	\$ 3,228,637	\$ 3,858	\$ 6,778,593	\$ 703,652
Total Long-Term Obligations	\$ 12,629,873	\$ 3,243,888	\$ 801,144	\$ 15,072,617	\$ 1,548,633

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

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2023</u>
<u>Serial Bonds</u>					
Construction	\$ 3,225,000	2016	2031	2.0%-2.5%	\$ 1,680,000
Construction	\$ 7,090,000	2019	2034	5.00%	5,600,000
Total Serial Bonds					\$ 7,280,000
<u>Leases</u>					
Lease - Equipment	\$ 64,358	2022	2025	2.04%	\$ 34,399
Lease - Building	\$ 463,503	2020	2024	2.04%	114,761
Total Leases					\$ 149,160

(IX.) (Continued)

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>		<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 630,000	\$ 294,606	\$ 136,357	\$ 1,576
2025	660,000	269,406	12,803	87
2026	685,000	242,588	-	-
2027	715,000	214,662	-	-
2028	745,000	185,381	-	-
2029-33	3,320,000	488,363	-	-
2034	525,000	26,250	-	-
Total	\$ 7,280,000	\$ 1,721,256	\$ 149,160	\$ 1,663

Interest on long-term debt for June 30, 2023 was composed of:

Interest Paid	\$ 322,531
Less: Interest Accrued in the Prior Year	(13,269)
Plus: Interest Accrued in the Current Year	12,275
Less: Amortized bond premium	(78,624)
Total Long-Term Interest Expense	\$ 242,913

X. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 5,598,217	\$ 437,819
OPEB	286,196	250,856
Total	\$ 5,884,413	\$ 688,675

XI. Pension Plans

A. General Information

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

(XI.) (Continued)

B. Provisions and Administration

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

ERS 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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

C. 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 percent 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.

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2023:

<u>Contributions</u>		<u>ERS</u>		<u>TRS</u>
2023	\$	292,068	\$	893,401

(XI.) (Continued)

D. 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 TRS and ERS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension assets/(liability)	\$ (1,823,017)	\$ (793,000)
District's portion of the Plan's total net pension asset/(liability)	0.009%	0.041%

For the year ended June 30, 2023, the District recognized pension expenses of \$695,769 for ERS and \$1,018,970 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	\$ 194,166	\$ 830,964	\$ 51,197	\$ 15,890
Changes of assumptions	885,375	1,538,286	9,785	319,443
Net difference between projected and actual earnings on pension plan investments	-	1,024,631	10,710	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	141,120	72,788	5,593	25,201
Subtotal	<u>\$ 1,220,661</u>	<u>\$ 3,466,669</u>	<u>\$ 77,285</u>	<u>\$ 360,534</u>
District's contributions subsequent to the measurement date	94,251	816,636	-	-
Grand Total	<u>\$ 1,314,912</u>	<u>\$ 4,283,305</u>	<u>\$ 77,285</u>	<u>\$ 360,534</u>

(XI.) (Continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ -	\$ 603,628
2024	289,490	320,166
2025	(57,226)	(121,071)
2026	403,019	2,019,933
2027	508,093	266,542
Thereafter	-	16,937
Total	\$ 1,143,376	\$ 3,106,135

E. Actuarial Assumptions

The total pension 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 liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18%-1.95%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized as follows:

(XI.) (Continued)

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
<u>Asset Type -</u>		
Domestic equity	4.30%	6.50%
International equity	6.85%	7.20%
Global equity	0.00%	6.90%
Private equity	7.50%	9.90%
Real estate	4.60%	6.20%
Absolute return strategies *	0.00%	0.00%
Opportunistic portfolios	5.38%	0.00%
Real assets	5.84%	0.00%
Bonds and mortgages	0.00%	0.00%
Cash	0.00%	0.00%
Cash Equivalents	0.00%	-0.30%
Global Bonds	0.00%	0.60%
Inflation-indexed bonds	0.00%	0.00%
Private debt	0.00%	5.30%
Real estate debt	0.00%	2.40%
High-yield fixed income securities	0.00%	3.30%
Domestic fixed income securities	1.50%	1.10%
Global fixed income securities	0.00%	0.00%

The real rate of return is net of the long-term inflation assumption of 2.50% for ERS and 2.40% for TRS.

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.90% for ERS and 7.95% for TRS) than the current assumption :

(XI.) (Continued)

	1% Decrease	Current Assumption	1% Increase
<u>ERS</u>	<u>(4.90%)</u>	<u>(5.90%)</u>	<u>(6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (4,405,450)	\$ (1,823,017)	\$ 334,906
		Current Assumption	1% Increase
<u>TRS</u>	<u>(5.95%)</u>	<u>(6.95%)</u>	<u>(7.95%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (7,311,832)	\$ (793,000)	\$ 4,689,295

H. 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)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ 232,627,259	\$ 133,883,474
Plan net position	211,183,223	131,964,582
Employers' net pension asset/(liability)	<u>\$ (21,444,036)</u>	<u>\$ (1,918,892)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	90.78%	98.57%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$94,251.

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 \$893,401.

XII. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	62
Active Employees	224
Total	286

B. Total OPEB Liability

The District’s total OPEB liability of \$3,076,026 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

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

Inflation	3.65 percent
Salary Increases	2.40 percent, average, including inflation
Discount Rate	3.65 percent
Healthcare Cost Trend Rates	Initial rate of 5.10% decreasing to an ultimate rate of 4.10%
Retirees' Share of Benefit-Related Costs	Varies depending on contract

The discount rate is consistent with the GASB 75 standards discounting unfunded liabilities based on a yield or index for 20-year, tax exempt general obligation municipal bond with an average rating of AA/Aa or higher.

Mortality rates are based on RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-Ultimate.

(XII.) (Continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 2,977,610
<u>Changes for the Year -</u>	
Service cost	\$ 123,763
Interest	107,881
Changes in assumptions or other inputs	(24,459)
Benefit payments	<u>(108,769)</u>
Net Changes	<u>\$ 98,416</u>
Balance at June 30, 2023	<u>\$ 3,076,026</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54 percent in 2022 to 3.65 percent in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease	Discount	1% Increase
	<u>(2.65%)</u>	Rate	<u>(4.65%)</u>
	<u>(3.65%)</u>		<u>(4.65%)</u>
Total OPEB Liability	\$ 3,404,105	\$ 3,076,026	\$ 2,784,703

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

	1% Decrease	Healthcare	1% Increase
	<u>(4.10%)</u>	Cost Trend Rates	<u>(6.10%)</u>
	<u>Decreasing</u>	<u>(5.10%)</u>	<u>(6.10%)</u>
	<u>to 3.10%</u>	<u>Decreasing</u>	<u>Decreasing</u>
	<u>to 3.10%</u>	<u>to 4.10%</u>	<u>to 5.10%</u>
Total OPEB Liability	\$ 2,767,374	\$ 3,076,026	\$ 3,444,491

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$235,290. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(XII.) (Continued)

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 160,591	\$ 174,944
Changes of assumptions	90,265	111,252
Total	<u>\$ 250,856</u>	<u>\$ 286,196</u>

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

<u>Year</u>	
2024	\$ 3,646
2025	3,646
2026	3,646
2027	3,646
2028	11,233
Thereafter	9,523
Total	<u>\$ 35,340</u>

XIII. Risk Management

A. General Information

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. 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.

B. Health Plan

The District incurs costs related to the Genesee Valley Area Health Care Plan (Plan) sponsored by the Genesee Valley Board of Cooperative Educational Services (BOCES) and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Membership in the Plan may be offered to any component district of the BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than 60 days prior to the end of the Plan year. Plan members include twenty-four districts with the Letchworth Central School District bearing an equal proportionate share of the Plan's assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement, signed by all participants, all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

(XIII.) (Continued)

The Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one fiscal year.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2023, the District incurred premiums or contribution expenditures totaling \$3,126,019.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2022, revealed that the Plan is fully funded.

C. Workers' Compensation

The District incurs costs related to the Genesee Valley Workers' Compensation Plan (Plan) sponsored by the Genesee Valley Board of Cooperative Educational Services and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Genesee Valley BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of BOCES and eleven districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance to limit exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the period in which they are made. During the year ended June 30, 2023, the District incurred premiums or contribution expenditures totaling \$103,956.

(XIII.) (Continued)

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2022, revealed that the Plan is fully funded.

D. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2022-23 fiscal year totaled \$44. The balance of the fund at June 30, 2023 was \$240,821 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2023, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XIV. Commitments and Contingencies

A. Litigation

Separate from claims and lawsuits that arise in the ordinary course of business, new legislation has reopened historical claims that were previously time-barred. In 2019, the state passed the Child Victims Act (CVA). Under the CVA, any individual who was a minor at the time they suffered any alleged sexual abuse can now file a lawsuit during a two year window, even though their claims would have previously been barred by the statute of limitations. This has resulted in the filing of thousands of new lawsuits state-wide. In July of 2021 one lawsuit was initiated against the District by a former student who alleged that inappropriate sexual contact occurred between them and an employee of the District over 50 years ago. The District has retained counsel and is in the process of attempting to identify whether there is potential insurance coverage available for this claim. As of the date of this report, the District's exposure to this claim has not been determined.

B. Grants

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.

C. School Lunch Management Contract

During the 2022-23 fiscal year, the District was engaged in a contract with Sodexo School Services for the purpose of operating the School Lunch Program. Terms of the agreement were based on a cost per meal reimbursement to the management company. Any revenues received in excess of the stated cost per meal reimbursement would be retained by the District as profit.

(XIV.) (Continued)

D. System Site Lease Agreement

On May 5, 2015, the District entered into a system site lease agreement to lease approximately six (6) acres of land for solar panel use. The District received a one-time sum of \$10.00 following the effective date of the agreement.

E. Power Purchase Agreement

On May 5, 2015, the District (purchaser) entered into a power purchase agreement with a third party (seller) to purchase energy generated by the solar system located on the approximately six (6) acres in the system site lease agreement noted above. The District pays an annual fixed rate that increases each year from .0.0900/kwh in year 1 to 0.1448/kwh in year 25. Any energy generated that exceeds the District's needs will be sold to a utility in accordance with the net metering rules or enter into other arrangements to deliver or exchange excess energy to another buyer. Any excess energy sold to a utility will offset cost to the District and then be maintained as a credit to offset future utility cost of the District. The commercial operation date of the solar panels was June 27, 2017. In 2022-23 the District paid \$150,385 to the third party and utilized \$257,584 in energy credits.

XV. Tax Abatement

The County of Wyoming IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result, the District property tax revenue was reduced \$1,920,036. The District received payment in lieu of tax (PILOT) payment totaling \$219,018 to help offset the property tax reduction.

Required Supplementary Information
LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in District's Total OPEB Liability and Related Ratio
For The Year Ended June 30, 2023

TOTAL OPEB LIABILITY						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 123,763	\$ 98,875	\$ 108,317	\$ 77,256	\$ 92,970	\$ 90,262
Interest	107,881	67,674	68,070	92,447	82,788	81,262
Differences between expected and actual experiences	-	(198,377)	-	267,692	-	9,432
Changes of assumptions or other inputs	(24,459)	37,671	16,159	109,054	(144,243)	-
Benefit payments	(108,769)	(124,178)	(136,033)	(140,986)	(127,435)	(138,079)
Net Change in Total OPEB Liability	\$ 98,416	\$ (118,335)	\$ 56,513	\$ 405,463	\$ (95,920)	\$ 42,877
Total OPEB Liability - Beginning	\$ 2,977,610	\$ 3,095,945	\$ 3,039,432	\$ 2,633,969	\$ 2,729,889	\$ 2,687,012
Total OPEB Liability - Ending	\$ 3,076,026	\$ 2,977,610	\$ 3,095,945	\$ 3,039,432	\$ 2,633,969	\$ 2,729,889
Covered Employee Payroll	\$ 9,295,323	\$ 9,295,323	\$ 8,917,107	\$ 6,636,431	\$ 6,636,431	\$ 6,636,431
Total OPEB Liability as a Percentage of Covered Employee Payroll	33.09%	32.03%	34.72%	45.80%	39.69%	41.13%

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

Required Supplementary Information
LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
For The Year Ended June 30, 2023

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0085%	0.0076%	0.0068%	0.00692%	0.70013%	0.007192%	0.006822%	0.006796%	0.006305%
Proportionate share of the net pension liability (assets)	\$ 1,823,017	\$ (620,482)	\$ 6,789	\$ 1,832,419	\$ 496,067	\$ 232,127	\$ 640,959	\$ 1,090,774	\$ 213,009
Covered-employee payroll	\$ 2,628,351	\$ 2,325,554	\$ 2,347,515	\$ 2,314,796	\$ 2,186,705	\$ 2,207,686	\$ 2,071,341	\$ 1,916,141	\$ 1,782,332
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	69.360%	-26.681%	0.289%	79.161%	22.686%	10.514%	30.944%	56.926%	11.951%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0413%	0.0422%	0.0423%	0.04157%	0.41955%	0.042384%	0.042222%	0.042193%	0.042922%
Proportionate share of the net pension liability (assets)	\$ 793,000	\$ (7,311,009)	\$ 1,167,968	\$ (1,079,967)	\$ (758,665)	\$ (322,161)	\$ 452,219	\$ (4,382,497)	\$ (4,781,228)
Covered-employee payroll	\$ 7,936,214	\$ 7,793,668	\$ 7,556,632	\$ 7,494,062	\$ 7,241,606	\$ 7,120,812	\$ 6,953,643	\$ 6,732,427	\$ 6,551,374
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	9.992%	-93.807%	15.456%	-14.411%	-10.476%	-4.524%	6.503%	-65.095%	-72.981%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

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

(See Independent Auditors' Report)

Required Supplementary Information
LETCWORTH CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
For The Year Ended June 30, 2023

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 292,068	\$ 363,756	\$ 333,674	\$ 331,733	\$ 318,358	\$ 328,002	\$ 312,199	\$ 362,773	\$ 347,035
Contributions in relation to the contractually required contribution	(292,068)	(363,756)	(333,674)	(331,733)	(318,358)	(328,002)	(312,199)	(362,773)	(347,035)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,628,351	\$ 2,325,554	\$ 2,347,515	\$ 2,314,796	\$ 2,186,705	\$ 2,207,686	\$ 2,071,341	\$ 1,916,141	\$ 1,782,332
Contributions as a percentage of covered-employee payroll	11.11%	15.64%	14.21%	14.33%	14.56%	14.86%	15.07%	18.93%	19.47%

NYSTRS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 893,401	\$ 844,433	\$ 779,990	\$ 714,435	\$ 821,158	\$ 750,328	\$ 867,435	\$ 940,845	\$ 1,030,287
Contributions in relation to the contractually required contribution	(893,401)	(844,433)	(779,990)	(714,435)	(821,158)	(750,328)	(867,435)	(940,845)	(1,030,287)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,936,214	\$ 7,793,668	\$ 7,556,632	\$ 7,494,062	\$ 7,241,606	\$ 7,120,812	\$ 6,953,643	\$ 6,732,427	\$ 6,551,374
Contributions as a percentage of covered-employee payroll	11.26%	10.83%	10.32%	9.53%	11.34%	10.54%	12.47%	13.97%	15.73%

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

Required Supplementary Information
LETCWORTH CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Revenues</u>	<u>Over (Under) Revised Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 3,915,354	\$ 3,915,354	\$ 4,012,872	\$ 97,518
Real property tax items	980,689	980,689	879,475	(101,214)
Charges for services	1,099,312	1,099,312	1,097,683	(1,629)
Use of money and property	20,000	20,000	309,920	289,920
Sale of property and compensation for loss	40,000	40,000	127,623	87,623
Miscellaneous	300,000	301,656	435,223	133,567
State Sources -				
Basic formula	12,080,745	12,080,745	12,031,500	(49,245)
Lottery aid	2,218,771	2,218,771	2,221,192	2,421
BOCES	1,075,034	1,075,034	1,010,365	(64,669)
Textbooks	48,581	48,581	48,523	(58)
All Other Aid -				
Computer software	29,610	29,610	29,577	(33)
Library loan	5,431	5,431	5,425	(6)
Other aid	-	-	-	-
Federal Sources	<u>80,000</u>	<u>80,000</u>	<u>143,159</u>	<u>63,159</u>
TOTAL REVENUES	<u>\$ 21,893,527</u>	<u>\$ 21,895,183</u>	<u>\$ 22,352,537</u>	<u>\$ 457,354</u>
Other Sources -				
Transfer - in	<u>\$ 290,417</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ -</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 22,183,944</u>	<u>\$ 22,010,183</u>	<u>\$ 22,467,537</u>	<u>\$ 457,354</u>
Appropriated reserves	<u>\$ -</u>	<u>\$ 97,350</u>		
Appropriated fund balance	<u>\$ 300,000</u>	<u>\$ 475,417</u>		
Prior year encumbrances	<u>\$ 162,914</u>	<u>\$ 162,914</u>		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u><u>\$ 22,646,858</u></u>	<u><u>\$ 22,745,864</u></u>		

Required Supplementary Information
LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2023

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balances</u>
EXPENDITURES					
General Support -					
Board of education	\$ 31,956	\$ 26,834	\$ 24,731	\$ -	\$ 2,103
Central administration	219,495	216,721	215,634	-	1,087
Finance	362,476	366,577	343,912	10,475	12,190
Staff	68,535	84,197	77,597	-	6,600
Central services	2,295,341	2,153,602	1,955,299	1,075	197,228
Special items	354,776	374,830	374,197	-	633
Instructional -					
Instruction, administration and improvement	565,263	625,918	612,472	1,994	11,452
Teaching - regular school	4,954,901	4,890,011	4,636,164	14,425	239,422
Programs for children with handicapping conditions	2,680,362	2,497,154	2,307,827	-	189,327
Occupational education	587,917	604,645	595,874	4,252	4,519
Teaching - special schools	17,277	17,277	17,277	-	-
Instructional media	717,835	903,798	890,458	-	13,340
Pupil services	826,653	873,359	792,918	24,031	56,410
Pupil Transportation	2,241,919	2,383,645	2,262,296	-	121,349
Community Services	6,565	6,565	6,146	-	419
Employee Benefits	5,295,714	5,132,446	4,343,827	-	788,619
Debt service - principal	600,000	718,662	718,662	-	-
Debt service - interest	493,873	493,623	421,712	-	71,911
TOTAL EXPENDITURES	<u>\$ 22,320,858</u>	<u>\$ 22,369,864</u>	<u>\$ 20,597,003</u>	<u>\$ 56,252</u>	<u>\$ 1,716,609</u>
Other Uses -					
Transfers - out	\$ 326,000	\$ 376,000	\$ 308,036	\$ -	\$ 67,964
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 22,646,858</u>	<u>\$ 22,745,864</u>	<u>\$ 20,905,039</u>	<u>\$ 56,252</u>	<u>\$ 1,784,573</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,562,498</u>		
FUND BALANCE, BEGINNING OF YEAR	<u>8,748,950</u>	<u>8,748,950</u>	<u>8,748,950</u>		
FUND BALANCE, END OF YEAR	<u><u>\$ 8,748,950</u></u>	<u><u>\$ 8,748,950</u></u>	<u><u>\$ 10,311,448</u></u>		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget		\$ 22,483,944
Prior year's encumbrances		162,914
		162,914
Original Budget		\$ 22,646,858
Budget revisions -		
Donations		1,656
Self-insured retention for 22-23 emergency project		50,000
Employee separation payments for accrued leave		47,350
		47,350
FINAL BUDGET		\$ 22,745,864
		\$ 22,745,864

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2023-24 voter approved expenditure budget		\$ 24,650,566
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$ 356,265	
Unassigned fund balance	986,023	
Total Unrestricted fund balance	\$ 1,342,288	
<u>Less adjustments:</u>		
Appropriated fund balance	\$ 300,000	
Encumbrances included in assigned fund balance	56,265	
Total adjustments	\$ 356,265	
General fund fund balance subject to Section 1318 of Real Property Tax Law		986,023
ACTUAL PERCENTAGE		4.00%

Supplementary Information
LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
For The Year Ended June 30, 2023

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>				<u>Fund Balance</u>	
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Obligations</u>	<u>Local Sources</u>	<u>Federal Sources</u>	<u>Insurance Claim</u>		<u>Total</u>
11.724M Project	\$ 11,724,000	\$ 11,724,200	\$ 10,977,646	\$ 253,175	\$ 11,230,821	\$ 493,379	\$ 8,264,700	\$ 3,459,500	\$ -	\$ -	\$ 11,724,200	\$ 493,379
Storage Building	101,225	101,225	127,359	-	127,359	(26,134)	-	100	-	131,692	131,792	4,433
2021 Capital Improvement Project	20,345,000	20,345,000	2,740,177	10,773,078	13,513,255	6,831,745	-	4,899,191	434,718	-	5,333,909	(8,179,346)
Emergency Project - Fuel Tank	372,219	372,219	-	372,219	372,219	-	-	50,000	-	322,219	372,219	-
2022-23 Capital Outlay	100,000	100,000	-	97,796	97,796	2,204	-	97,796	-	-	97,796	-
Leased Assets	-	-	64,358	15,251	79,609	(79,609)	-	79,609	-	-	79,609	-
TOTAL	\$ 32,642,444	\$ 32,642,644	\$ 13,909,540	\$ 11,511,519	\$ 25,421,059	\$ 7,221,585	\$ 8,264,700	\$ 8,586,196	\$ 434,718	\$ 453,911	\$ 17,739,525	\$ (7,681,534)

(See Independent Auditors' Report)

Supplementary Information
LETCWORTH CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Special			Total	
	Revenue Funds				Nonmajor
	School Lunch Fund	Miscellaneous Special Revenue Fund	Debt Service Fund		
ASSETS					
Cash and cash equivalents	\$ 328,245	\$ 85,561	\$ 110,570	\$ 524,376	
Receivables	1,571	-	15	1,586	
Inventories	19,250	-	-	19,250	
Due from other funds	1,074	793	245,588	247,455	
TOTAL ASSETS	\$ 350,140	\$ 86,354	\$ 356,173	\$ 792,667	
LIABILITIES AND FUND BALANCES					
<u>Liabilities</u> -					
Accounts payable	\$ 18,105	\$ -	\$ -	\$ 18,105	
Due to other funds	1,325	3,905	48,167	53,397	
Due to other governments	545	-	-	545	
Unearned revenue	35,686	-	-	35,686	
TOTAL LIABILITIES	\$ 55,661	\$ 3,905	\$ 48,167	\$ 107,733	
<u>Fund Balances</u> -					
Nonspendable	\$ 19,250	\$ -	\$ -	\$ 19,250	
Restricted	-	82,449	308,006	390,455	
Assigned	275,229	-	-	275,229	
TOTAL FUND BALANCE	\$ 294,479	\$ 82,449	\$ 308,006	\$ 684,934	
TOTAL LIABILITIES AND FUND BALANCES	\$ 350,140	\$ 86,354	\$ 356,173	\$ 792,667	

Supplementary Information
LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2023

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	School Lunch Fund	Miscellaneous Special Revenue Fund			
REVENUES					
Use of money and property	\$ -	\$ 21	\$ 51,083	\$ 51,104	
Miscellaneous	-	7,647	-	7,647	
State sources	5,587	-	-	5,587	
Federal sources	250,939	-	-	250,939	
Sales	69,435	-	-	69,435	
TOTAL REVENUES	\$ 325,961	\$ 7,668	\$ 51,083	\$ 384,712	
EXPENDITURES					
Debt service - interest	\$ -	\$ -	\$ 48,152	\$ 48,152	
Cost of sales	41,158	-	-	41,158	
Other expenses	294,281	13,373	-	307,654	
TOTAL EXPENDITURES	\$ 335,439	\$ 13,373	\$ 48,152	\$ 396,964	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (9,478)	\$ (5,705)	\$ 2,931	\$ (12,252)	
OTHER FINANCING SOURCES (USES)					
Transfers - out	\$ -	\$ -	\$ (115,000)	\$ (115,000)	
Premium on obligations issued	-	-	195,187	195,187	
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ 80,187	\$ 80,187	
NET CHANGE IN FUND BALANCE	\$ (9,478)	\$ (5,705)	\$ 83,118	\$ 67,935	
FUND BALANCE, BEGINNING OF YEAR	303,957	88,154	224,888	616,999	
FUND BALANCE, END OF YEAR	\$ 294,479	\$ 82,449	\$ 308,006	\$ 684,934	

Supplementary Information
LETCHWORTH CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets/ Right to Use Assets
For The Year Ended June 30, 2023

Capital assets/right to use assets, net		\$ 45,666,085
Add:		
Unspent bond proceeds	<u>\$ 493,379</u>	493,379
Deduct:		
Bond payable	\$ 7,280,000	
Capital leases	149,160	
Unamortized bond premium	864,864	
Assets purchased with short-term financing	8,179,346	
Retainage payable	576,019	
Lease liability	<u>149,160</u>	<u>17,198,549</u>
Net Investment in Capital Assets/ Right to Use Assets		<u><u>\$ 28,960,915</u></u>

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

<u>Grantor / Pass - Through Agency</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Agency Number</u>	<u>Total Expenditures</u>
<u>Federal Award Cluster / Program</u>			
<u>U.S. Department of Education:</u>			
<u>Passed Through NYS Education Department -</u>			
<u>Special Education Cluster IDEA -</u>			
Special Education - Grants to States (IDEA, Part B)	84.027	0032-22-1117	\$ 1,657
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-1117	266,869
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-1117	4,470
ARP - IDEA-Part B, 611-COVID-19	84.027X	5532-22-1117	29,385
ARP - IDEA-Part B, 619-COVID-19	84.173X	5533-22-1117	1,876
<i>Total Special Education Cluster IDEA</i>			\$ 304,257
<u>Education Stabilization Funds -</u>			
CRRSA - ESSER II-COVID-19	84.425D	5891-21-3845	\$ 452,400
CRRSA - GEER II-COVID-19	84.425C	5896-21-3845	14,175
ARP - ESSER III-COVID-19	84.425U	5880-21-3845	464,940
ARP - SLR Summer Enrichment-COVID-19	84.425U	5882-21-3845	44,681
ARP - SLR Comprehensive Learning-COVID-19	84.425U	5883-21-3845	38,975
ARP - SLR Learning Loss-COVID-19	84.425U	5884-21-3845	342,051
<i>Total Education Stabilization Funds</i>			\$ 1,357,222
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-22-3845	21,464
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-23-3845	20,449
Title IV - Student Support and Enrichment Program	84.424	0204-23-3845	14,601
Title I - Grants to Local Educational Agencies	84.010	0021-22-3845	415
Title I - Grants to Local Educational Agencies	84.010	0021-23-3845	173,212
Total U.S. Department of Education			\$ 1,891,620
<u>U.S. Department of Health and Human Services:</u>			
<u>Passed through Wyoming County Department of Health -</u>			
Epidemiology and Laboratory Capacity (ELCF)	93.323	U/A	\$ 16,629
Total U.S. Department of Health and Human Services			\$ 16,629
<u>U.S. Department of Agriculture:</u>			
<u>Passed Through NYS Education Department -</u>			
<u>Child Nutrition Cluster -</u>			
National School Lunch Program	10.555	670401040000	\$ 135,257
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	670401040000	30,567
Supply Chain Assistance-COVID-19	10.555	670401040000	21,392
National School Breakfast Program	10.553	670401040000	63,095
<i>Total Child Nutrition Cluster</i>			\$ 250,311
Pandemic EBT Administrative Costs	10.649	670401040000	628
Total U.S. Department of Agriculture			\$ 250,939
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,159,188

(See Independent Auditors' Report)



BUSINESS
ADVISORS
AND CPAS

**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***

Independent Auditors' Report

To the Board of Education
Letchworth Central School District, New York

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Letchworth Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 26, 2023.

Internal Control over Financial Reporting

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

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Letchworth 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 26, 2023