

IROQUOIS CENTRAL SCHOOL DISTRICT

**Financial Statements as of and
for the Year Ended June 30, 2023
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

IROQUOIS CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

November 2, 2023

To the Board of Education of the
Iroquois Central School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of contributions - pension plans, schedule of proportionate share of the net pension liability (asset), and schedule of changes in total OPEB liability and related ratios, be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining nonmajor fund financial statements 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change From Original Budget to Revised Budget and Schedule of Section 1318 of Real Property Tax Law Limit Calculation - General Fund, the Schedule of Project Expenditures - Capital Projects Fund, and the Schedule of Net Investment in Capital Assets, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bonadio & Co., LLP

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2023

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

Financial Highlights

- At June 30, 2023 and 2022, total assets and deferred outflows (what the District owns) exceeded its total liabilities and deferred inflows (what the District owes) by \$49,516,337 and \$50,548,624 (net position), respectively, a decrease of \$1,032,287 from 2022 to 2023 operations.
- General revenue, which includes State aid, and property taxes, accounted for \$53,832,265 (or 92%), of all revenue. Program specific revenue in the form of Charges for Services and Operating Grants and Contributions accounted for \$4,582,673 (or 8%) of total revenue.
- Total expenses for in the district-wide financial statements totaled \$59,447,225 and \$50,531,222 in 2023 and 2022, respectively.
- As of the close of the fiscal year, the District's governmental funds reported combined fund balances of \$2,544,771 and \$9,015,276 in 2023 and 2022, respectively, a decrease of \$6,470,505 from 2022 to 2023.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

IROQUOIS CENTRAL SCHOOL DISTRICT

**Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023**

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the District’s budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1 Organization of the District’s Annual Financial Report

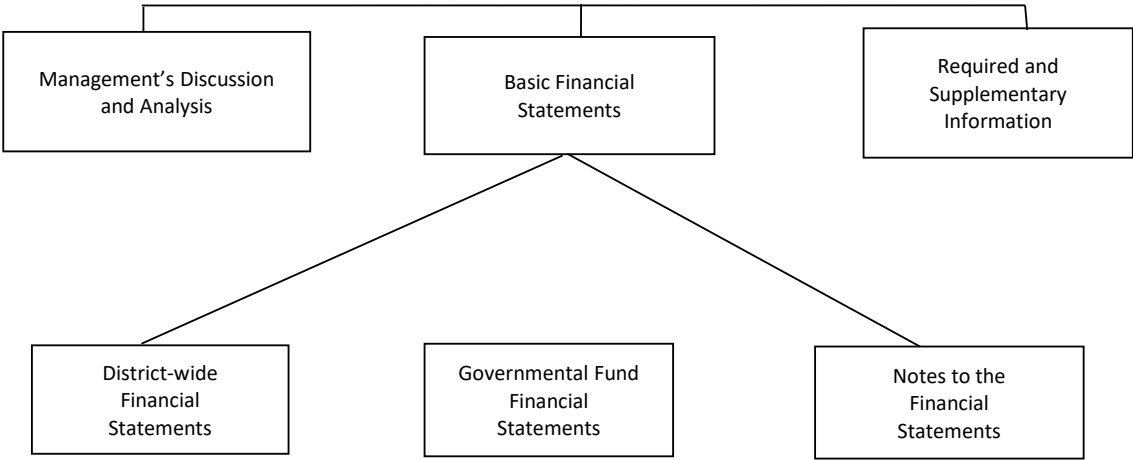


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) **For the Year Ended June 30, 2023**

Table A-2 Major Features of the District-Wide and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as instruction and special education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required Financial Statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, 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/deferred inflows-outflows of resources/liability information	All assets/deferred outflows of resources and liabilities/deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets/deferred outflows and liabilities/deferred inflows, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2023

District-Wide Statements

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

The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets 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.
- For assessment of the overall health of the District, additional nonfinancial factors, such as changes in the property tax base and the condition of buildings and other facilities, should be considered.

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out of the District and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information in a reconciliation to the governmental fund statements explain the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General fund, Special Aid fund, School Lunch fund, Debt Service fund, Miscellaneous Special Revenue fund, and the Capital Projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as certain scholarship funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2023

Financial Analysis of the District as a Whole

Our analysis below focuses on the net position (Table A-3) and the change in net position (Table A-4) of the District-wide governmental activities.

Table A-3 Condensed Statements of Net Position - Governmental Activities

	Fiscal Year 2023	Fiscal Year 2022	Percent Change
Current Assets	\$ 19,306,466	\$ 24,775,886	-22.1%
Non-current assets	56,262,652	71,329,708	-21.1%
Total assets	75,569,118	96,105,594	-21.4%
Deferred outflows of resources	14,158,979	14,396,534	-1.7%
Current liabilities	16,787,487	15,791,192	6.3%
Long-term liabilities	21,666,343	17,473,307	24.0%
Total liabilities	38,453,830	33,264,499	15.6%
Deferred inflows of resources	1,757,930	26,689,005	-93.4%
Net position:			
Net investment in capital assets	36,958,414	35,643,479	3.7%
Restricted	7,092,886	5,944,526	19.3%
Unrestricted	5,465,037	8,960,619	-39.0%
Total net position	\$ 49,516,337	\$ 50,548,624	-2.0%

In Table A-3, deferred outflows of resources at June 30, 2023 were approximately \$238 thousand lower than at June 30, 2022 as a result of changes in the actuarial valuations for the ERS and TRS pension plans and the District's Other Postemployment Benefits (OPEB) plan. Total assets decreased approximately \$20.5 million. At June 30, 2022, there was a net pension asset for both TRS and ERS of \$19.3 million and \$1.3 million, respectively. At June 30, 2023, the District had a net pension liability for both TRS and ERS of \$2.1 million and \$3.3 million, respectively.

Current liabilities increased approximately \$887 thousand dollars. This was primarily due to the District increasing its outstanding Bond Anticipation Note from \$9.2 million dollars in the prior year to \$11.4 million in the current year. This was partially offse by a \$1.5 million decrease in accounts payable, also associated with the capital project.

Long-term liabilities increased approximately \$4.2 million from the prior year. As mentioned previously, the District had net pension liabilities related to both TRS and ERS in the current year; whereas, in the prior year, the District had a net pension asset for both TRS and ERS.

Deferred inflows of resources decreased approximately \$24.9 million due to changes resulting from the updated actuarial valuations for the NYS ERS and NYS TRS plans and the District's OPEB plan.

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) **For the Year Ended June 30, 2023**

Table A-4 Changes in Net Position from Operating Results - Governmental Activities

	Fiscal Year 2023	Fiscal Year 2022	Percent Change
Revenue:			
Charges for services	\$ 891,362	\$ 277,675	221.0%
Operating grants	3,691,311	3,659,172	0.9%
General revenue:			
Real property taxes and tax items	32,629,317	31,810,993	2.6%
Non-property taxes	3,389,868	3,392,696	-0.1%
Use of money and property	547,436	54,263	908.9%
Sale of property	480,579	18,569	2488.1%
Miscellaneous	693,353	499,709	38.8%
State sources	15,979,918	15,288,538	4.5%
Other	111,794	127,773	-12.5%
Total Revenue	<u>58,414,938</u>	<u>55,129,388</u>	6.0%
Expenses:			
General governmental support	7,543,420	6,146,524	22.7%
Instruction	43,773,710	36,836,395	18.8%
Pupil transportation	3,529,455	2,821,414	25.1%
Interest	546,987	346,269	58.0%
School lunch program	762,036	1,186,764	-35.8%
School store	21,148	16,774	26.1%
Community services	157,443	149,332	5.4%
Unallocated depreciation	<u>3,113,026</u>	<u>3,027,750</u>	2.8%
Total expenses	<u>59,447,225</u>	<u>50,531,222</u>	17.6%
CHANGE IN NET POSITION	<u>\$ (1,032,287)</u>	<u>\$ 4,598,166</u>	-122.4%

Changes in Net Position

The District's total fiscal year 2023 revenues totaled \$58,414,938. (See Table A-4). The majority of revenues are from property taxes and state aid, which account for 83% of the revenue. Non-property taxes account for another 6% of the revenue and decreased 0.1% from the prior year.

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2023

The total cost of all programs and services totaled \$59,447,225 for fiscal year 2023. These expenses are predominately related to general instruction, which account for 74% of District expenses. (See Table A-6). The District's general support activities accounted for 13% of total costs.

Table A-5 Sources of Revenue for Fiscal Year 2023

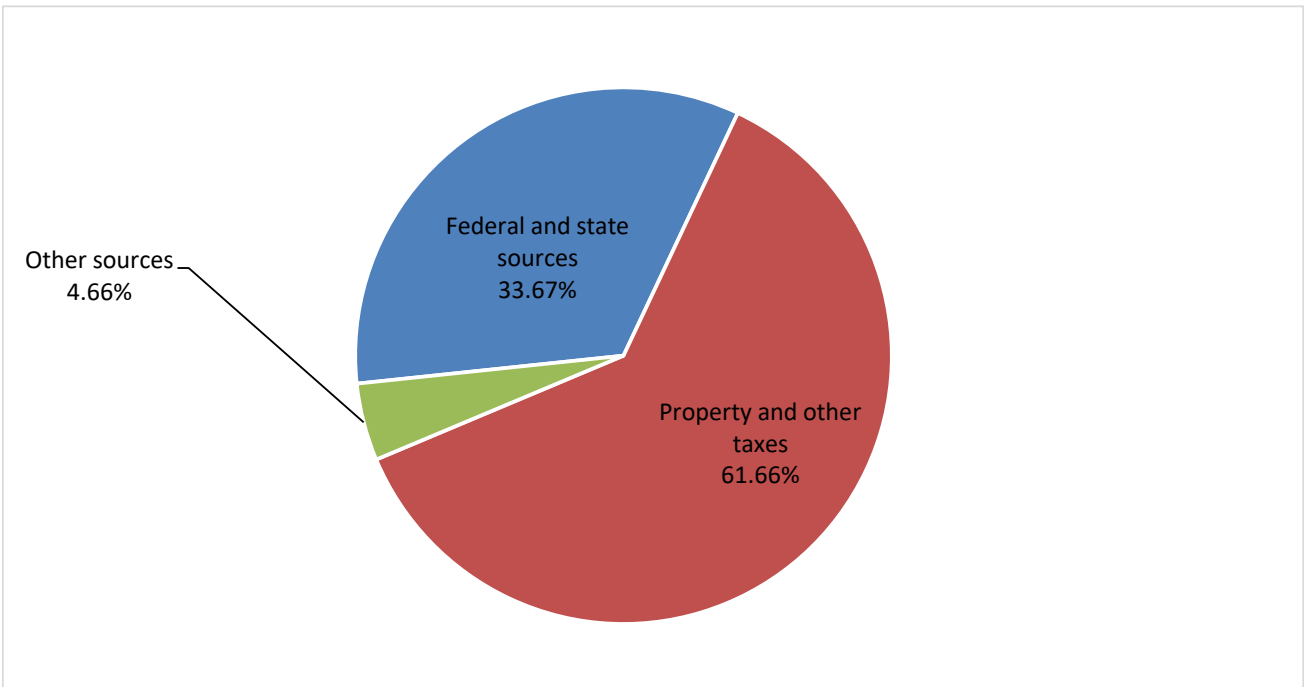
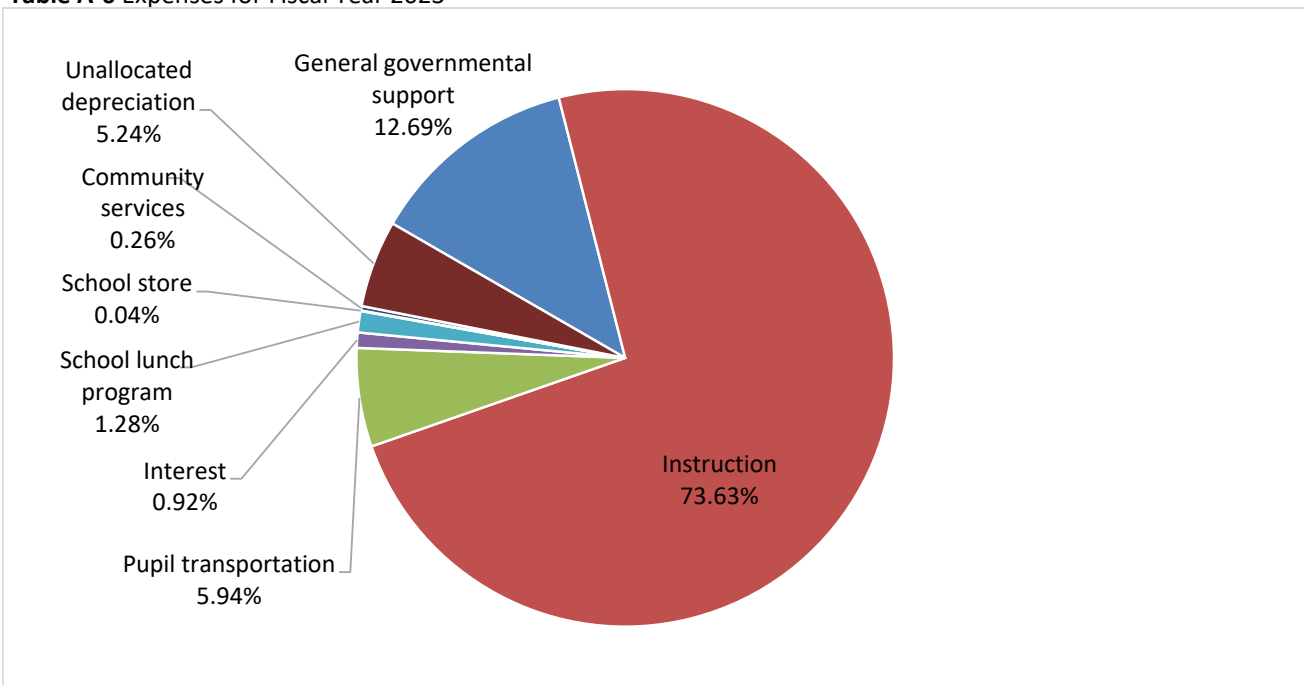


Table A-6 Expenses for Fiscal Year 2023



IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) **For the Year Ended June 30, 2023**

Financial Analysis of the District's Funds

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

At June 30, 2023, the District, in its governmental funds, reported combined fund balances of \$2.7 million, a decrease of approximately \$6.4 million from the prior year.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General fund. Certain variances from budget to actual relate to implementation of GASB 87, *Leases*, including debt service principal and interest.

Table A-7 Results vs. Budget

	Original Budget	Final Budget	Actual	Encumbrances	Positive/ (Negative)
Revenue:					
Local sources	\$ 35,921,647	\$ 35,921,647	\$ 37,776,416	\$ -	\$ 1,854,769
State sources	16,775,602	16,775,602	15,979,918	-	(795,684)
Federal sources	-	-	154,200	-	154,200
Medicaid reimbursement	120,000	120,000	111,794	-	(8,206)
Total	<u>52,817,249</u>	<u>52,817,249</u>	<u>54,022,328</u>	<u>-</u>	<u>1,205,079</u>
Expenditures:					
General support	6,045,685	6,838,903	6,442,582	171,198	225,123
Instruction	29,237,024	29,474,120	28,578,311	87,011	808,798
Employee benefits	14,498,332	14,237,430	13,519,880	-	717,550
Transportation	2,677,540	2,618,192	2,334,128	2,042	282,022
School store	35,000	35,000	21,148	-	13,852
Community services	8,995	14,663	14,663	-	-
Debt service - principal	-	-	653,953	-	(653,953)
Debt service - interest	-	-	2,330	-	(2,330)
Other financing (sources)					
uses	<u>2,516,976</u>	<u>2,516,976</u>	<u>1,686,786</u>	<u>-</u>	<u>830,190</u>
Total	<u>55,019,552</u>	<u>55,735,284</u>	<u>53,253,781</u>	<u>260,251</u>	<u>2,221,252</u>
Revenue over (under) expense	<u>\$ (2,202,303)</u>	<u>\$ (2,918,035)</u>	<u>\$ 768,547</u>	<u>\$ (260,251)</u>	<u>\$ 3,426,331</u>

The General fund is the only fund for which a budget is legally adopted. For the purposes of the above analysis the budget columns do not include appropriated fund balance.

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2023

The following significant variances between budget and actual occurred during fiscal 2023:

- Local sources revenue was higher than budget by approximately \$2 million due to higher than expected collections of sales tax, earned interest, and Medicaid. Revenues were also increased due to reporting changes implemented in response to GASB 87 and self-insured health insurance reporting.
- State sources revenue was lower than budget by approximately \$796 thousand as a result of reduced expense-based aid driven by prior year activities (BOCES and Transportation expenses).
- Expenditures related to instruction were approximately \$809 thousand dollars under budget as a result of additional support from ARP and ESSER grants.
- Employee Benefits expenditures were approximately \$718,000 lower than budget due to lower than expected expenses in the areas of retirement systems contributions, unemployment, workers compensation and health insurance.
- Other financing uses were under budget by approximately \$830,000 due to changes in lease reporting under GASB 87.

All other revenues and all expenditures were closely in line with that budgeted for the year.

Capital Assets

As of June 30, 2023, the District had an investment of \$56 million in a broad range of capital assets including land, buildings, site improvements, vehicles and other educational equipment.

Table A-8 Capital Assets (net of depreciation/amortization)

	Fiscal Year 2023	Fiscal Year 2022	Percent Change
Category:			
Land	\$ 872,363	\$ 872,363	0.0%
Construction in progress	15,245,689	8,324,247	83.1%
Buildings and improvements	35,732,178	37,035,332	-3.5%
Land improvements	354,643	400,831	-11.5%
Furniture, fixtures, and equipment	1,008,197	1,037,835	-2.9%
Vehicles	1,903,651	1,984,920	-4.1%
Lease assets	1,145,931	1,050,884	9.0%
Total	<u>\$ 56,262,652</u>	<u>\$ 50,706,412</u>	11.0%

IROQUOIS CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2023

Long-Term Liabilities

At year end, the District had \$10 million in general obligation bonds outstanding and \$12 million in other long term liabilities. More detailed information about the District's total long-term liabilities is presented in the notes to the financial statements.

Table A-9 Outstanding Long-Term Liabilities

	Fiscal Year 2023	Fiscal Year 2022	Percent Change
Category:			
Serial bonds	\$ 10,075,670	\$ 11,466,300	-12.1%
Unamortized premium	490,151	577,106	-15.1%
Compensated absences	4,052,304	3,694,832	9.7%
Net pension liability	5,436,211	-	100.0%
Total other postemployment benefit liability	1,596,459	1,707,438	-6.5%
Lease liability	15,548	27,631	-43.7%
	<u>\$ 21,666,343</u>	<u>\$ 17,473,307</u>	24.0%

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

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

- The District is confident in its abilities to adapt to future disruptions by having a plans in place to continue instruction to students (whether fully remote or in-school) without significant additional investments in technology.
- The District is striving to achieve financial stability in the face of many financial challenges. These challenges arise from several factors, including State budget issues, the Property Tax Cap legislation and the COVID-19 Pandemic. We will utilize Federal funds to address leaning loss across our District and increase services to address social/emotional health issues, while minimizing the cost impact on District taxpayers.
- The District continues to monitor New York State legislation relating to zero-emission bus requirements in the coming years. The mandates could have significant impact on transportation costs and impact our budget development in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact: Iroquois Central School District, Elma, New York 14059.

IROQUOIS CENTRAL SCHOOL DISTRICT**Statement of Net Position
June 30, 2023****ASSETS****CURRENT ASSETS:**

Cash and cash equivalents	\$ 7,275,928
Cash and cash equivalents - restricted	9,453,856
Accounts receivable	29,363
Due from Federal and State governments	1,592,054
Due from other governments	922,515
Inventory	32,750
Total current assets	<u>19,306,466</u>

NON-CURRENT ASSETS:

Nondepreciable capital assets	16,118,052
Capital assets, net	<u>40,144,600</u>
Total non-current assets	<u>56,262,652</u>
Total assets	<u>75,569,118</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related - TRS	11,232,806
Pension related - ERS	2,608,962
Other postemployment benefits related	<u>317,211</u>
Total deferred outflows of resources	<u>14,158,979</u>

LIABILITIES**CURRENT LIABILITIES:**

Accounts payable and accrued liabilities	2,960,400
Accrued interest	25,792
Bond anticipation notes payable	11,400,000
Unearned revenue	14,424
Due to other governments	226
Due to Teachers' Retirement System	2,183,944
Due to Employees' Retirement System	<u>202,701</u>
Total current liabilities	<u>16,787,487</u>

LONG-TERM LIABILITIES:

Due and payable within one year -	
Compensated absences	128,671
Lease liability	12,479
Bonds payable	<u>1,790,670</u>
Total long-term liabilities due and payable within one year	<u>1,931,820</u>

Due and payable after one year -

Total other postemployment benefit liability	1,596,459
Compensated absences	3,923,633
Net pension liability - ERS	3,335,998
Net pension liability - TRS	2,100,213
Lease liability, net of current portion	3,069
Bonds payable, net of premium and current portion	<u>8,775,151</u>
Total long-term liabilities due and payable after one year	<u>19,734,523</u>
Total long-term liabilities	<u>21,666,343</u>
Total liabilities	<u>38,453,830</u>

DEFERRED INFLOWS OF RESOURCES

Pension related - TRS	1,060,087
Pension related - ERS	184,172
Other postemployment benefits related	<u>513,671</u>
Total deferred inflows of resources	<u>1,757,930</u>

NET POSITION

Net investment in capital assets	36,958,414
Restricted	7,092,886
Unrestricted	<u>5,465,037</u>
Total net position	<u>\$ 49,516,337</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2023

		Program Revenue		
				Net (Expense)
				Revenue and
				Changes in Net
	Expenses	Charges for	Operating	Position
		Services	Grants	
FUNCTIONS/PROGRAMS:				
General governmental support	\$ 7,543,420	\$ 431,604	\$ -	\$ (7,111,816)
Instruction	43,773,710	105,860	3,233,426	(40,434,424)
Pupil transportation	3,529,455	-	-	(3,529,455)
Community services	157,443	-	-	(157,443)
Interest	546,987	-	-	(546,987)
School lunch program	762,036	336,800	457,885	32,649
School store	21,148	17,098	-	(4,050)
Unallocated depreciation/amortization	<u>3,113,026</u>	<u>-</u>	<u>-</u>	<u>(3,113,026)</u>
Total functions/programs	<u>\$ 59,447,225</u>	<u>\$ 891,362</u>	<u>\$ 3,691,311</u>	<u>(54,864,552)</u>
GENERAL REVENUE:				
Real property taxes				29,992,619
Real property tax items				2,636,698
Non-property taxes				3,389,868
Use of money and property				547,436
Sale of property and compensation for loss				480,579
Miscellaneous				693,353
State sources				15,979,918
Medicaid reimbursement				<u>111,794</u>
Total general revenue				<u>53,832,265</u>
CHANGE IN NET POSITION				(1,032,287)
NET POSITION - beginning of year				<u>50,548,624</u>
NET POSITION - end of year				<u>\$ 49,516,337</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT
**Balance Sheet - Governmental Funds
June 30, 2023**

	General	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,836,949	\$ -	\$ 438,979	\$ 7,275,928
Cash and cash equivalents - restricted	6,773,446	2,439,917	240,493	9,453,856
Accounts receivable	29,363	-	-	29,363
Due from other funds	1,261,305	-	220,015	1,481,320
Due from Federal and State Governments	416,638	-	1,175,416	1,592,054
Due from other governments	922,515	-	-	922,515
Inventory	29,329	-	3,421	32,750
Total assets	<u>\$ 16,269,545</u>	<u>\$ 2,439,917</u>	<u>\$ 2,078,324</u>	<u>\$ 20,787,786</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 22,744	\$ 281,322	\$ 15,200	\$ 319,266
Accrued liabilities	2,614,594	-	26,540	2,641,134
Bond anticipation notes payable	-	11,400,000	-	11,400,000
Due to other funds	132,786	87,246	1,261,288	1,481,320
Due to other governments	183	-	43	226
Due to Teachers' Retirement System	2,183,944	-	-	2,183,944
Due to Employees' Retirement System	202,701	-	-	202,701
Unearned revenue	-	-	14,424	14,424
Total liabilities	<u>5,156,952</u>	<u>11,768,568</u>	<u>1,317,495</u>	<u>18,243,015</u>
FUND BALANCES:				
Nonspendable				
Inventory	<u>29,329</u>	<u>-</u>	<u>3,421</u>	<u>32,750</u>
Restricted for -				
Capital reserve	3,636,622	-	-	3,636,622
Retirement contributions reserve	869,799	-	-	869,799
Unemployment insurance reserve	310,146	-	-	310,146
Repair reserve	449,306	-	-	449,306
Insurance reserve	217,245	-	-	217,245
Employee benefit accrued liability reserve	969,280	-	-	969,280
Workers' compensation reserve	139,104	-	-	139,104
Tax certiorari reserve	181,944	-	-	181,944
Debt service reserve	-	-	123,810	123,810
Extraclassroom activities and scholarships	-	-	195,630	195,630
Total restricted fund balance	<u>6,773,446</u>	<u>-</u>	<u>319,440</u>	<u>7,092,886</u>
Assigned to -				
Appropriated for future budgets	1,773,612	-	-	1,773,612
Other	312,862	-	437,968	750,830
Total assigned fund balance	<u>2,086,474</u>	<u>-</u>	<u>437,968</u>	<u>2,524,442</u>
Unassigned	<u>2,223,344</u>	<u>(9,328,651)</u>	<u>-</u>	<u>(7,105,307)</u>
Total fund balances	<u>11,112,593</u>	<u>(9,328,651)</u>	<u>760,829</u>	<u>2,544,771</u>
Total liabilities and fund balance	<u>\$ 16,269,545</u>	<u>\$ 2,439,917</u>	<u>\$ 2,078,324</u>	<u>\$ 20,787,786</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - total governmental funds	\$ 2,544,771
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	56,262,652
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Deferred outflows/inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows - ERS/TRS	13,841,768
Deferred inflows - ERS/TRS	(1,244,259)
Deferred outflow - OPEB	317,211
Deferred inflow - OPEB	(513,671)

Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability - TRS	(2,100,213)
Net pension liability - ERS	(3,335,998)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Lease liability	(15,548)
Bonds payable	(10,075,670)
Unamortized bond premium	(490,151)
Total other postemployment benefits	(1,596,459)
Compensated absences	(4,052,304)
Accrued interest	(25,792)

Net position of governmental activities	<u>\$ 49,516,337</u>
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The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2023

	General	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUE:				
Real property taxes	\$ 29,992,619	\$ -	\$ -	\$ 29,992,619
Real property tax items	2,636,698	-	-	2,636,698
Non-property taxes	3,389,868	-	-	3,389,868
Charges for services	537,464	-	-	537,464
Use of money and property	508,787	-	38,649	547,436
Sale of property and compensation for loss	476,910	-	3,669	480,579
Miscellaneous	216,972	-	476,381	693,353
State sources	15,979,918	-	283,457	16,263,375
Federal sources	154,200	-	3,253,654	3,407,854
School store	17,098	-	-	17,098
Medicaid reimbursement	111,794	-	-	111,794
Sales	-	-	336,800	336,800
Total revenue	54,022,328	-	4,392,610	58,414,938
EXPENDITURES:				
General support	6,442,582	-	30,288	6,472,870
Instruction	28,578,311	-	2,777,218	31,355,529
Pupil transportation	2,334,128	-	101,940	2,436,068
Community services	14,663	-	137,100	151,763
Employee benefits	13,519,880	-	512,638	14,032,518
Cost of school lunch sales	-	-	762,036	762,036
School store	21,148	-	-	21,148
Capital outlays	-	7,612,066	-	7,612,066
Debt service -				
Principal	653,953	-	1,786,300	2,440,253
Interest	2,330	-	636,402	638,732
Total expenditures	51,566,995	7,612,066	6,743,922	65,922,983
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	2,455,333	(7,612,066)	(2,351,312)	(7,508,045)
OTHER FINANCING SOURCES (USES):				
Proceeds from the issuance of leases	641,870	-	-	641,870
Proceeds of debt issuance	-	395,670	-	395,670
Transfers in	-	100,000	2,489,936	2,589,936
Transfers out	(2,328,656)	(261,280)	-	(2,589,936)
Total other financing sources (uses)	(1,686,786)	234,390	2,489,936	1,037,540
CHANGE IN FUND BALANCE	768,547	(7,377,676)	138,624	(6,470,505)
FUND BALANCES - beginning of year	10,344,046	(1,950,975)	622,205	9,015,276
FUND BALANCES - end of year	\$ 11,112,593	\$ (9,328,651)	\$ 760,829	\$ 2,544,771

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities For the year ended June 30, 2023

Net changes in fund balance - total governmental funds	\$ (6,470,505)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	8,769,267
Depreciation and amortization are not recorded as expenditures in the governmental funds, but are recorded in the statement of activities.	(3,113,026)
Loss on disposal of capital assets is not an expenditure in the governmental funds, but is recorded in the statement of activities.	(100,001)
Proceeds of long-term debt are recorded as other financing sources for governmental funds, but are not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year.	(395,670)
Proceeds from issuance of leases are recorded as other financing sources for governmental funds, but are not recorded in the Statement of Activities. This is the amount of proceeds from leases received in the current year.	(641,870)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	2,440,253
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense.	(1,194,788)
Governmental funds report other postemployment benefit contributions as expenditures. However, in the statement of activities, the cost of other postemployment benefits earned, net of employer contributions is reported as other postemployment benefits.	(60,220)
Certain expenses in the statement of activities do not require the use of current resources and are therefore not reported as expenditures in the governmental funds:	
Amortization of bond premium	86,955
Change in accrued interest	4,790
Change in compensated absences	<u>(357,472)</u>
Change in net position - governmental activities	<u>\$ (1,032,287)</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2023

	<u>Custodial Fund</u>
ASSETS:	
Cash - restricted	<u>\$ 3,139</u>
Total assets	<u>3,139</u>
NET POSITION:	
Restricted for scholarships	<u>3,139</u>
Total net position	<u><u>\$ 3,139</u></u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position For the year ended June 30, 2023

	<u>Custodial Fund</u>
ADDITIONS:	
Gifts and contributions	\$ 3,200
Investment earnings	<u>61</u>
Total additions	3,261
DEDUCTIONS:	
Scholarships and awards	<u>4,000</u>
CHANGE IN NET POSITION	(739)
NET POSITION - beginning of year	<u>3,878</u>
NET POSITION - end of year	<u><u>\$ 3,139</u></u>

The accompanying notes are an integral part of these statements

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

1. NATURE OF OPERATIONS

Iroquois Central School District (the District) provides free K-12 public education to students living within its geographic borders.

Reporting Entity

The District is governed by the Laws of New York State. The District is an independent entity governed by an elected Board of Education (BOE) consisting of seven members. The President of the Board serves as 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 the GASB and consists of the primary government, and when applicable, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The Extraclassroom Activity Funds are also included in these financial statements.

The Extraclassroom Activity Funds represent funds of the students of the District. The Board of Education exercises general oversight of these funds; however, these funds are used as designated by student management. The District accounts for the activities of these various student organizations in the Miscellaneous Special Revenue Fund. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office.

Joint Venture

The District is a component school district in the Erie #2-Chautauqua-Cattaraugus Board of Cooperative Education Services (BOCES). 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.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

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 the New York State Education Law, §1950(4)(b)(7). In addition, component school districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$4,300,151 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,336,614.

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

Certain significant accounting principles and policies utilized by the District are described below.

Basis of Presentation

The District's financial statements consist of district-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, 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 direct expenses and program revenue 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 revenue includes 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Fund Financial Statements

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

The District reports the following major governmental funds:

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

Capital Projects Fund - This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following nonmajor governmental funds:

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

- **Special Aid Fund:** Used to account for proceeds from State and Federal grants that are restricted for specific educational programs.
- **School Lunch Fund:** Used to account for child nutrition activities whose funds are restricted as to use.
- **Miscellaneous Special Revenue Fund:** Used to account for and report those revenues that are restricted or committed to expenditures for specified purposes. Specifically, the District accounts for extraclassroom activities and certain scholarships here, as the District has administrative involvement with these funds.

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

Fiduciary Funds

These funds are used to account for fiduciary activities. 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.

The District has one class of fiduciary fund:

Custodial Funds - These funds are strictly custodial in nature. These are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. At the District, various scholarship funds that are not held in legal trusts and for which the District does not have administrative control are reported in this fund.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange includes property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days 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, compensated absences, other postemployment benefits and long-term pension obligation, 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 leases and SBITAs are reported as other financing sources.

Cash

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 are obligations of the State and its municipalities and districts.

Restricted Cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets include amounts required by statute to be reserved for various purposes.

Accounts Receivable

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

Property Taxes

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31. Taxes not collected by October 31 are turned over to the Counties of Erie and Wyoming (the Counties) who assume all responsibility for collection.

Uncollected real property taxes are subsequently enforced by the Counties. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Inventory

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

Interfund Transactions

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

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

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

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2004. For assets acquired prior to June 30, 2004, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair value at the time received. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life.

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

	Capitalization	Depreciation/ Amortization	Estimated
	Threshold	Method	Useful Life
Buildings and improvements	\$ 5,000	SL	40 years
Land improvements	\$ 5,000	SL	15 years
Furniture, fixtures, and equipment	\$ 5,000	SL	8 years
Vehicles	\$ 5,000	SL	15 years

Capital assets also include lease assets with a term greater than one year. The District does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

Vested Employee Benefits

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

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

The liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

Other Benefits

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until then.

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.

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

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

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is 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.

District-wide Statements - Equity Classifications

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

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

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

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

Governmental Fund Financial Statements - Equity Classifications

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

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 includes the inventory recorded in the school lunch fund and bookstore.

Restricted fund balance - 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. The District has established the following restricted fund balances:

Capital reserve

According to Education Law §3651, this reserve 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.

Reserve for Debt Service

According to General Municipal Law §6-l, 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. The reserve is accounted for in the Debt Service Fund.

Repair Reserve

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund 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. This reserve is accounted for in the General Fund.

Insurance Reserve

According to General Municipal Law §6-n, all expenditures made from the insurance reserve fund must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual 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. This reserve is accounted for in the General Fund.

Tax Certiorari

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

Retirement Contributions Reserve Fund

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

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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. This reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

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

Restricted fund balance includes the following:

General Fund:

Capital reserve	\$ 3,636,622
Retirement contributions reserve	869,799
Unemployment insurance reserve	310,146
Repair reserve	449,306
Insurance reserve	217,245
Employee benefit accrued liability reserve	969,280
Workers' compensation reserve	139,104
Tax certiorari reserve	181,944

Debt Service Fund	123,810
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Miscellaneous Special Revenue Fund:

Extraclassroom activities and scholarships	195,630
	<u>\$ 7,092,886</u>

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, the BOE. The District has no committed fund balances as of June 30, 2023.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

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 in the General fund. 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.

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 District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable 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, non-spendable 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, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Use of Estimates

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

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

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

- **Long Term Revenue and Expense Differences**
Long-term revenue differences arise because governmental funds report revenue only when it is considered "available," whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.
- **Capital Related Differences**
Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
- **Long Term Debt Transaction Differences**
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.
- **Pension Differences**
Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.
- **OPEB Differences**
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

4. 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.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Budgets

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

The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the BOE 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 that exists which was not determined at the time the budget was adopted. The District had supplemental appropriations in the amount of \$84,295 during the year related to the emergency replacement of sewer pipe at the high school and for repairs needed at Wales Primary and the intermediate building. These appropriations were funded by approved use of the repair reserve fund.

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2023.

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

Encumbrances

Encumbrance accounting is used for budgetary 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 assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

5. CASH

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

At June 30, 2023, the reported amount of the District's deposits was \$16,732,923 and the bank balance was \$17,785,990. Of the bank balance, \$500,000 was covered by federal depository insurance and \$17,285,990 was covered by collateral held in the pledging bank's trust department in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes \$9,453,856 within the governmental funds and \$3,139 in the fiduciary funds.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

6. CAPITAL ASSETS

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

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 872,363	\$ -	\$ -	\$ 872,363
Construction in progress	8,324,247	7,021,443	(100,001)	15,245,689
Total nondepreciable cost	9,196,610	7,021,443	(100,001)	16,118,052
Capital assets that are depreciated:				
Buildings and improvements	66,831,636	570,000	-	67,401,636
Land improvements	3,888,877	-	(17,898)	3,870,979
Furniture, fixtures, and equipment	3,289,110	86,284	(20,240)	3,355,154
Vehicles	5,853,003	449,670	(533,089)	5,769,584
Total depreciable historical cost	79,862,626	1,105,954	(571,227)	80,397,353
Less accumulated depreciation:				
Buildings and improvements	(29,796,304)	(1,873,154)	-	(31,669,458)
Land improvements	(3,488,046)	(46,188)	17,898	(3,516,336)
Furniture, fixtures, and equipment	(2,251,275)	(115,922)	20,240	(2,346,957)
Vehicles	(3,868,083)	(530,939)	533,089	(3,865,933)
Total accumulated depreciation	(39,403,708)	(2,566,203)	571,227	(41,398,684)
Total depreciable cost, net	40,458,918	(1,460,249)	-	38,998,669
Leased assets, being amortized:				
Copy machine	20,895	-	-	20,895
Equipment	1,448,438	641,870	(293,380)	1,796,928
Total lease assets, being amortized	1,469,333	641,870	(293,380)	1,817,823
Less accumulated amortization:				
Copy machine	(6,965)	(6,965)	-	(13,930)
Equipment	(411,484)	(539,858)	293,380	(657,962)
Total accumulated amortization	(418,449)	(546,823)	293,380	(671,892)
Total leased assets, being amortized, net	1,050,884	95,047	-	1,145,931
Total capital assets, net	\$ 50,706,412	\$ 5,656,241	\$ (100,001)	\$ 56,262,652

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Depreciation and amortization have not been allocated to the individual functions of the District's operation as no allocation methodology has been established.

7. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	Receivable	Payable	In	Out
General	\$ 1,261,305	\$ 132,786	\$ -	\$ 2,328,656
Special Aid	125,770	1,261,206	60,233	-
School Lunch	7,000	82	7,000	-
Capital Projects	-	87,246	100,000	261,280
Debt Service	<u>87,245</u>	<u>-</u>	<u>2,422,703</u>	<u>-</u>
Total	<u>\$ 1,481,320</u>	<u>\$ 1,481,320</u>	<u>\$ 2,589,936</u>	<u>\$ 2,589,936</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Interfund receivables and payables were incurred primarily due to salaries paid by the General Fund on behalf of the Special Aid Fund. The majority of the interfund revenues and expenses were transfers from the General Fund to the Capital Projects Fund to fund current project expenditures, budgeted transfers to the Debt Service Fund to fund debt obligations and transfers to the Special Aid Fund to write off uncollectible receivables in the Summer School Handicap Program.

8. SHORT-TERM OBLIGATIONS

In June 2023, the District entered into a BAN, in the amount of \$11,400,000, in order to finance the reconstruction and renovation of, as well as construction of improvements and updates to various school district buildings and facilities. On June 21, 2024, this BAN will be repaid plus interest at a rate of 4.50%.

The following is a summary of changes in short-term debt for the year ended June 30, 2023:

Balance- July 1, 2022	\$ -
Issuances	11,400,000
Payments	<u>-</u>
Balance- June 30, 2023	<u>\$ 11,400,000</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

9. LONG-TERM OBLIGATIONS

On November 30, 2022, the District issued \$395,670 in serial bonds for the purchase of school buses. These bonds have an interest rate of 4.17% and mature in fiscal 2027. In the event of default of the payment of principal or interest on the Bonds or certain other obligations of the District, the State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the State Finance Law, to withhold state aid and assistance to the District and to apply the amount thereof so withheld to the payment of defaulted principal and interest with respect to the Bonds and such other obligations.

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

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023	Due Within One Year
Bonds:					
Serial bonds payable	\$ 11,466,300	\$ 395,670	\$ (1,786,300)	\$ 10,075,670	\$ 1,790,670
Unamortized premium	577,106	-	(86,955)	490,151	-
Total bonds payable	<u>\$ 12,043,406</u>	<u>\$ 395,670</u>	<u>\$ (1,873,255)</u>	<u>\$ 10,565,821</u>	<u>\$ 1,790,670</u>
Other liabilities:					
Compensated absences {a}	<u>\$ 3,694,832</u>	<u>\$ 357,472</u>	<u>\$ -</u>	<u>\$ 4,052,304</u>	<u>\$ 128,671</u>

{a} Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately

Interest on all debt for the year was composed of:

Interest paid	\$ 638,732
Less: Interest accrued in the prior year	(30,582)
Plus: Interest accrued in the current year	25,792
Less: Amortization of bond premium	(86,955)
Total interest expense	<u>\$ 546,987</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Original Issue Date</u>	<u>Original Borrowing</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>6/30/2023 Balance</u>
Serial bond - Construction	5/9/2018	\$ 8,600,000	6/15/2033	3.000%	\$ 6,005,000
Serial bond - Buses	8/24/2018	\$ 675,000	8/1/2023	2.375%	145,000
Serial bond - Buses	8/14/2019	\$ 465,000	8/1/2024	1.640%	180,000
Refunding Serial Bond	6/15/2020	\$ 4,635,000	6/15/2027	4-5%	2,620,000
Serial bond - Buses	9/10/2020	\$ 555,000	8/1/2025	1.070%	335,000
Serial bond - Buses	9/9/2021	\$ 511,300	8/1/2026	1.000%	395,000
Serial bond - Busses	11/30/2022	\$ 395,670	8/1/2027	4.125-4.25%	395,670
Total bond issues					<u><u>\$ 10,075,670</u></u>

The following is a summary of the maturity of long-term indebtedness as of June 30, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,790,670	\$ 339,161	\$ 2,129,831
2025	1,670,000	276,123	1,946,123
2026	1,645,000	215,834	1,860,834
2027	1,110,000	154,216	1,264,216
2028	680,000	115,056	795,056
2029-2033	<u>3,180,000</u>	<u>289,500</u>	<u>3,469,500</u>
Totals	<u><u>\$ 10,075,670</u></u>	<u><u>\$ 1,389,890</u></u>	<u><u>\$ 11,465,560</u></u>

10. LEASES

The District leases various copiers and equipment, primarily from BOCES. The leases have various inception dates and remaining terms ranging from 12 to 60 months. The interest rates on these leases range from 1.46% to 4.50%. These leases do not contain renewal options. The District prepays several of its leases at lease inception.

Activity of lease liabilities for the year ended June 30, 2023 is summarized as follows:

<u>Beginning Balance 7/1/2022</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Balance 6/30/2023</u>	<u>Due Within One Year</u>
<u>\$ 27,631</u>	<u>\$ 641,870</u>	<u>\$ (653,953)</u>	<u>\$ 15,548</u>	<u>\$ 12,479</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

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

	Principal	Interest	Total
2024	\$ 12,479	\$ 420	\$ 12,899
2025	3,069	15	3,084
Total	<u>\$ 15,548</u>	<u>\$ 435</u>	<u>\$ 15,983</u>

11. PENSION PLANS

New York State Employees' Retirement System

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

The system is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0% 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 6 vary based on a sliding salary scale. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS
2023	\$ 693,539
2022	\$ 950,501
2021	\$ 840,888

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

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

At June 30, 2023, the District reported a net pension liability of \$3,335,998 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the District's proportionate share was .0155568%, which was an increase of .0001830% from its proportionate share at June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$1,357,478. At June 30, 2023, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 355,310	\$ 93,687
Changes of assumptions	1,620,176	17,906
Net difference between projected and actual earnings on pension plan investments	-	19,599
Changes in proportion and differences between the District's contributions and proportionate share of contributions	432,222	52,980
Contributions subsequent to the measurement date	201,254	-
Total	<u>\$ 2,608,962</u>	<u>\$ 184,172</u>

The District recognized \$201,254 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2023 which will be recognized on a reduction of the net pension asset in the year ended June 30, 2024.

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

Plan's Year Ended March 31:

2024	\$ 579,075
2025	(67,815)
2026	766,608
2027	945,668
2028	-
Thereafter	-
	<u>\$ 2,223,536</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Actuarial Assumptions

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023.

The actuarial valuation used the following actuarial assumptions:

Inflation	2.90%
Salary scale	4.4% indexed by service
Cost-of-living adjustments	1.5%
Decrement	Based on Plan's experience from April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2021
Investment Rate of Return	5.9% net of investment expense, including inflation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	32.0	4.30
International Equity	15.0	6.85
Private Equity	10.0	7.50
Real Estate	9.0	4.60
Opportunistic/Absolute Return Strategy	3.0	5.38
Credit	4.0	5.43
Real assets	3.0	5.84
Fixed income	23.0	1.50
Cash	<u>1.0</u>	0.00
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

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

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 4.9%	Current Discount 5.9%	1% Increase 6.9%
Proportionate Share of Net Pension liability (asset)	<u>\$ 8,061,677</u>	<u>\$ 3,335,998</u>	<u>\$ (612,856)</u>

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability (in 000's) of the employers as of March 31, 2023, were as follows:

Total pension liability	\$232,627,259
Net position	<u>211,183,223</u>
Net pension liability (asset)	<u>\$ 21,444,036</u>
ERS net position as a percentage of total pension liability	90.78%

New York State Teachers' Retirement System

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

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Contributions

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>TRS</u>
2023	\$ 1,900,145
2022	\$ 1,807,734
2021	\$ 1,647,203

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

At June 30, 2023, the District reported a net pension liability of \$2,100,213 for its proportionate share of the NYSTRS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023 the District's proportionate share was 0.109449%, which was an decrease of 0.002129% from its proportionate share at June 30, 2022.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of \$2,650,554. At June 30, 2023 the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,200,757	\$ 42,085
Changes of assumptions	4,074,058	846,025
Net difference between projected and actual earnings on pension plan investments	2,713,674	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	154,576	171,977
Contributions subsequent to the measurement date	<u>2,089,741</u>	<u>-</u>
Total	<u>\$ 11,232,806</u>	<u>\$ 1,060,087</u>

The District recognized \$2,089,741 as a deferred outflow of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2022 which will be recognized as a reduction of the net pension asset in the year ended June 30, 2024.

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:

2023	\$ 1,554,954
2024	805,341
2025	(364,228)
2026	5,344,813
2027	697,121
Thereafter	<u>44,977</u>
	<u>\$ 8,082,978</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Actuarial Assumptions

The total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.40%
Projected Salary Increases	Rates of increase differ based on service They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.3% compounded annually
Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 to June 30, 2020.

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

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

The Long Term Expected Real Rates of Return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2022 are summarized in the following table:

Asset Type	Target Allocations in %	Long-term expected real rate of return in %
Domestic equity	32.0	3.3
International equity	15.0	5.9
Private Equity	10.0	6.5
Real Estate	9.0	5.0
Opportunistic/ARS portfolio	3.0	4.1
Credit	4.0	3.8
Real Assets	3.0	5.6
Fixed Income	23.0	0.0
Cash	1.0	-1.0
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability (asset) of the District calculated using the discount rate of 6.95 percent, as well as what the Districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount	1% Increase
	5.95%	6.95%	7.95%
Proportionate Share of Net Pension Liability (asset)	<u>\$ 19,364,947</u>	<u>\$ 2,100,213</u>	<u>\$(12,419,315)</u>

Pension Plan Fiduciary Net Position

The components of the current year net pension asset of the employers as of June 30, 2022, were as follows:

Total pension liability	\$	133,883,474
Net position		<u>131,964,582</u>
Net pension liability (asset)	\$	<u>1,918,892</u>
NYSTRS net position as a percentage of total pension liability		98.6%

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Payables to the Pension Plans

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 covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System.

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 covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

	<u>June 30, 2023</u>
ERS Liability	\$ 202,701
TRS Liability	\$ 2,183,944

12. TOTAL OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District administers the Iroquois Central School District Retiree Medical, Prescription Vision and Dental Plan (the Plan) as a single-employer defined benefit Other Post-employment Benefit Plan (OPEB). The Plan provides for continuation of medical, prescription vision and dental benefits for certain retirees and their spouses and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

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. As such, the Plan does not issue a standalone financial report.

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	121
Active employees	<u>473</u>
Total participants	<u>594</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Total OPEB Liability

The District's total OPEB liability of \$1,596,459 was measured as of March 31, 2023, and was determined by an actuarial valuation as of February 16, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.53%
Salary scale	3.53% effective June 30, 2023
Discount Rate	3.78% effective June 30, 2023
Healthcare Cost Trend Rate	5.50% for 2023, decreasing to an ultimate rate of 4.00% after 2070
Share of Benefit-Related Costs	The District will pay a percentage of the premium based on employee's years of service and hire date until the retiree becomes Medicare eligible, at which time, the retiree may remain in the plan by paying 100% of the premium.
Cost Method	Entry Age Normal Level % of Pay method

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, without separate Contingent Survivor mortality, fully generational using scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were consistent with requirements of GASB 75 and Actuarial Standards of Practice (ASOPs). Retirement and termination assumptions reflect general published tables based on large scale retirement plan population data. The plan's estimated termination and retirement experience is then analyzed and the base table is adjusted accordingly, as necessary. No formal experience study is prepared for this plan.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 1,707,438
Changes for the Year-	
Service cost	61,391
Interest	47,902
Changes of benefit terms	-
Changes in assumptions or other inputs	(63,253)
Differences between expected and actual experience	(80,828)
Benefit payments	(76,191)
Net changes	(110,979)
Balance at June 30, 2023	\$ 1,596,459

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 (2.78%) or 1 percentage point higher (4.78%) than the current discount rate:

	1% Decrease 2.78%	Current Discount 3.78%	1% Increase 4.78%
Total OPEB Liability	\$ 1,719,537	\$ 1,596,459	\$ 1,482,487

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 (4.50% to 3.00%) or 1 percentage point higher (6.50% to 5.00%) than the current healthcare cost trend rate:

	Healthcare Current Discount	1% Decrease 4.50% to 3.00%	1% Increase 6.50% to 5.00%
Total OPEB Liability	\$ 1,596,459	\$ 1,443,976	\$ 1,772,396

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

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 \$141,871. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 109,433	\$ 444,136
Changes of assumptions	188,730	69,535
Benefit payments subsequent to measurement date	<u>19,048</u>	<u>-</u>
Total	<u>\$ 317,211</u>	<u>\$ 513,671</u>

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

Fiscal Year Ending June	Amount
2024	\$ (112,310)
2025	(85,712)
2026	49,407
2027	(8,875)
2028	(11,071)
Thereafter	<u>(46,947)</u>
	<u>\$ (215,508)</u>

The District recognized \$19,048 as a deferred outflow of resources resulting from the benefit payments made subsequent to the measurement date of March 31, 2023 which will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

13. RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Judgment claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Self-Funded Health Insurance Plan

The District is self-insured for health insurance, and the program is managed by a third-party administrator. The District has calculated its best estimate of health insurance liabilities at year end based on claims paid subsequent to year end based on claim reports provided by the third-party administrator. This does not include an estimate of the claims incurred, but not reported, since management believes that such estimated would not be material. The District purchases stop loss insurance to reimburse the District for individual claims in excess of \$500,000. At year end, the current and prior year claims activity is as follows:

	<u>2023</u>	<u>2022</u>
Estimated claims as of July 1	\$ 2,210,897	\$ 1,346,269
Premium equivalent deposited in the General Fund	9,972,397	9,462,696
Payments made during the year	<u>(9,863,705)</u>	<u>(8,598,068)</u>
Liability for claims as of June 30	<u>\$ 2,319,589</u>	<u>\$ 2,210,897</u>

Workers' Compensation

The District is a participant in the Erie #2 Workers' Compensation Consortium (the Consortium). The Consortium was established under the provisions of Workers' Compensation Law of the State of New York and is administered and sponsored by its predominant participant, Erie #2-Chautauqua-Cattaraugus BOCES. The Consortium is a public entity risk pool which provides the District the opportunity to participate in a cooperative program for providing workers' compensation benefits to its employees by entering into an intermunicipal agreement pursuant to Article 5-G of General Municipal Law.

Membership is effective on the first day of the month following the Board's resolution to accept a new participant organization. Voluntary withdrawal from the Consortium is effective only once annually on the last day of the plan year. Notice of intent to withdraw must be submitted in writing not less than 120 days prior to the end of the plan year (June 30). Premiums for coverage and determine annually by the Board of Directors after review of claim history information and consultation with various advisors. Participant organizations are billed in installments during the year.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

No refund or assessments, other than periodic premiums, are charged to the participant organizations, except in the case where the Consortium's assets are not sufficient to meet liabilities. In that instance, a special assessment may be assessed against the participant organizations.

The Consortium has established reserve liabilities which provide for expenditures to be made over the life of the claims. The reserve liabilities are based on estimates of the cost of claims (including future claim adjustment expenses) which have been reported but not settled, and of claims which have been incurred but not reported. Since actual claim costs depend on such complex factors as inflation and changes in doctrines of legal liability, the process used in estimating future claim liability does not result in exact amount. Estimated claim liability is calculated based on actuarial and statistical information which reflects settlements and other social and economic factors, as well as past experience.

14. CONTINGENCIES AND COMMITMENTS

Litigation

The District has also been named as a defendant in certain legal actions. The District intends to defend itself vigorously in each of these cases. Accordingly, no loss contingency has been accrued.

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

15. TAX ABATEMENTS

The Erie County Industrial Development Agency, created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively "the Act"), has ten real property tax abatement agreements with various businesses in the District under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of economic development in the District.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements. Should the property owner not comply with the policies and laws as set forth in each agreement, the PILOT will discontinue as outlined in each agreement.

As a result of these tax abatement agreements, for the year ended June 30, 2023, the District's total tax revenues were reduced by \$261,350.

Copies of the agreements may be obtained from the Iroquois Central School, 2111 Girdle Road, Elma, NY 14059.

**REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)**

IROQUOIS CENTRAL SCHOOL DISTRICT

**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the year ended June 30, 2023**

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
REVENUE					
Real property taxes	\$ 32,483,370	\$ 32,483,370	\$ 29,992,619	\$ -	\$ (2,490,751)
Real property tax items	134,195	134,195	2,636,698	-	2,502,503
Non-property taxes	2,782,882	2,782,882	3,389,868	-	606,986
Charges for services	139,200	139,200	537,464	-	398,264
Use of money and property	122,500	122,500	508,787	-	386,287
Sale of property and compensation for loss	11,500	11,500	476,910	-	465,410
Miscellaneous	213,000	213,000	216,972	-	3,972
State sources	16,775,602	16,775,602	15,979,918	-	(795,684)
Federal sources	-	-	154,200	-	154,200
School store	35,000	35,000	17,098	-	(17,902)
Medicaid reimbursement	120,000	120,000	111,794	-	(8,206)
Total revenue	<u>52,817,249</u>	<u>52,817,249</u>	<u>54,022,328</u>	<u>-</u>	<u>1,205,079</u>
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	23,721	23,722	17,320	-	6,402
Central administration	287,392	289,393	281,803	-	7,590
Finance	623,784	621,998	600,247	724	21,027
Staff	251,994	311,094	274,785	-	36,309
Central services	4,097,882	4,459,226	4,152,756	170,474	135,996
Special items	760,912	1,133,470	1,115,671	-	17,799
Total general support	<u>6,045,685</u>	<u>6,838,903</u>	<u>6,442,582</u>	<u>171,198</u>	<u>225,123</u>
INSTRUCTION:					
Instruction, administration, and improvement	2,137,067	2,191,106	2,173,579	2,385	15,142
Teaching - regular school	14,374,320	14,409,496	13,833,349	49,082	527,065
Programs for children with handicapping conditions	7,311,749	7,480,659	7,480,655	-	4
Occupational education	1,199,488	1,192,103	1,154,065	-	38,038
Teaching - special school	73,500	64,255	64,255	-	-
Instructional media	1,621,646	1,591,924	1,494,489	1,633	95,802
Pupil services	2,519,254	2,544,577	2,377,919	33,911	132,747
Total instruction	<u>29,237,024</u>	<u>29,474,120</u>	<u>28,578,311</u>	<u>87,011</u>	<u>808,798</u>
Community services	8,995	14,663	14,663	-	-
Pupil transportation	2,677,540	2,618,192	2,334,128	2,042	282,022
School store	35,000	35,000	21,148	-	13,852
Employee benefits	14,498,332	14,237,430	13,519,880	-	717,550
Debt service					
Principal	-	-	653,953	-	(653,953)
Interest	-	-	2,330	-	(2,330)
Total expenditures	<u>52,502,576</u>	<u>53,218,308</u>	<u>51,566,995</u>	<u>260,251</u>	<u>1,391,062</u>
Excess (deficiency) of revenue over expenditures	<u>314,673</u>	<u>(401,059)</u>	<u>2,455,333</u>	<u>(260,251)</u>	<u>2,596,141</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from the issuance of leases	-	-	641,870	-	641,870
Transfers out	<u>(2,516,976)</u>	<u>(2,516,976)</u>	<u>(2,328,656)</u>	<u>-</u>	<u>188,320</u>
Total other financing sources (uses)	<u>(2,516,976)</u>	<u>(2,516,976)</u>	<u>(1,686,786)</u>	<u>-</u>	<u>830,190</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,202,303)</u>	<u>\$ (2,918,035)</u>	<u>768,547</u>	<u>\$ (260,251)</u>	<u>\$ 3,426,331</u>
FUND BALANCE - beginning of year			<u>10,344,046</u>		
FUND BALANCE - end of year			<u>\$ 11,112,593</u>		

IROQUOIS CENTRAL SCHOOL DISTRICT

**Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)
For the Year Ended June 30:**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.0155568%	0.0153738%	0.0155525%	0.0163272%	0.0169590%	0.0160350%	0.0170485%	0.0171830%	0.0166850%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as the information becomes available.
Proportionate share of the net pension liability (asset)	\$ 3,336	\$ (1,257)	\$ 15	\$ 4,324	\$ 1,202	\$ (518)	\$ (1,602)	\$ (2,758)	\$ (564)	
Covered-employee payroll	\$ 6,304	\$ 5,953	\$ 5,866	\$ 5,908	\$ 5,822	\$ 5,615	\$ 5,612	\$ 5,380	\$ 5,127	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.92%	-21.12%	0.26%	73.19%	20.64%	-9.22%	-28.5%	-51.3%	-10.99%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.78%	103.65%	99.95%	86.39%	96.30%	98.20%	94.70%	90.70%	97.90%	
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.1094490%	0.1117580%	0.1095340%	0.1091590%	0.105923%	0.107369%	0.1075210%	0.1070370%	0.1073730%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as the information becomes available.
Proportionate share of the net pension liability (asset)	\$ 2,100	\$ (19,367)	\$ 3,027	\$ (2,836)	\$ (1,915)	\$ (816)	\$ 1,152	\$ 11,118	\$ 11,961	
Covered-employee payroll	\$ 19,398	\$ 18,958	\$ 18,591	\$ 18,520	\$ 18,497	\$ 17,195	\$ 17,187	\$ 16,797	\$ 16,264	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.83%	-102.16%	16.28%	-15.31%	-10.4%	-4.7%	6.7%	66.2%	73.5%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.6%	113.2%	97.8%	102.2%	-101.5%	-100.7%	99.1%	-110.5%	-111.5%	

IROQUOIS CENTRAL SCHOOL DISTRICT

Schedule of Contributions - Pension Plans (Unaudited)

For the Year Ended June 30:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 694	\$ 951	\$ 841	\$ 843	\$ 849	\$ 840	\$ 883	\$ 990	\$ 981	\$ 1,092
Contributions in relation to the contractually required contribution	<u>694</u>	<u>951</u>	<u>841</u>	<u>843</u>	<u>849</u>	<u>840</u>	<u>883</u>	<u>990</u>	<u>981</u>	<u>1,092</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,304	\$ 5,953	\$ 5,866	\$ 5,908	\$ 6,011	\$ 5,907	\$ 5,707	\$ 5,690	\$ 5,505	\$ 5,263
Contributions as a percentage of covered-employee payroll	11.01%	15.98%	14.34%	14.27%	14.13%	14.23%	15.47%	17.40%	17.82%	20.75%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,900	\$ 1,807	\$ 1,647	\$ 1,935	\$ 1,967	\$ 1,685	\$ 2,015	\$ 2,200	\$ 2,819	\$ 2,577
Contributions in relation to the contractually required contribution	<u>1,900</u>	<u>1,807</u>	<u>1,647</u>	<u>1,935</u>	<u>1,967</u>	<u>1,685</u>	<u>2,015</u>	<u>2,200</u>	<u>2,819</u>	<u>2,577</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 19,398	\$ 18,958	\$ 18,591	\$ 18,520	\$ 18,497	\$ 17,195	\$ 17,195	\$ 17,187	\$ 16,797	\$ 16,264
Contributions as a percentage of covered-employee payroll	9.79%	9.53%	8.86%	10.45%	10.63%	9.80%	11.72%	12.80%	16.78%	15.85%

IROQUOIS CENTRAL SCHOOL DISTRICT

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited) **For the Year Ended June 30:**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	\$ 61	\$ 49	\$ 80	\$ 74	\$ 35	\$ 36	\$ 33			
Interest	48	30	54	70	36	36	28			
Changes of benefit terms	-	-	-	-	78	-	-			
Differences between expected and actual experience	(81)	106	(947)	(116)	933	(20)	119			
Changes in assumptions	(63)	244	49	188	9	17	(33)			
Benefit payments	(76)	(54)	(79)	(81)	(42)	(39)	(34)			
Total change in total OPEB liability	(111)	374	(843)	135	1,049	30	113			
Total OPEB liability - beginning	1,707	1,333	2,176	2,041	992	962	849			
Total OPEB liability - ending	\$ 1,596	\$ 1,707	\$ 1,333	\$ 2,176	\$ 2,041	\$ 992	\$ 962			
Covered-employee payroll	\$ 28,471	\$ 24,898	\$ 24,070	\$ 23,131	\$ 22,409	\$ 21,691	\$ 21,691			
Total OPEB liability as a percentage of covered-employee payroll	5.61%	6.86%	5.54%	9.41%	9.11%	4.57%	4.44%			

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as the information becomes available.

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	<u>3.78%</u>	<u>2.83%</u>	<u>2.27%</u>	<u>2.48%</u>	<u>3.44%</u>	<u>3.61%</u>	<u>3.80%</u>
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Changes of assumptions and other inputs reflect the following:

- The salary scale changed from 3.44% to 3.53% effective June 30, 2023.
- Updated healthcare cost trend rates to rates effective June 30, 2023.
- Updated teacher's retirement tables effective June 30, 2023.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as the information becomes available.

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as the information becomes available.

SUPPLEMENTARY INFORMATION

IROQUOIS CENTRAL SCHOOL DISTRICT

Combining Balance Sheet - Nonmajor Governmental Funds **June 30, 2023**

	Special Aid	Debt Service	School Lunch	Miscellaneous Special Revenue	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 438,979	\$ -	\$ 438,979
Cash and cash equivalents - restricted	8,298	36,565	-	195,630	240,493
Due from other funds	125,770	87,245	7,000	-	220,015
Due from Federal and State Governments	1,157,043	-	18,373	-	1,175,416
Inventory	-	-	3,421	-	3,421
Total assets	<u>\$ 1,291,111</u>	<u>\$ 123,810</u>	<u>\$ 467,773</u>	<u>\$ 195,630</u>	<u>\$ 2,078,324</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 15,200	\$ -	\$ -	\$ -	\$ 15,200
Accrued liabilities	281	-	26,259	-	26,540
Due to other funds	1,261,206	-	82	-	1,261,288
Due to other governments	-	-	43	-	43
Unearned revenue	14,424	-	-	-	14,424
Total liabilities	<u>1,291,111</u>	<u>-</u>	<u>26,384</u>	<u>-</u>	<u>1,317,495</u>
FUND BALANCES:					
Nonspendable -					
Inventory	-	-	3,421	-	3,421
Restricted for -					
Debt service	-	123,810	-	-	123,810
Extraclassroom activities and scholarships	-	-	-	195,630	195,630
Assigned to -					
Other	-	-	437,968	-	437,968
Total fund balances	<u>-</u>	<u>123,810</u>	<u>441,389</u>	<u>195,630</u>	<u>760,829</u>
Total liabilities and fund balances	<u>\$ 1,291,111</u>	<u>\$ 123,810</u>	<u>\$ 467,773</u>	<u>\$ 195,630</u>	<u>\$ 2,078,324</u>

The accompanying notes are an integral part of these statements.

IROQUOIS CENTRAL SCHOOL DISTRICT
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
For the year ended June 30, 2023

	Special Aid	Debt Service	School Lunch	Miscellaneous Special Revenue	Total Nonmajor Governmental Funds
REVENUE:					
Use of money and property	\$ -	\$ 38,304	\$ -	\$ 345	\$ 38,649
Miscellaneous	40,000	79,160	-	357,221	476,381
Sale of property and compensation for loss	-	-	-	3,669	3,669
State sources	271,218	-	12,239	-	283,457
Federal sources	2,808,008	-	445,646	-	3,253,654
Sales	-	-	336,800	-	336,800
Total revenue	<u>3,119,226</u>	<u>117,464</u>	<u>794,685</u>	<u>361,235</u>	<u>4,392,610</u>
EXPENDITURES:					
General support	30,288	-	-	-	30,288
Instruction	2,397,493	-	-	379,725	2,777,218
Pupil transportation	101,940	-	-	-	101,940
Community services	137,100	-	-	-	137,100
Employee benefits	512,638	-	-	-	512,638
Cost of sales	-	-	762,036	-	762,036
Debt service -					
Principal	-	1,786,300	-	-	1,786,300
Interest	-	636,402	-	-	636,402
Total expenditures	<u>3,179,459</u>	<u>2,422,702</u>	<u>762,036</u>	<u>379,725</u>	<u>6,743,922</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(60,233)</u>	<u>(2,305,238)</u>	<u>32,649</u>	<u>(18,490)</u>	<u>(2,351,312)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	<u>60,233</u>	<u>2,422,703</u>	<u>7,000</u>	<u>-</u>	<u>2,489,936</u>
Total other financing sources (uses)	<u>60,233</u>	<u>2,422,703</u>	<u>7,000</u>	<u>-</u>	<u>2,489,936</u>
CHANGE IN FUND BALANCES	-	117,465	39,649	(18,490)	138,624
FUND BALANCES - beginning of year	<u>-</u>	<u>6,345</u>	<u>401,740</u>	<u>214,120</u>	<u>622,205</u>
FUND BALANCES - end of year	<u>\$ -</u>	<u>\$ 123,810</u>	<u>\$ 441,389</u>	<u>\$ 195,630</u>	<u>\$ 760,829</u>

The accompanying notes are an integral part of these statements.

OTHER INFORMATION (UNAUDITED)

IROQUOIS CENTRAL SCHOOL DISTRICT

Schedule of Change From Original Budget to Revised Budget And Schedule of Section 1318 of Real Property Tax Law Limit Calculation - General Fund (Unaudited) For the Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 55,019,552
Add: Prior year's encumbrances	<u>631,437</u>
Original budget	55,650,989
Budget revisions	<u>84,295</u>
Final budget	<u><u>\$ 55,735,284</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 voter-approved expenditure budget	<u>\$ 56,898,897</u>	
Maximum allowed (4% of 2023-24 budget)		<u><u>\$ 2,275,956</u></u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :

Unrestricted fund balance	
Assigned fund balance	\$ 2,086,474
Unassigned fund balance	<u>2,223,344</u>
Total unrestricted fund balance	<u>4,309,818</u>

Less:

Appropriated fund balance	1,773,612
Encumbrances included in assigned fund balance	<u>260,251</u>
Total adjustments	<u>2,033,863</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,275,955</u></u>
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Actual percentage	<u><u>4.00%</u></u>
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IROQUOIS CENTRAL SCHOOL DISTRICT

Schedule of Project Expenditures - Capital Projects Fund (Unaudited)
For the Year Ended June 30, 2023

Project Title	Original Appropriation	Revised Appropriation	Prior Years' Expenditures	Current Year Expenditures	Total Expenditures	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total Financing	Fund Balance as of 6/30/2023
Bus Purchase 22-23	\$ 395,670	\$ 395,670	\$ -	\$ 395,670	\$ 395,670	\$ -	\$ 395,670	\$ -	\$ -	\$ 395,670	\$ -
\$100,000 Project 21-22	100,000	100,000	14,805	85,195	100,000	-	-	-	100,000	100,000	-
\$100,000 Project 22-23	100,000	100,000	-	13,934	13,934	86,066	-	-	100,000	100,000	86,066
Smart Schools Project	533,690	533,690	13,006	421,640	434,646	99,044	-	-	-	-	(434,646)
Solar Panel Project	1,053,000	1,053,000	403,211	146,908	550,119	502,881	-	-	-	-	(550,119)
\$19M Capital Project	17,922,559	17,922,559	7,893,225	6,809,999	14,703,224	3,219,335	-	-	6,232,845	6,232,845	(8,470,379)
\$17M Capital Project	17,000,000	17,000,000	16,976,439	-	16,976,439	23,561	8,600,000	-	8,416,866	17,016,866	40,427
	<u>\$ 37,104,919</u>	<u>\$ 37,104,919</u>	<u>\$ 25,300,686</u>	<u>\$ 7,873,346</u>	<u>\$ 33,174,032</u>	<u>\$ 3,930,887</u>	<u>\$ 8,995,670</u>	<u>\$ -</u>	<u>\$ 14,849,711</u>	<u>\$ 23,845,381</u>	<u>\$ (9,328,651)</u>

IROQUOIS CENTRAL SCHOOL DISTRICT

Schedule of Net Investment in Capital Assets (Unaudited)

June 30, 2023

Capital assets, net	\$ 40,144,600
Nondepreciable capital assets	16,118,052
Deduct:	
Bond anticipation notes payable	(11,400,000)
Less: Unspent bond anticipation note proceeds	2,918,026
Short-term portion of bonds payable	(1,790,670)
Long-term portion of bonds payable	(8,775,151)
Less: Unspent bond proceeds	40,427
Short-term portion of capital leases	(12,479)
Long-term portion of capital leases	(3,069)
Other capital-related liabilities	<u>(281,322)</u>
Net investment in capital assets	<u><u>\$ 36,958,414</u></u>

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

November 2, 2023

To the Board of Education of the
Iroquois Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Iroquois Central School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 2, 2023.

Report on Internal Control over Financial Reporting

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

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

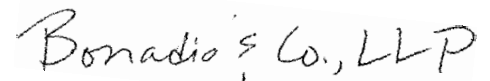
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Bonadio & Co., LLP". The signature is written in a cursive, flowing style. The text is positioned on the right side of the page, above a light blue rectangular background.

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

November 2, 2023

To the Board of Education of the
Iroquois Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Iroquois Central School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Reports on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Bonadio & Co., LLP

IROQUOIS CENTRAL SCHOOL DISTRICT
**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Federal Expenditures	Subrecipients
U.S. Department of Homeland Security:				
Passed through New York State Division of Homeland Security and Emergency Services - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 154,200	\$ -
Total U.S. Department of Homeland Security			154,200	-
U.S. Department of Education:				
Passed through New York State Education Department - COVID-19 - Education Stabilization Fund (ESF): Governor’s Emergency Education Relief (GEER) Fund	84.425C	5896-21-0785	116,698	-
COVID-19 - Education Stabilization Fund (ESF): Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5892-21-0785	1,124,522	-
COVID-19 - Education Stabilization Fund (ESF): American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-0785	481,306	-
COVID-19 - Education Stabilization Fund (ESF): American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5870-23-9147	201,748	-
Subtotal - COVID-19 - Education Stabilization Fund			1,924,274	-
Title I Grants to Local Educational Agencies	84.010	0021-22-0785	1,058	-
Title I Grants to Local Educational Agencies	84.010	0021-23-0785	117,076	-
Supporting Effective Instruction State Grants	84.367	0147-22-0785	48,703	-
Supporting Effective Instruction State Grants	84.367	0147-23-0785	4,085	-
Student Support and Academic Enrichment Program	84.424	0204-23-0785	14,742	-
Special Education Cluster - Special Education Grants to States	84.027	0032-23-0225	479,585	-
COVID-19 - ARP - Special Education Grants to States	84.027	5532-22-0225	56,921	-
Special Education Preschool Grants	84.173	0033-23-0225	13,273	-
COVID-19 - ARP - Special Education Preschool Grants	84.173	5533-22-0225	10,347	-
Subtotal - Special Education Cluster			560,126	-
Total Passed through New York State Education			2,670,064	-
Total U.S. Department of Education			2,670,064	-
U.S. Department of Health and Human Services:				
Passed through New York State Health and Human Services Drug-Free Communities Support Program Grants	93.276	N/A	137,944	-
Total U.S. Department of Health and Human Services			137,944	-

The accompanying notes are an integral part of this schedule

IROQUOIS CENTRAL SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

		Pass Through		
Federal Grantor/Pass Through Grantor/Program or Cluster Title	Assistance Listing Number	Entity Identifying Number	Federal Expenditures	Subrecipients
U.S. Department of Agriculture:				
Child Nutrition Cluster -				
National School Lunch Program (NSLP)	10.555	N/A	16,098	-
Passed through New York State Education Department -				
School Breakfast Program (SBP)	10.553	N/A	87,038	-
National School Lunch Program (NSLP)	10.555	N/A	338,742	-
<i>Subtotal - Child Nutrition Cluster</i>			441,878	-
State Pandemic Electronic Benefit Transfer (P-EBT)				
Administrative Costs Grants	10.649	N/A	3,768	-
<i>Total Passed through New York State Education Department</i>			429,548	-
Total U.S. Department of Agriculture			445,646	-
Total Expenditures of Federal Awards			\$ 3,407,854	\$ -
<u>Total Program Expenditures by Assistance Listing Number</u>				
COVID-19 - Education Stabilization Fund (ESF): American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U		\$ 683,054	\$ -
Special Education Grants to States	84.027		\$ 536,506	\$ -
Special Education Preschool Grants	84.173		\$ 23,620	\$ -
National School Lunch Program (NSLP)	10.555		\$ 354,840	\$ -
Title I Grants to Local Educational Agencies	84.010		\$ 118,134	\$ -
Supporting Effective Instruction State Grants	84.367		\$ 52,788	\$ -

The accompanying notes are an integral part of this schedule

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Iroquois Central School District (the District), under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the District's general ledger.

3. PASS-THROUGH PROGRAMS

Where the District receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Assistance Listing (AL) number advised by the pass-through grantor.

Identifying numbers, other than the AL numbers, which may be assigned by pass-through grantors are not maintained in the District's financial management system. The District has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

The District did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

Matching costs, i.e., the District's or State's share of certain program costs, are not included in the reported expenditures.

IROQUOIS CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

6. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal financial award program that does not result in cash receipts or disbursements, termed a “non-monetary” program. During the year ended June 30, 2023, the District received food commodities, the fair value of which amounted to \$16,098, and is presented in the Schedule as National School Lunch Program (NSLP) (Division of Donated Foods, AL #10.555) and was considered in the District’s Single Audit.

IROQUOIS CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2023

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

___ Yes X None noted

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

___ Yes X None noted

Type of auditor's report issued on compliance for major program

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, section 200.516(a)?

___ Yes X No

Identification of major programs:

Assistance Listing

Number

Name of Federal Program

84.425C COVID-19 - Education Stabilization Fund (ESF): Governor's Emergency Education Relief (GEER) Fund

84.425D COVID-19 - Education Stabilization Fund (ESF): Elementary and Secondary School Emergency Relief (ESSER) Fund

84.425U COVID-19 - Education Stabilization Fund (ESF): American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

IROQUOIS CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2023

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None.