

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

**Financial Statements As of and For the
Year Ended June 30, 2022
Together With Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

October 13, 2022

To the Board of Education of the
West Irondequoit 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 West Irondequoit Central School District (the District), as of and for the year ended June 30, 2022, 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, 2022, 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 of 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.

Change in Accounting Principle

As described in Note 15 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Correction of an Error

As described in Note 15 to the financial statements, in 2022, the District corrected errors related to the extraclassroom activities, employee benefit health retirement account activities, and capital assets. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 net pension liability (asset), and schedule of changes in total other postemployment benefit 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 and individual nonmajor fund financial statements 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 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, schedule of project expenditures - capital project fund, and the schedule of net investment in capital assets, as required by the New York State Education Department, 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 October 13, 2022, 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

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2022

This section of West Irondequoit Central School District's (the District) annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- At June 30, 2022 and 2021, total assets and deferred outflows (what the District owns) were exceeded by its total liabilities and deferred inflows (what the District owes), by \$39,763,534 and \$45,456,953 (net position), respectively. The District, however, had an increase in net position of \$5,693,419 from 2021 to 2022 operations.
- General revenue, which includes state aid and property taxes, accounted for \$79,132,106 (or 93%), of all revenue. Program specific revenue in the form of Charges for Services, Operating Grant, and Capital grants, accounted for \$6,057,184 (or 7%) of total revenue.
- Total expenses in the district-wide financial statements totaled \$81,728,724 and \$84,046,577 in 2022 and 2021, respectively.
- As of the close of the fiscal year, the District's governmental funds reported combined fund balances of \$26,208,349 and \$23,135,942 in 2022 and 2021, respectively, an increase of \$3,072,407 from 2021 to 2022.

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 fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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

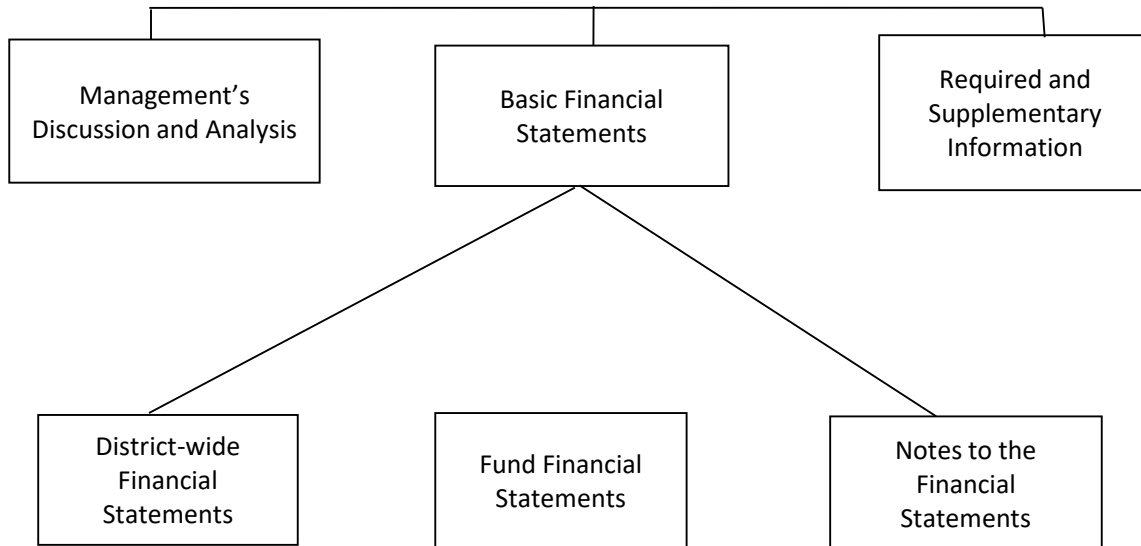


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section highlights the structure and contents of each of the statements.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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

	District-Wide	Governmental Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as instruction and special education
Required Financial Statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balance
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
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

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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 assets includes all of the District's assets and liabilities. All of the current year's revenues and expenditures 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 assets 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 school 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.

Governmental Funds: All 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 and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information reported on the Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position explains the relationship (or differences) between them. The governmental funds financial 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 revenues, expenditures, and changes in fund balance.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2022

Financial Analysis of the District as a Whole

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

Table A-3 Condensed Statements of Net Position - Governmental Activities (in thousands of dollars)

	Fiscal Year 2022	Fiscal Year 2021	Percent Change
Current assets	\$ 33,352	\$ 28,870	15.5%
Non-Current assets	103,090	74,797	37.8%
Total Assets	<u>136,442</u>	<u>103,667</u>	31.6%
Deferred Outflows of Resources	<u>54,246</u>	<u>50,566</u>	7.3%
Current liabilities	7,168	5,760	24.4%
Long term liabilities	165,219	167,661	-1.5%
Total liabilities	<u>172,387</u>	<u>173,421</u>	-0.6%
Deferred inflow of resources	<u>58,065</u>	<u>26,270</u>	121.0%
Net investment in capital assets	62,247	61,686	0.9%
Restricted	18,905	13,662	38.4%
Unrestricted	(120,916)	(120,805)	0.1%
Total net position	<u>\$ (39,764)</u>	<u>\$ (45,457)</u>	-12.5%

In Table A-3, the District had a large \$28 million increase in non-current assets due to the creation of net pension assets (previously net pension liabilities), increases in capital assets, including the addition of leases with the adoption of GASB 87, *Leases*. Additionally, the District saw a large increase in deferred inflows of resources of \$32 million due to pension and other postemployment benefit actuarial changes.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2022

Table A-4 Changes in Net Position from Operating Results - Governmental Activities (in thousands of dollars)

	Fiscal Year 2022	Fiscal Year 2021	Percent Change
Revenues:			
Charges for services	\$ 343	\$ 180	90.6%
Operating grants	5,468	24,382	-77.6%
Capital grants	246	-	100.0%
General revenue:			
Real property taxes and tax items	46,061	45,150	2.0%
Use of money and property	240	169	42.0%
Sale of property and compensation for loss	39	32	21.9%
State and federal aid not restricted for a specific purpose	30,611	4,720	548.5%
Miscellaneous	2,028	896	126.3%
Medicaid reimbursement	153	192	-20.3%
Total revenue	<u>85,189</u>	<u>75,721</u>	12.5%
Expenses:			
General support	14,149	9,100	55.5%
Instruction	62,873	40,787	54.1%
Pupil transportation	2,668	2,249	18.6%
Community service	93	58	60.3%
Interest	202	497	-59.4%
School lunch	1,743	947	84.1%
Unallocated employee benefits	-	27,864	-100.0%
Unallocated depreciation	-	2,545	-100.0%
Total expenses	<u>81,728</u>	<u>84,047</u>	-2.8%
Changes in net position	<u>\$ 3,461</u>	<u>\$ (8,326)</u>	-141.6%

Changes in Net Position

In Table A-4, the District's fiscal year 2022 revenues totaled \$85 million. The majority of revenues are from property taxes and state and federal aid, which account for 90% of the revenue. The 12.5% increase of total revenue is mainly attributed to the large increase of 548.5% in state and federal aid. The total cost of all programs and services totaled \$82 million for fiscal year 2022. These expenses are primarily instruction at 77% of total District expenses and general support at 17% of total District expenses. In the current year unallocated employee benefits and depreciation were allocated, accounting for the increases in financial statement line items. However, the total expenses decreased in the current year by 2.8%.

Governmental Activities

This section presents the cost of seven major District activities: general support, instruction, pupil transportation, debt service, community service and school lunch. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Total costs of services for the current year and prior year, as well as the percentage change are shown in Table A-4.

Table A-5 Net (Expense) Revenue and Changes in Net Position (in thousands of dollars)

	Net (Expense) Revenue and Changes in Net Position		Percentage Change
	2022	2021	2022-2021
General support	\$ (14,127)	\$ (12,214)	15.7%
Instruction	(58,782)	(42,864)	37.1%
Pupil transportation	(2,668)	(1,039)	156.8%
Community service	(94)	(106)	-11.3%
Interest	(202)	(497)	-59.4%
School lunch	201	(220)	-191.4%
Unallocated depreciation	-	(2,545)	-100.0%
Total	<u>\$ (75,672)</u>	<u>\$ (59,485)</u>	27.2%

In Table A-5, there was an increase in net expense by function of 27.2%. The largest increase in net expense occurred in the instruction financial statement line item as operating grant revenue decreased in the current year, in comparison to the prior year. The District received more state and federal aid not restricted for a specific purpose, rather than for instruction specifically, resulting in the increase in net expense.

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.

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.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Table A-6 Results vs. Budget

	Original Budget	Final Budget	Actual	Encumbrance	Positive / (Negative)
Revenue:					
Local sources	\$ 45,998,190	\$ 45,998,190	\$ 47,756,242	\$ -	\$ 1,758,052
State sources	30,187,269	30,187,269	30,610,601	-	423,332
Federal sources	-	-	14,124	-	14,124
Medicaid reimbursement	176,000	176,000	153,103	-	(22,897)
Total	<u>76,361,459</u>	<u>76,361,459</u>	<u>78,534,070</u>	<u>-</u>	<u>2,172,611</u>
Expenditures:					
General support	10,116,441	11,990,900	9,816,917	1,794,533	379,450
Instruction	40,199,173	41,449,754	40,477,405	330,100	642,249
Pupil transportation	3,188,572	2,592,367	2,549,375	8,473	34,519
Home and community service	60,144	60,824	60,815	-	9
Employee benefits	20,526,702	19,634,852	20,007,721	-	(372,869)
Capital outlays	-	-	377,470	-	(377,470)
Debt service	2,971,733	2,910,733	2,910,165	-	568
Other financing sources (uses)	<u>270,000</u>	<u>955,000</u>	<u>738,648</u>	<u>-</u>	<u>216,352</u>
Total	<u>77,332,765</u>	<u>79,594,430</u>	<u>76,938,516</u>	<u>2,133,106</u>	<u>522,808</u>
Revenue over (under) expense	<u>\$ (971,306)</u>	<u>\$ (3,232,971)</u>	<u>\$ 1,595,554</u>	<u>\$ (2,133,106)</u>	<u>\$ 2,695,419</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.

The following significant variances between budget and actual occurred during fiscal year 2022:

- Local sources exceeded budget by \$1.8 million due to two major sources. First, the local sales tax share exceeded budgeted projections as the post-Covid economic rebound was stronger than expected. Additionally, these revenues include prior-year refunds from BOCES surplus.
- State sources exceeded budget by \$423 thousand due to additional revenues received in Excess cost aids for students with disabilities, which exceeded the initial state budget projections.
- General support expenditures were less than budget by \$379 thousand due to conservative budgeting for unanticipated expenditures but was within the 5% planned budget variance parameters.
- Instruction expenditures were less than budget by \$642 thousand due to conservative budgeting for unanticipated hires (new entrants, etc.) that remained within the 5% planned budget variance parameters.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2022

- Employee benefit expenditures were greater than budget by \$373 thousand, as a result of a recognition of contractual HRA employee obligations within the general fund.
- Capital outlay expenditures were greater than budget by \$377 thousand, as a result of new accounting requirements tied to the recognition of "leases" under GASB 87.

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

Capital Asset and Long-Term Liabilities

Capital Assets

As of June 30, 2022, the District had an investment of approximately \$73,903,000 in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other educational equipment.

Table A-7 Capital Assets Net of Depreciation (in thousands of dollars)

	Fiscal Year 2022	Fiscal Year 2021	Percent Change
Category:			
Land	\$ 2,633	\$ 2,485	6%
Construction in process	354	9,597	-96%
Buildings and improvements	69,115	62,143	11%
Vehicles, furniture and equipment	748	572	31%
Lease assets	1,053	-	100%
Total	<u>\$ 73,903</u>	<u>\$ 74,797</u>	-1%

Long-Term Liabilities

At year-end, the District had approximately \$165,219,000 in 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-8 Outstanding Long-Term Liabilities (in thousands of dollars)

	Fiscal Year 2022	Fiscal Year 2021	Percent Change
Category:			
Serial bonds payable	\$ 10,180	\$ 12,825	-21%
Unamortized premium	276	339	-19%
Net pension liability	-	4,411	-100%
Total other postemployment benefit liability	154,560	150,085	3%
Lease liability	203	-	100%
	<u>\$ 165,219</u>	<u>\$ 167,660</u>	-1%

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Factors Bearing on the District's Future

- Challenges posed to local sources of revenue due to the continuation of the property tax cap. Due to the small growth of the economy and assessed property values in the District, the District continues to be limited in the amount of revenue it can generate locally. The 60% threshold for a budget vote that exceeds the tax levy cap remains a challenging barrier.
- Impact on the tax rate due to the continued low growth of taxable assessments. Although the District continues to control costs to maintain one of the lowest per pupil expenditure rates in the County, the tax rate remains high due to the lack of assessment growth in the Town.
- Use of reserves as a revenue to bridge the gap in state aid remains an important part of future budgeting strategies. The amount used will be closely monitored in order to ensure this strategy is sustainable. With the inclusion of additional Foundation Aid, the District has decreased its reliance on reserves and fund balance to close annual budget gaps.
- Cost containment is an ongoing strategy in budget development. However, several challenges continue to exist. First, there is the ongoing challenge of historically unfunded state and federal mandates. Second, the labor shortage is resulting in upward pressure on personnel costs as we compete for a much smaller labor market, continued increases in health care costs and retirement contributions well in excess of inflation. Finally, the high rate of overall inflation has placed more pressure on cost including energy, transportation and the purchase of commodities.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, West Irondequoit Central School District, Rochester, New York.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT**Statement of Net Position****June 30, 2022****ASSETS****CURRENT ASSETS:**

Cash and cash equivalents	\$ 11,549,076
Cash and cash equivalents - restricted	15,237,301
Accounts receivable	128,262
Due from other governments	2,853,835
Due from Federal and State governments	2,390,289
Prepaid expenses	1,163,461
Inventory	29,327
Total current assets	<u>33,351,551</u>

NON-CURRENT ASSETS:

Capital assets, nondepreciable	2,986,904
Capital assets, net	70,916,008
Net pension asset - TRS	27,624,048
Net pension asset - ERS	1,563,098
Total non-current assets	<u>103,090,058</u>
Total assets	<u>136,441,609</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related - TRS	16,153,473
Pension related - ERS	3,313,769
Other postemployment benefits	34,778,993
Total deferred outflows of resources	<u>54,246,235</u>

LIABILITIES**CURRENT LIABILITIES:**

Accounts payable	2,317,510
Accrued liabilities	988,617
Unearned revenue	433,326
Due to other governments	3,059
Due to Teachers' Retirement System	3,197,091
Due to Employees' Retirement System	228,135
Total current liabilities	<u>7,167,738</u>

LONG-TERM LIABILITIES:

Due and payable within one year -	
Unamortized bond premium	62,957
Bonds payable	2,615,000
Lease liability	76,034
Total long-term liabilities due and payable within one year	<u>2,753,991</u>

Due and payable after one year -	
Total other postemployment benefits liability	154,559,804
Unamortized bond premium	213,479
Bonds payable	7,565,000
Lease liability	126,806
Total long-term liabilities due and payable after one year	<u>162,465,089</u>
Total long-term liabilities	<u>165,219,080</u>
Total liabilities	<u>172,386,818</u>

DEFERRED INFLOWS OF RESOURCES

Pension related - TRS	30,876,386
Pension related - ERS	5,414,132
Other postemployment benefits	21,774,042
Total deferred inflows of resources	<u>58,064,560</u>

NET POSITION

Net investment in capital assets	62,247,111
Restricted	18,904,668
Unrestricted	(120,915,313)
Total net position	<u>\$ (39,763,534)</u>

The accompanying notes are an integral part of these financial statements.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2022

	Program Revenue				Net (Expense)
	Expenses	Charges for Services and Contributions	Operating Grants and Contributions	Capital Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS:					
General government support	\$ 14,149,485	\$ 22,884	\$ -	\$ -	\$ (14,126,601)
Instruction	62,872,949	141,898	3,702,582	245,789	(58,782,680)
Pupil transportation	2,668,284	-	-	-	(2,668,284)
Community service	93,579	-	-	-	(93,579)
Interest	201,642	-	-	-	(201,642)
School lunch program	1,742,785	178,216	1,765,815	-	201,246
Total functions/programs	<u>\$ 81,728,724</u>	<u>\$ 342,998</u>	<u>\$ 5,468,397</u>	<u>\$ 245,789</u>	<u>(75,671,540)</u>
GENERAL REVENUE:					
Real property taxes and tax items					46,060,708
Use of money and property					240,208
Sale of property and compensation for loss					39,352
State and federal aid not restricted for a specific purpose					30,610,601
Miscellaneous					2,028,134
Medicaid reimbursement					<u>153,103</u>
Total general revenue					<u>79,132,106</u>
CHANGE IN NET POSITION					<u>3,460,566</u>
NET POSITION - beginning of year, as previously reported					(45,456,953)
PRIOR PERIOD ADJUSTMENT (Note 15)					<u>2,232,853</u>
NET POSITION - beginning of year, as restated					<u>(43,224,100)</u>
NET POSITION - end of year					\$ (39,763,534)

The accompanying notes are an integral part of these financial statements.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2022

	General	Special Aid	Capital Projects	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,025,828	\$ 140,620	\$ 1,453,367	\$ 1,929,261	\$ 11,549,076
Cash and cash equivalents - restricted	15,237,301	-	-	-	15,237,301
Accounts receivable	110,881	11,739	-	5,642	128,262
Due from other funds	938,990	-	-	-	938,990
Due from other governments	2,853,835	-	-	-	2,853,835
Due from federal and state governments	865,168	918,910	245,789	360,422	2,390,289
Prepaid expenditures	1,155,719	-	-	7,742	1,163,461
Inventory	7,762	-	-	21,565	29,327
Total assets	<u>\$ 29,195,484</u>	<u>\$ 1,071,269</u>	<u>\$ 1,699,156</u>	<u>\$ 2,324,632</u>	<u>\$ 34,290,541</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 1,287,175	\$ 21,341	\$ 996,525	\$ 12,469	\$ 2,317,510
Accrued liabilities	928,710	5,440	-	29,931	964,081
Due to other funds	-	719,144	65,033	154,813	938,990
Due to other governments	474	-	-	2,585	3,059
Due to Teachers' Retirement System	3,157,568	36,968	-	2,555	3,197,091
Due to Employees' Retirement System	213,493	-	-	14,642	228,135
Unearned revenue	2,555	288,376	-	142,395	433,326
Total liabilities	<u>5,589,975</u>	<u>1,071,269</u>	<u>1,061,558</u>	<u>359,390</u>	<u>8,082,192</u>
FUND BALANCES:					
Nonspendable	1,163,481	-	-	29,307	1,192,788
Restricted	16,331,135	-	637,598	1,935,935	18,904,668
Assigned	2,814,739	-	-	-	2,814,739
Unassigned	3,296,154	-	-	-	3,296,154
Total fund balances	<u>23,605,509</u>	<u>-</u>	<u>637,598</u>	<u>1,965,242</u>	<u>26,208,349</u>
Total liabilities and fund balances	<u>\$ 29,195,484</u>	<u>\$ 1,071,269</u>	<u>\$ 1,699,156</u>	<u>\$ 2,324,632</u>	<u>\$ 34,290,541</u>

The accompanying notes are an integral part of these financial statements.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position June 30, 2022

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

Fund balance - total governmental funds	\$ 26,208,349
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Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds	73,902,912
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Deferred outflows/inflows of resources related to pensions and other postemployment benefits are applicable to future periods and; therefore, not reported in the funds:

Deferred outflows - ERS/TRS	19,467,242
Deferred inflows - ERS/TRS	(36,290,518)
Deferred outflows - OPEB	34,778,993
Deferred inflows - OPEB	(21,774,042)

Net pension assets are not due and payable in the current period and; therefore, are not reported in the funds:

Net pension asset - TRS	27,624,048
Net pension asset - ERS	1,563,098

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

Lease liability	(202,840)
Bonds payable	(10,180,000)
Unamortized bond premium	(276,436)
Total other postemployment benefits (OPEB) liability	(154,559,804)
Accrued interest	<u>(24,536)</u>

Net position of governmental activities	<u><u>\$ (39,763,534)</u></u>
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The accompanying notes are an integral part of these financial statements.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended June 30, 2022

	General	Special Aid	Capital Projects	Nonmajor Funds	Total Governmental Funds
REVENUES:					
Real property tax	\$ 41,479,180	\$ -	\$ -	\$ -	\$ 41,479,180
Other tax items	4,581,528	-	-	-	4,581,528
Charges for services	164,782	-	-	-	164,782
Use of money and property	240,046	-	-	162	240,208
Sale of property and compensation for loss	39,352	-	-	-	39,352
Miscellaneous	1,251,354	63,964	-	712,816	2,028,134
State sources	30,610,601	726,517	245,789	27,372	31,610,279
Federal sources	14,124	2,961,941	-	1,738,443	4,714,508
Medicaid reimbursement	153,103	-	-	-	153,103
Sales	-	-	-	178,216	178,216
Total revenues	<u>78,534,070</u>	<u>3,752,422</u>	<u>245,789</u>	<u>2,657,009</u>	<u>85,189,290</u>
EXPENDITURES:					
General support	9,816,917	15,675	-	-	9,832,592
Instruction	40,477,405	3,600,613	-	679,048	44,757,066
Transportation	2,549,375	63,179	-	-	2,612,554
Community service	60,815	-	-	-	60,815
Employee benefits	20,007,721	185,488	-	277,130	20,470,339
Cost of school lunch sales	-	-	-	1,430,867	1,430,867
Capital outlays	377,470	-	1,190,575	-	1,568,045
Debt service -					
Principal	2,645,382	-	-	-	2,645,382
Interest	264,783	-	-	-	264,783
Total expenditures	<u>76,199,868</u>	<u>3,864,955</u>	<u>1,190,575</u>	<u>2,387,045</u>	<u>83,642,443</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,334,202</u>	<u>(112,533)</u>	<u>(944,786)</u>	<u>269,964</u>	<u>1,546,847</u>
OTHER FINANCING SOURCES AND (USES)					
Proceeds from issuance of leases	318,885	-	-	-	318,885
Transfers in	-	112,533	785,000	213,876	1,111,409
Transfers out	(1,057,533)	-	(53,876)	-	(1,111,409)
Total other financing sources (uses)	<u>(738,648)</u>	<u>112,533</u>	<u>731,124</u>	<u>213,876</u>	<u>318,885</u>
CHANGE IN FUND BALANCE	<u>1,595,554</u>	<u>-</u>	<u>(213,662)</u>	<u>483,840</u>	<u>1,865,732</u>
FUND BALANCE - beginning of year, as previously reported	20,914,401	-	851,260	1,370,281	23,135,942
PRIOR PERIOD ADJUSTMENT (Note 15)	<u>1,095,554</u>	<u>-</u>	<u>-</u>	<u>111,121</u>	<u>1,206,675</u>
FUND BALANCE - beginning of year, as restated	<u>22,009,955</u>	<u>-</u>	<u>851,260</u>	<u>1,481,402</u>	<u>24,342,617</u>
FUND BALANCE - end of year	<u>\$ 23,605,509</u>	<u>\$ -</u>	<u>\$ 637,598</u>	<u>\$ 1,965,242</u>	<u>\$ 26,208,349</u>

The accompanying notes are an integral part of these financial statements.

WEST IRONDEQUOIT 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, 2022

Net changes in fund balance - total governmental funds	\$ 1,865,732
Certain capital outlays and the addition of capital assets are expenditures in governmental funds, but are capitalized in the statement of net position.	953,478
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded as expense in the statement of activities.	(2,729,959)
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(403,753)
Loss on disposal of capital assets is not recorded as an expenditure in the governmental funds, but is recorded as an expense in the statement of activities.	(1,004)
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 long-term debt received in the current year.	(318,885)
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.	2,645,382
Repayments of lease obligations are recorded as expenditures in the governmental funds, but are recorded as a reduction of the lease liability in the statement of net position.	376,902
Amortization of bond premiums are not recorded as revenue in the governmental funds, but is recorded in the statement of activities.	62,957
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.	5,500,257
On the statement of activities, the actual and projected long term expenditures for postemployment benefits are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits.	(4,491,293)
Certain expenses in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in the governmental funds:	
Change in accrued interest	<u>752</u>
Change in net position - governmental activities	<u>\$ 3,460,566</u>

The accompanying notes are an integral part of these financial statements.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

1. NATURE OF OPERATIONS

The West Irondequoit 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 BOE serves as chief fiscal officer and the Superintendent is the chief executive officer. The BOE is responsible for, and controls, all activities related to public school education within the District. BOE members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

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

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

- **Extraclassroom Activity Funds**

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

Joint Venture

The District is a component school district in the Board of Cooperative Education Services First Supervisory District of Monroe County (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.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

The 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 \$8,435,878 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,812,248, including \$404,911 of BOCES refund of prior year expense.

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.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Fund Financial Statements

The fund statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

Special Revenue Funds - These funds 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 special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.

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 -

- **School Lunch Fund:** Used to account for transactions of the lunch and breakfast programs.
- **Miscellaneous Special Revenue Fund:** Used to account for the activity of the extraclassroom activity funds, community education, as well as the scholarship activity 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. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

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 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.

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

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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, 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 are reported as other financing sources.

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

Restricted Resources

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

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, eliminations have been made for all interfund receivables and payables between the funds.

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

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

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, potential contingent liabilities and useful lives of long-lived assets.

Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

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.

Inventory

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

Prepaid items

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

Capital Assets

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

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Land and work 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 50,000	SL	40 years
Buildings and improvements	\$ 50,000	SL	40 Years
Site improvements	\$ 50,000	SL	15 years
Vehicles	\$ 25,000	SL	10 years
Furniture and equipment	\$ 5,000	SL	5 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

Eligible employees receive annual sick leave, vacation, and personal leave time. Eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, employees may contractually receive a payment towards other postemployment benefits based on unused accumulated vacation as applicable.

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.

Accruals in the accompanying financial statements for earned but unused vacation time has been calculated using the vesting/termination method and is calculated based on the pay rates in effect at year-end.

In the fund statements 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 allows employees to convert unused sick leave to an escrow fund to cover healthcare costs after retirement through the District's Other Postemployment Benefit (OPEB) plan. The balance remaining in escrow upon death of a retired employee can be applied to the surviving spouse. Upon the death of a surviving spouse, or retired employee if no surviving spouse, the unused balance reverts to the District. The value of the future expected costs of this benefit is recognized as the Total Other Postemployment Benefits (OPEB) liability.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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 position/fund balance that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period and so 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.

Accounts Payable, Accrued Liabilities, Due to other Governments and Long-Term Obligations

Payables, accrued liabilities, Due to other governments, 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.

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, construction or improvement of those assets.

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

Unrestricted net position - reports 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.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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 and prepaid items recorded in the School Lunch and General Funds. Total Nonspendable fund balance at June 30, 2022, amounted to \$1,192,788.

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 Fund

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.

Tax Certiorari Reserve Fund

Education Law §3651 (1-a) authorizes the District 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

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 BOE. This reserve is accounted for in the General Fund. Effective April 1, 2019, a BOE may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the BOE 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.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Workers' Compensation

According to General Municipal Law §6-j, all expenditures made from the workers' compensation reserve fund 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 BOE 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 BOE 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 Fund	\$ 8,604,684
Tax Certiorari Reserve Fund	478,793
Retirement Contributions Reserve Fund	5,748,722
Workers' Compensation	348,857
Unemployment Insurance Reserve	56,245
Health Reimbursement	1,093,834
Total general fund	<u>16,331,135</u>

Miscellaneous Special Revenue Fund:

Extraclassroom activities	114,280
Scholarships	214,409
Other	344,919
Total miscellaneous special revenue fund	<u>673,608</u>

Debt Service Fund	1,052,123
School Lunch Fund	210,204
Capital Projects Fund	637,598
	<u>\$ 18,904,668</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, 2022.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General fund are classified as assigned fund balance. Encumbrances reported in the General Fund amounted to \$2,133,106. Appropriated fund balance in the General Fund Amounted to \$681,633. As of June 30, 2022, the District's General Fund encumbrances were classified as follows:

General support	\$ 1,794,533
Instruction	330,100
Pupil transportation	<u>8,473</u>
Total	<u>\$ 2,133,106</u>

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, committed 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. At year-end, the District was in compliance with the 4% limitation.

Order of Use of Fund Balance

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

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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.

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.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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.

Budgets

The District administration prepares a proposed budget for approval by the 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.

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, 2022.

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 contracts and other commitments for goods and services are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

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.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

At June 30, 2022, the reported amount of the District's deposits was \$26,786,377 and the bank balance was \$28,717,001. Of the bank balance, \$500,000 was covered by federal depository insurance and \$31,544,104 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 \$15,237,301 within the governmental funds.

6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Balance 7/1/2021 (as restated)	Additions	Deletions	Balance 6/30/2022
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 2,633,350	\$ -	\$ -	\$ 2,633,350
Work in progress	9,596,506	353,554	(9,596,506)	353,554
Total nondepreciable cost	<u>12,229,856</u>	<u>353,554</u>	<u>(9,596,506)</u>	<u>2,986,904</u>
Capital assets that are depreciated:				
Buildings and improvements	103,199,284	9,596,506	-	112,795,790
Vehicles and equipment	2,179,453	281,039	(8,605)	2,451,887
Total depreciable historical cost	<u>105,378,737</u>	<u>9,877,545</u>	<u>(8,605)</u>	<u>115,247,677</u>
Less accumulated depreciation:				
Buildings and improvements	(41,055,811)	(2,625,780)	-	(43,681,591)
Vehicles and equipment	(1,606,995)	(104,179)	7,601	(1,703,573)
Total accumulated depreciation	<u>(42,662,806)</u>	<u>(2,729,959)</u>	<u>7,601</u>	<u>(45,385,164)</u>
Total depreciable cost - net	<u>62,715,931</u>	<u>7,147,586</u>	<u>(1,004)</u>	<u>69,862,513</u>
Lease assets that are amortized:				
Equipment	1,138,363	318,885	-	1,457,248
Total lease assets that are amortized	<u>1,138,363</u>	<u>318,885</u>	<u>-</u>	<u>1,457,248</u>
Less accumulated amortization for:				
Equipment	-	(403,753)	-	(403,753)
Total lease assets that are amortized	<u>-</u>	<u>(403,753)</u>	<u>-</u>	<u>(403,753)</u>
Total lease assets, net	<u>1,138,363</u>	<u>(84,868)</u>	<u>-</u>	<u>1,053,495</u>
Governmental activities capital assets, net	<u>\$ 76,084,150</u>	<u>\$ 7,416,272</u>	<u>\$ (9,597,510)</u>	<u>\$ 73,902,912</u>

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Depreciation and amortization was charged to governmental activities as follows:

	Depreciation	Amortization
General government support	\$ 2,387,234	\$ 403,753
Instruction	337,896	-
School lunch	3,828	-
Culture and recreation	1,001	-
Total	<u>\$ 2,729,959</u>	<u>\$ 403,753</u>

7. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$ 938,990	\$ -	\$ -	\$ 1,057,533
Special Aid Fund	-	719,144	112,533	-
Capital Projects Fund	-	65,033	785,000	53,876
Debt Service Fund	-	-	53,876	-
School Lunch Fund	-	46,970	160,000	-
Miscellaneous Fund	-	107,843	-	-
Total	<u>\$ 938,990</u>	<u>\$ 938,990</u>	<u>\$ 1,111,409</u>	<u>\$ 1,111,409</u>

Interfund receivables and payables 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 and Miscellaneous Special Aid Fund, as well as the General Fund paying the Capital Projects Fund for capital projects. The majority of the interfund revenues and expenditures 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 for the summer school handicap program.

8. LONG-TERM OBLIGATIONS

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

	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022	Due Within One Year
General obligation debt:					
Serial bonds payable	\$ 12,825,382	\$ -	\$ (2,645,382)	\$ 10,180,000	\$ 2,615,000
Unamortized premium	339,393	-	(62,957)	276,436	62,957
Total bonds payable	<u>\$ 13,164,775</u>	<u>\$ -</u>	<u>\$ (2,708,339)</u>	<u>\$ 10,456,436</u>	<u>\$ 2,677,957</u>

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Interest on serial bonds for the year was composed of:

Interest paid	\$ 264,783
Lease interest capital outlay	568
Less: Amortization of bond premium	(62,957)
Less: Interest accrued in the prior year	(25,288)
Plus: Interest accrued in the current year	24,536
Total interest expense	<u>\$ 201,642</u>

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>Maturity</u>	<u>Interest Rate</u>	<u>6/30/2022 Balance</u>
2016 Promise Project	6/15/2016	\$ 5,610,000	6/15/2036	2.32%	\$ 3,940,000
2021 Refunding	3/25/2021	\$ 5,100,000	4/15/2027	0.69%	2,990,000
2021 Renewal Project	5/18/2021	\$ 3,550,382	6/15/2035	1.38%	3,250,000
Total bond issue					<u>\$ 10,180,000</u>

The following is a summary of the maturity of long-term indebtedness as of June 30, 2022:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,615,000	\$ 227,200	\$ 2,842,200
2024	1,385,000	179,600	1,564,600
2025	610,000	144,050	754,050
2026	625,000	131,050	756,050
2027	630,000	117,650	747,650
2028-2032	2,855,000	388,850	3,243,850
2033-2036	1,460,000	89,100	1,549,100
Totals	<u>\$ 10,180,000</u>	<u>\$ 1,277,500</u>	<u>\$ 11,457,500</u>

9. LEASES

The District leases copiers and equipment, primarily from Monroe 1 BOCES and Monroe 2 BOCES. The leases have various inception dates with remaining terms of 48 - 72 months, with interest rates of 2.27%.

Activity of lease liability for the year ended June 30, 2022 is summarized as follows:

<u>Beginning Balance (Restated)</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
\$ 260,857	\$ 318,885	\$ (376,902)	\$ 202,840	\$ 76,034

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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

	Principal	Interest	Total
2023	\$ 76,034	\$ 4,648	\$ 80,682
2024	77,815	2,867	80,682
2025	41,242	1,082	42,324
2026	3,831	136	3,967
2027	3,918	49	3,967
Total	<u>\$ 202,840</u>	<u>\$ 8,782</u>	<u>\$ 211,622</u>

10. 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 (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The 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.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Contributions

The system is noncontributory except for employees who joined the System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. 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
2022	\$ 979,672
2021	\$ 926,269
2020	\$ 789,731

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

At June 30, 2022, the District reported a net pension asset of \$1,563,098 for its proportionate share of the ERS net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of April 1, 2021. The District's proportion of the net pension asset 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, 2022, the District's proportionate share was 0.0191214%, which was a decrease of 0.0010502% from its proportionate share at June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$202,734. At June 30, 2022, 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	\$ 118,376	\$ 153,540
Changes of assumptions	2,608,635	44,018
Net difference between projected and actual earnings on pension plan investments	-	5,118,492
Changes in proportion and differences between the District's contributions and proportionate share of contributions	358,623	98,082
Contributions subsequent to the measurement date	228,135	-
Total	<u>\$ 3,313,769</u>	<u>\$ 5,414,132</u>

The District recognized \$228,135 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2022 which will be recognized on a reduction of the net pension liability in the year ended June 30, 2023.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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:

2023	\$ (294,637)
2024	(493,658)
2025	(1,264,533)
2026	(275,670)
2027	-
Thereafter	-
	<u>\$ (2,328,498)</u>

Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022.

The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>
Inflation	2.7%
Salary increases	4.4%
Investment rate of return (net of investment expense, including inflation)	5.9%
Cost-of-living adjustments	1.4%
Decrements	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020

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.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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	Long-Term Expected Real Rate of return in %
	Allocations in %	
Domestic equity	32	3.30
International equity	15	5.85
Privat	10	6.50
Real estate	9	5.00
Opportunistic/absolute return strategies	3	4.10
Credit	4	3.78
Real assets	3	5.80
Fixed income	23	0.00
Cash	<u>1</u>	(1.00)
	<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.

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

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

	1% Decrease	Current	1% Increase
	<u>4.9%</u>	<u>5.9%</u>	<u>6.9%</u>
Proportionate share of net pension liability (asset)	<u>\$ 4,023,398</u>	<u>\$ (1,563,098)</u>	<u>\$ (6,235,933)</u>

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2022, were as follows:

Employers' total pension liability	\$	223,874,888
Fiduciary net position		232,049,473
Employers' net pension liability (asset)	\$	<u>(8,174,585)</u>
Ratio of fiduciary net position to the employers' total pension liability		103.65%

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.

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.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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>
2022	\$ 2,578,514
2021	\$ 2,389,443
2020	\$ 2,358,574

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

At June 30, 2022, the District reported net pension asset of \$27,624,048 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2020. The District's proportion of the net pension asset was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, the District's proportionate share was 0.159409%, which was an increase of 0.000518% from its proportionate share at June 30, 2021.

For the year ended June 30, 2022, the District recognized pension income of \$1,638,242. At June 30, 2022, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,807,682	\$ 143,519
Changes of assumptions	9,086,126	1,609,019
Net difference between projected and actual earnings on pension plan investments	-	28,911,424
Changes in proportion and differences between the District's contributions and proportionate share of contributions	62,574	212,424
Contributions subsequent to the measurement date	<u>3,197,091</u>	<u>-</u>
Total	<u>\$ 16,153,473</u>	<u>\$ 30,876,386</u>

The District recognized \$3,197,091 as a deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2021 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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:

2022	\$ (3,620,495)
2023	(4,225,890)
2024	(5,297,798)
2025	(6,976,769)
2026	1,285,231
Thereafter	915,717
	<u>\$ (17,920,004)</u>

Actuarial Assumptions

The total pension liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. 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.										
	<table><tr><th><u>Service</u></th><th><u>Rate</u></th></tr><tr><td>5</td><td>5.18%</td></tr><tr><td>15</td><td>3.64%</td></tr><tr><td>25</td><td>2.50%</td></tr><tr><td>35</td><td>1.95%</td></tr></table>	<u>Service</u>	<u>Rate</u>	5	5.18%	15	3.64%	25	2.50%	35	1.95%
<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 MP2020, applied on a generational basis. Active member mortality rates are based on plan member experience.

The demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to 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.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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, 2021 are summarized in the following table:

Asset Type	Target	Long-Term Expected Real Rate of Return in %
	Allocations in %	
Domestic equity	33	6.8
International equity	16	7.6
Global equity	4	7.1
Real estate equity	11	6.5
Private equity	8	10.0
Domestic fixed income	16	1.3
Global bonds	2	0.8
Private debt	1	5.9
Real estate debt	7	3.3
High-yield bonds	1	3.8
Cash equivalents	<u>1</u>	(0.2)
	<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 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 District's 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 <u>5.95%</u>	Current Discount <u>6.95%</u>	1% Increase <u>7.95%</u>
Proportionate Share of Net Pension Liability (asset)	<u>\$ (2,898,741)</u>	<u>\$ (27,624,048)</u>	<u>\$ (48,403,874)</u>

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of June 30, 2021, were as follows:

Total pension liability	\$	130,819,415,417
Plan fiduciary net position		<u>148,148,457,363</u>
School districts' net pension liability (asset)		(17,329,041,946)
Plan fiduciary net position as a percentage of total pension liability		113.2%

Payables to the Pension Plans

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

	<u>June 30, 2022</u>
ERS Liability	<u>\$ 228,135</u>
TRS Liability	<u>\$ 3,197,091</u>

11. TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Plan Description

The District administers the West Irondequoit Central School District Retiree Medical, Prescription Vision and Dental Plan (the Plan) as a single-employer defined benefit Other Postemployment 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 stand alone financial report since there are no assets legally segregated in a trust that meets the criteria of GASB Statement No. 75, paragraph 4 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 BOE.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Funding Policy

The obligations of the Plan members, employers and other entities are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the District.

Employees Covered by Benefit Terms

As of the June 30, 2021, valuation date, the following employees were covered by the benefit terms:

Active employees, not eligible to retire	478
Active employees, eligible to retire	90
Retired employees and surviving spouses	364
Retiree spouses covered	<u>183</u>
Total participants	<u>568</u>

Total OPEB Liability

The District's total OPEB liability of \$154,559,804 was measured as of March 31, 2022, and was determined by an actuarial valuation as of June 30, 2021.

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 Rate	2.44%
Salary Scale	3.44%
Discount Rate	2.83%
Healthcare Cost Trend Rate	6.10% for 2022, decreasing to an ultimate rate of 4.37% after 2070
Cost Method	Entry Age Normal Level Percent of Pay method

The discount rate was based on a tax exempt, high-quality 20-year tax-exempt general obligation municipal bond yield or index rate.

Mortality rates were based on improvement scale updated to MP-2021.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 150,085,488</u>
Changes for the Year-	
Service cost	4,305,999
Interest	3,412,294
Changes of benefit terms	(994,609)
Differences between expected and actual experience	15,405,094
Changes in assumptions or other inputs	(13,602,301)
Expected benefit payments	<u>(4,052,161)</u>
Net changes	<u>4,474,316</u>
Balance at June 30, 2022	<u>\$ 154,559,804</u>

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 or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Discount	1% Increase
	<u>1.83%</u>	<u>2.83%</u>	<u>3.83%</u>
Total OPEB Liability	<u>\$ 182,565,221</u>	<u>\$ 154,559,804</u>	<u>\$ 132,462,362</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Current Trend	1% Increase
	<u>5.10% to 3.37%</u>	<u>6.10% to 4.37%</u>	<u>7.10% to 5.37%</u>
Total OPEB Liability	<u>\$ 129,059,500</u>	<u>\$ 154,559,804</u>	<u>\$ 187,808,591</u>

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$8,705,869. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,813,505	\$ 7,235,091
Changes of assumptions	9,952,448	14,538,951
Benefit payments subsequent to measurement date	1,013,040	-
Total	<u>\$ 34,778,993</u>	<u>\$ 21,774,042</u>

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

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2023	\$ 2,195,596
2024	5,023,100
2025	2,747,093
2026	754,584
2027	454,119
Thereafter	<u>817,419</u>
	<u>\$ 11,991,911</u>

12. 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. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Workers' Compensation

The District incurs costs related to the Rochester Area School Workers' Compensation Plan (the WC Plan). The WC Plan is sponsored by the Board of Cooperative Educational Services Second Supervisory District of Monroe and Orleans Counties, in which a municipal cooperation agreement is entered into to provide workers' compensation benefits to area school districts. The WC Plan is considered a public entity risk pool.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Plan membership is currently comprised of seventeen districts and two BOCES. The Board of Directors is comprised of one representative from each participating district. Membership in the WC Plan may be offered to any component district of Monroe #1 or the Monroe #2 Orleans BOCES with the approval of the Board of Directors. Such membership will become effective on the first day of the calendar month following the adoption by the Board of Directors of the resolution to accept a new participant. Voluntary withdrawal from the WC Plan is effective only once annually on the last day of the WC Plan year after notice in writing to the Chairman of the Board and the Treasurer not less than one year prior to the end of the WC Plan.

All monies paid to the Treasurer by the individual participants shall be commingled and administered as a common fund. The Board of Directors reserves the right to make a special assessment if such circumstances warrant. The governing Board shall administer the WC Plan and the BOCES Director of Finance shall act as fiscal officer of the WC Plan and disbursing agent for all payments made by the WC Plan.

The WC Plan pays the Monroe #2-Orleans BOCES for administrative fees as well as claims paid on behalf of member districts.

The WC Plan was fully funded as of June 30, 2021, the date of the most recent financial statements, and its net position amounted to \$8,535,808.

Health Insurance Plan

The District incurs costs related to the Rochester Area School Health Plan (Plan I and Plan II) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts. Plan I and Plan II objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Membership in Plan I and Plan II may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from Plan I and Plan II may be effective only once annually on the last day of the Plan I and Plan II year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than thirty days prior to the end of the Plan I and Plan II year. Plan I and Plan II members bear an equal proportionate share of the Plans assets and claim liabilities.

Pursuant to the Municipal Cooperative Agreement, Plan I and Plan II are a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of the fiscal year, the distribution of such funds shall be determined by the Board of Directors.

PLAN I

Plan I members include seventeen districts and two BOCES with each District and BOCES bearing an equal proportionate share of Plan I assets and claim liabilities.

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

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Plan I establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made.

Plan I was fully funded as of June 30, 2021, the date of the most recent financial statements, and its net position amounted to \$16,347,850.

PLAN II

Plan II members include seventeen districts with two BOCES bearing an equal proportionate share of Plan II assets and claim liabilities. Plan II was established as a Municipal Cooperative under the authorization of Article 5-G of the General Municipal Law In 2004. Plan II received a Certificate of Authority to operate as a self-funded plan under Article 47 of the New York State Insurance Law, effective January 1, 2018.

Plan II arrangement includes a pooling point to limit its exposure. The pooling point provides additional protection in the form of an experience credit in the subsequent year.

The insurer will determine whether there is a deficit or a surplus for the Plan II year. If a deficit occurs in a Plan II year, the Insurer will fund payment of the deficit. If there is a surplus in the Plan II year, the surplus may not be applied to off-set a deficit in a subsequent Plan II year or Plan II years. If a surplus occurs in a Plan II year that follows the year in which a deficit occurred, the surplus may be applied to fund the deficit.

Any medical claims expenses that are not paid by the Insurer (either with Plan II money representing the net premium or with the Insurer's money if a deficit occurred) during the term of the agreement with the insurer will be the financial responsibility of Plan II. If the Insurer is processing medical claims expenses during part or all of the 12-month period referred to above, it will pay those medical claims expenses provided that Plan II provides adequate funding for the medical claims expenses.

The administrative services that will be provided by the Insurer during the 12-month period referred to above will be provided for an additional charge determined by first dividing the Insurer administrative fee paid in the last Plan II year by the total of the medical claims expenses paid during the last Plan II year to determine an administrative cost percentage (the "Admin Percentage"). Then, for each medical claims expense paid during the subsequent 12-month period, Plan II will pay the Insurer an additional charge determined by multiplying the amount of the medical claims expense by the admin percentage.

Plan II was fully funded as of June 30, 2021, the date of the most recent financial statements, and its net position amounted to \$88,903,582.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

13. CONTINGENCIES AND COMMITMENTS

Litigation

There is no litigation pending against the District as of the balance sheet date.

Grants

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

14. TAX ABATEMENTS

The County of Monroe Industrial Development Agency created by Chapter 55 of the Laws of 1972 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 four 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, 2022, the District's total tax revenues were reduced by \$76,582. The District received payment in Lieu of Tax (PILOT) payment totaling \$191,960.

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

15. PRIOR PERIOD ADJUSTMENTS

Correction of errors

In the prior year custodial fund, the District reported extraclassroom activities in the amount of \$111,121. However, in the current year it was determined that the extraclassroom activities as of June 30, 2021, should have been reported in the miscellaneous special revenue fund. The impact of the error was an understatement of fund balance and net position in the amount of \$111,121 in the miscellaneous special revenue fund and the governmental activities respectively. Additionally, the error was an overstatement of net position in the amount of \$111,121 in the custodial fund. Therefore, a prior period adjustment was recorded in the miscellaneous fund, governmental activities, and custodial fund for \$111,121.

In the prior year custodial fund, the District reported employee benefit health retirement account (HRA) activities in the amount of \$1,095,554. However, in the current year it was determined that the employee benefit HRA activities as of June 30, 2021, should have been reported in the general fund. The impact of the error was an understatement of fund balance and net position in the amount of \$1,095,554 in the general fund and the governmental activities respectively. Additionally, the error was an overstatement of net position in the amount of \$1,095,554 in the custodial fund. Therefore, a prior period adjustment was recorded in the general fund, governmental activities, and custodial fund for \$1,095,554.

In the prior year governmental activities, the District reported capital assets in the amount of \$74,797,115, with the balance of land as \$2,484,678. However, in the current year it was determined that the value of land was understated by \$148,672, as the balance as of June 30, 2021 should have reported land in the amount of \$2,633,350. The impact of the error was an understatement of net position in the amount of \$148,672 in the governmental activities. Therefore, a prior period adjustment was recorded in the governmental activities for \$148,672.

Change in accounting principle

During the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use and underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. The District prepays the balance of several of its lease obligations at the beginning of the lease term, and as such, the total net book value of the leased assets was greater than the amount of the lease liability as of the beginning of the year.

As a result of the correction of errors and the change in accounting principle, the District's beginning net position and fund balances were restated, as shown below.

	Custodial Fund		Miscellaneous Special Revenue Fund		General Fund	
	Assets	Net Position	Assets	Fund Balance	Assets	Fund Balance
Balance at June 30, 2021, as previously reported	\$ 1,206,675	\$ (1,206,675)	724,149	\$ (634,584)	\$ 26,415,139	\$ (20,914,401)
Restatements of beginning balance for -						
Correction of an error related to extraclassroom activities	(111,121)	111,121	111,121	(111,121)	-	-
Correction of an error related to employee benefit HRA activities	(1,095,554)	1,095,554	-	-	1,095,554	(1,095,554)
Balance at July 1, 2021, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 835,270</u>	<u>\$ (745,705)</u>	<u>\$ 27,510,693</u>	<u>\$ (22,009,955)</u>

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

	Governmental Activities		
	Assets	Liabilities	Net Position
Balance at June 30, 2021, as previously reported	\$ 103,667,358	(173,420,534)	\$ 45,456,953
Restatements of beginning balance for -			
Correction of an error related to extraclassroom activities	111,121	-	(111,121)
Correction of an error related to employee benefit HRA activities	1,095,554	-	(1,095,554)
Correction of an error related to capital assets	148,672	-	(148,672)
Change in accounting principle - GASB 87	<u>1,138,363</u>	<u>(260,857)</u>	<u>(877,506)</u>
Balance at July 1, 2021, as restated	<u>\$ 106,161,068</u>	<u>\$ (173,681,391)</u>	<u>\$ 43,224,100</u>

SUPPLEMENTARY INFORMATION

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Combining Balance Sheet - Nonmajor Governmental Funds June 30, 2022

			Miscellaneous Special Revenue	Total Nonmajor Governmental Funds
	Debt Service	School Lunch		
ASSETS				
Cash and cash equivalents	\$ 1,052,123	\$ 15,976	\$ 861,162	\$ 1,929,261
Accounts receivable	-	835	4,807	5,642
Due from federal and state governments	-	360,422	-	360,422
Prepaid expenditures	-	7,742	-	7,742
Inventory	-	21,565	-	21,565
Total assets	<u>\$ 1,052,123</u>	<u>\$ 406,540</u>	<u>\$ 865,969</u>	<u>\$ 2,324,632</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ -	\$ 12,251	\$ 218	\$ 12,469
Accrued liabilities	-	21,350	8,581	29,931
Due to other funds	-	46,970	107,843	154,813
Due to other governments	-	2,585	-	2,585
Due to Teachers' Retirement System	-	-	2,555	2,555
Due to Employees' Retirement System	-	9,725	4,917	14,642
Unearned revenue	-	74,148	68,247	142,395
Total liabilities	<u>-</u>	<u>167,029</u>	<u>192,361</u>	<u>359,390</u>
FUND BALANCES:				
Nonspendable	-	29,307	-	29,307
Restricted	<u>1,052,123</u>	<u>210,204</u>	<u>673,608</u>	<u>1,935,935</u>
Total fund balances	<u>1,052,123</u>	<u>239,511</u>	<u>673,608</u>	<u>1,965,242</u>
Total liabilities and fund balances	<u>\$ 1,052,123</u>	<u>\$ 406,540</u>	<u>\$ 865,969</u>	<u>\$ 2,324,632</u>

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Combining Statement of Revenue, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended June 30, 2022

	Debt Service	School Lunch	Miscellaneous Special Revenue	Total Nonmajor Governmental Funds
REVENUE:				
Use of money and property	\$ 129	\$ 13	\$ 20	\$ 162
Miscellaneous	-	21,303	691,513	712,816
State sources	-	27,372	-	27,372
Federal sources	-	1,738,443	-	1,738,443
Sales	-	178,216	-	178,216
Total revenue	129	1,965,347	691,533	2,657,009
EXPENDITURES:				
Instruction	-	-	679,048	679,048
Employee benefits	-	192,548	84,582	277,130
Cost of school lunch sales	-	1,430,867	-	1,430,867
Total expenditures	-	1,623,415	763,630	2,387,045
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	129	341,932	(72,097)	269,964
OTHER FINANCING SOURCES AND (USES):				
Transfers in	53,876	160,000	-	213,876
Total other financing sources (uses)	53,876	160,000	-	213,876
CHANGE IN FUND BALANCE	54,005	501,932	(72,097)	483,840
FUND BALANCES - beginning of year, as previously reported	998,118	(262,421)	634,584	1,370,281
PRIOR PERIOD ADJUSTMENT (Note 15)	-	-	111,121	111,121
FUND BALANCE - beginning of the year, as restated	998,118	(262,421)	745,705	1,481,402
FUND BALANCES - end of year	\$ 1,052,123	\$ 239,511	\$ 673,608	\$ 1,965,242

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited) For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance With Budgetary Actual
REVENUE					
Real property taxes	\$ 41,466,280	\$ 41,466,280	\$ 41,479,180	\$ -	\$ 12,900
Other tax items	3,600,000	3,600,000	4,581,528	-	981,528
Charges for services	175,000	175,000	164,782	-	(10,218)
Use of money and property	204,700	204,700	240,046	-	35,346
Sale of property and compensation for loss	-	-	39,352	-	39,352
Miscellaneous	552,210	552,210	1,251,354	-	699,144
State sources	30,187,269	30,187,269	30,610,601	-	423,332
Federal sources	-	-	14,124	-	14,124
Medicaid reimbursement	176,000	176,000	153,103	-	(22,897)
Total revenue	76,361,459	76,361,459	78,534,070	-	2,172,611
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	63,409	65,134	58,313	1,255	5,566
Central administration	299,706	318,605	279,259	1,437	37,909
Finance	683,396	651,039	585,640	5,069	60,330
Staff	587,814	682,643	651,962	3,728	26,953
Central services	7,419,916	8,225,127	7,160,749	818,044	246,334
Special items	1,062,200	2,048,352	1,080,994	965,000	2,358
Total general support	10,116,441	11,990,900	9,816,917	1,794,533	379,450
INSTRUCTION:					
Instruction, administration, and improvement	2,879,376	2,848,178	2,791,739	7,371	49,068
Teaching - regular school	18,522,748	18,446,717	18,247,861	23,352	175,504
Programs for children with handicapping conditions	9,706,118	9,994,457	9,799,918	90,548	103,991
Occupational education	1,151,078	1,193,932	1,164,909	31	28,992
Teaching - special school	416,962	415,462	367,629	-	47,833
Instructional media	2,986,166	3,286,037	3,030,843	177,611	77,583
Pupil services	4,536,725	5,264,971	5,074,506	31,187	159,278
Total instruction	40,199,173	41,449,754	40,477,405	330,100	642,249
Pupil transportation	3,188,572	2,592,367	2,549,375	8,473	34,519
Home and community service	60,144	60,824	60,815	-	9
Employee benefits	20,526,702	19,634,852	20,007,721	-	(372,869)
Capital outlays	-	-	377,470	-	(377,470)
Debt service	2,971,733	2,910,733	2,910,165	-	568
Total expenditures	77,062,765	78,639,430	76,199,868	2,133,106	306,456
Excess (deficiency) of revenue over expenditures	(701,306)	(2,277,971)	2,334,202	(2,133,106)	2,479,067

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited) For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance With Budgetary Actual
OTHER FINANCING SOURCES (USES):					
Proceeds from issuance of	-	-	318,885	-	318,885
Transfers in	120,000	120,000	-	-	(120,000)
Transfers out	<u>(390,000)</u>	<u>(1,075,000)</u>	<u>(1,057,533)</u>	<u>-</u>	<u>17,467</u>
Total other financing sources (uses)	<u>(270,000)</u>	<u>(955,000)</u>	<u>(738,648)</u>	<u>-</u>	<u>216,352</u>
CHANGE IN FUND BALANCES	<u>\$ (971,306)</u>	<u>\$ (3,232,971)</u>	<u>1,595,554</u>	<u>\$ (2,133,106)</u>	<u>\$ 2,695,419</u>
FUND BALANCE - beginning of year			20,914,401		
PRIOR PERIOD ADJUSTMENT (Note 15)			<u>1,095,554</u>		
FUND BALANCE - beginning of year, as restated			<u>22,009,955</u>		
FUND BALANCE - end of year			<u>\$ 23,605,509</u>		

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios (Unaudited)

For the Year Ended June 30:

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	\$ 4,306	\$ 4,000	\$ 3,671	\$ 3,250	\$ 2,894	\$ 2,681				
Interest	3,413	3,356	4,122	4,816	3,994	3,212				
Changes of benefit terms	(995)	(108)	7	752	20,513	-				
Differences between expected and actual experience	15,405	8,159	(10,272)	(20,298)	1,173	12,910				
Changes in assumptions	(13,602)	3,345	21,052	638	2,892	(7,097)				
Benefit payments	(4,052)	(3,404)	(3,168)	(3,521)	(2,696)	(2,415)				
Total change in total OPEB liability	4,475	15,348	15,412	(14,363)	28,770	9,291				
Total OPEB liability - beginning	150,085	134,737	119,325	133,688	104,918	95,627				
Total OPEB liability - ending	\$ 154,560	\$ 150,085	\$ 134,737	\$ 119,325	\$ 133,688	\$ 104,918				
 Covered-employee payroll	 \$ 30,737	 \$ 29,714	 \$ 27,141	 \$ 26,294	 \$ 25,452	 \$ 25,452				
 Total OPEB liability as a percentage of	 <u>502.85%</u>	 <u>505.10%</u>	 <u>496.43%</u>	 <u>453.81%</u>	 <u>525.26%</u>	 <u>412.22%</u>				

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become 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>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 single discount rate changed from 2.27% to 2.83% effective June 30, 2022.
- Increase in retiree's annual contribution based plan premiums.

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

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.

For the Year Ended June 30:

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

WEST IRONDEQUOIT 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)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 980	\$ 926	\$ 790	\$ 885	\$ 882	\$ 853	\$ 849	\$ 979	\$ 1,220	\$ 1,249
Contributions in relation to the contractually required contribution	<u>980</u>	<u>926</u>	<u>790</u>	<u>885</u>	<u>882</u>	<u>853</u>	<u>849</u>	<u>979</u>	<u>1,220</u>	<u>1,249</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	<u>\$ 6,471</u>	<u>\$ 6,502</u>	<u>\$ 6,524</u>	<u>\$ 6,260</u>	<u>\$ 5,839</u>	<u>\$ 5,556</u>	<u>\$ 5,434</u>	<u>\$ 5,748</u>	<u>\$ 5,850</u>	<u>\$ 6,164</u>
Contributions as a percentage of covered-employee payroll	<u>15.14%</u>	<u>14.24%</u>	<u>12.11%</u>	<u>14.14%</u>	<u>15.11%</u>	<u>15.35%</u>	<u>15.62%</u>	<u>17.03%</u>	<u>20.85%</u>	<u>20.26%</u>
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,579	\$ 2,389	\$ 2,359	\$ 2,777	\$ 2,611	\$ 3,041	\$ 3,180	\$ 4,018	\$ 3,787	\$ 2,835
Contributions in relation to the contractually required contribution	<u>2,579</u>	<u>2,389</u>	<u>2,359</u>	<u>2,777</u>	<u>2,611</u>	<u>3,041</u>	<u>3,180</u>	<u>4,018</u>	<u>3,787</u>	<u>2,835</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	<u>\$ 29,523</u>	<u>\$ 27,869</u>	<u>\$ 27,892</u>	<u>\$ 27,102</u>	<u>\$ 26,643</u>	<u>\$ 25,948</u>	<u>\$ 25,007</u>	<u>\$ 22,922</u>	<u>\$ 23,304</u>	<u>\$ 23,971</u>
Contributions as a percentage of covered-employee payroll	<u>8.74%</u>	<u>8.57%</u>	<u>8.46%</u>	<u>10.25%</u>	<u>9.80%</u>	<u>11.72%</u>	<u>12.72%</u>	<u>17.53%</u>	<u>16.25%</u>	<u>11.83%</u>

OTHER INFORMATION (UNAUDITED)

WEST IRONDEQUOIT 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, 2022

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 77,452,765
Add: Prior year's encumbrances	<u>1,790,665</u>
Original budget	79,243,430
Budget revisions	<u>471,000</u>
Final budget	<u><u>\$ 79,714,430</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 voter-approved expenditure budget	<u>\$ 82,403,923</u>	
Maximum allowed (4% of 2022-2023 budget)		<u><u>\$ 3,296,157</u></u>

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

Unrestricted fund balance:	
Assigned fund balance	\$ 2,814,739
Unassigned fund balance	<u>3,296,154</u>
Total unrestricted fund balance	<u>6,110,893</u>

Less:

Appropriated fund balance	681,633
Encumbrances included in assigned fund balance	<u>2,133,106</u>
Total adjustments	<u><u>\$ 2,814,739</u></u>

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

\$ 3,296,154

Actual percentage

4.00%

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

**Schedule of Project Expenditures - Capital Projects Funds (Unaudited)
For the Year Ended June 30, 2022**

Project Title	Capital Expenditures					Methods of Financing					Fund Balance as of 6/30/2022
	Original Appropriation	Revised Appropriation	Prior Year's Expenditures	Current Year Expenditures	Total Expenditures	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total Financing	
Fire systems project	\$ 100,000	\$ 100,000	\$ -	\$ 99,215	\$ 99,215	\$ 785	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 785
Smart school bond act	897,908	897,908	-	245,789	245,789	652,119	-	245,789	-	245,789	-
Renewal project	9,625,382	9,550,382	9,496,506	53,876	9,550,382	-	3,550,382	-	6,000,000	9,550,382	-
Emergency pool project	265,000	370,000	-	-	-	370,000	-	-	370,000	370,000	370,000
Iroquois emergency project	215,000	215,000	-	8,550	8,550	206,450	-	-	215,000	215,000	206,450
Building condition survey	207,515	207,515	-	39,637	39,637	167,878	-	-	100,000	100,000	60,363
BOCES capital improvement project	1,827,338	1,827,338	1,029,954	797,384	1,827,338	-	-	-	1,827,338	1,827,338	-
	<u>\$ 13,138,143</u>	<u>\$ 13,168,143</u>	<u>\$ 10,526,460</u>	<u>\$ 1,244,451</u>	<u>\$ 11,770,911</u>	<u>\$ 1,397,232</u>	<u>\$ 3,550,382</u>	<u>\$ 245,789</u>	<u>\$ 8,612,338</u>	<u>\$ 12,408,509</u>	<u>\$ 637,598</u>

WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT

Schedule of Net Investment in Capital Assets (Unaudited) For the Year Ended June 30, 2022

Capital assets, net	\$ 73,902,912
Deduct:	
Short-term portion of bonds payable	(2,615,000)
Long-term portion of bonds payable	(7,565,000)
Unamortized premium	(276,436)
Lease liability	(202,840)
Accounts payable for capital purposes	<u>(996,525)</u>
Net investment in capital assets	<u>\$ 62,247,111</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

October 13, 2022

To the Board of Education of the
West Irondequoit 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 West Irondequoit Central School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 13, 2022.

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.

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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.

Bonadio & Co., LLP