SWEET HOME CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

SWEET HOME CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Sweet Home Central School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the 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 supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Lumsden & McCormick, LLP

October 6, 2023

Management's Discussion and Analysis (unaudited)

June 30, 2023

Introduction

Management's Discussion and Analysis (MD&A) of Sweet Home Central School District (the District) provides an overview of the District's financial activities and performance for the year ended June 30, 2023. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) reconciliations between the government-wide and governmental fund financial statements; (4) fiduciary fund statement; (5) notes to the financial statements, and (6) supplementary information.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. The statement of activities presents information showing how the District's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for student activity accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

Condensed Statement of Net Position	2023	2022	Change $	Change %
Current and other assets	$ 35,997,000	$ 69,645,000	$ (33,648,000)	(48.3%)
Capital assets	115,672,000	101,731,000	13,941,000	13.7%
Total assets	151,669,000	171,376,000	(19,707,000)	(11.5%)
Deferred outflows of resources	24,930,000	24,589,000	341,000	1.4%
Long-term liabilities	43,002,000	38,165,000	4,837,000	12.7%
Other liabilities	46,311,000	26,969,000	19,342,000	71.7%
Total liabilities	89,313,000	65,134,000	24,179,000	37.1%
Deferred inflows of resources	3,416,000	45,961,000	(42,545,000)	(92.6%)
Net position				
Net investment in capital assets	62,639,000	60,259,000	2,380,000	3.9%
Restricted	10,257,000	10,201,000	56,000	0.5%
Unrestricted	10,974,000	14,410,000	(3,436,000)	(23.8%)
Total net position	$ 83,870,000	$ 84,870,000	$ (1,000,000)	(1.2%)

Net position amounted to $83,870,000 and $84,870,000 as of June 30, 2023 and 2022. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less the related debt used to acquire or lease those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position also includes resources that are subject to external restrictions on how they may be used, which includes reserves set aside for specific purposes governed by laws and regulations. Such items include the debt service reserve, which is set aside for the repayment of bonds used to finance capital projects; the employee benefit accrued liability reserve, which is restricted to pay future accumulated vacation and sick time; and the retirement contribution reserve, restricted to fund contributions paid by the District to the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS). Other restricted resources include the unemployment insurance, workers' compensation, tax certiorari, and capital reserves, whose restrictions are indicated by their respective names.

Total assets decreased by $19,707,000 ($50,729,000 increase in 2022). Current and other assets decreased by $33,648,000 (increase of $38,761,000 in 2022) and capital assets increased by $13,941,000 (increase of $11,968,000 in 2022). The decrease in current and other assets is primarily the result of the District's proportionate share of the TRS and ERS net pension position resulting in a liability of $9,390,000 that is included in long-term liabilities as compared to a net pension asset of $35,933,000 in 2022. The change of $45,323,000 in the TRS and ERS net pension position is largely a result of investment losses on plan assets. The capital assets increase is the result of ongoing capital projects.

Long-term liabilities increased by $4,837,000 (decrease of $10,174,000 in 2022) due to the increase in the District's proportionate share of the State pension plans stated above, partially offset by debt repayments of $3,584,000. Other liabilities increased $19,342,000 (increase of $12,655,000 in 2022) from the increase of BANs in the amount of $20,187,000 related to the ongoing capital project.

Changes in deferred outflows and deferred inflows of resources include changes in pension activity at the State level, which is required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date. Deferred outflows and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions.

Condensed Statement of Activities	2023	2022	Change $	Change %
Revenues				
Program revenues				
Charges for services	**$ 1,298,000**	$ 1,091,000	$ 207,000	19.0%
Operating grants and contributions	**11,169,000**	9,694,000	1,475,000	15.2%
General revenues				
Taxes and related items	**59,091,000**	56,872,000	2,219,000	3.9%
State aid	**26,088,000**	25,099,000	989,000	3.9%
Other	**2,208,000**	433,000	1,775,000	409.9%
Total revenue	**99,854,000**	93,189,000	6,665,000	7.2%
Expenses				
Instruction	**76,599,000**	62,343,000	14,256,000	22.9%
Support services				
General support	**12,180,000**	10,212,000	1,968,000	19.3%
Pupil transportation	**7,812,000**	5,319,000	2,493,000	46.9%
Food service	**2,622,000**	2,298,000	324,000	14.1%
Interest and other	**1,641,000**	763,000	878,000	115.1%
Total expenses	**100,854,000**	80,935,000	19,919,000	24.6%
Change in net position	**(1,000,000)**	12,254,000	(13,254,000)	(108.2%)
Net position – beginning	**84,870,000**	72,616,000	12,254,000	16.9%
Net position – ending	**$ 83,870,000**	$ 84,870,000	$ (1,000,000)	(1.2%)

District revenues increased $6,665,000 ($8,335,000 or 9.8% increase in 2022). State aid increased $989,000 (increase of $2,574,000 or 11.4% in 2022) primarily as a result of additional general aid and excess cost aid provided by the State of $1,484,000 and $301,000, respectively, which was offset by a decrease in building aid of $995,000 due to fewer capital projects. The District's operating grants and contributions increased $1,475,000 (increase of $3,822,000 or 65.1% in 2022) from the Education Stabilization Fund grants as a result of the COVID-19 pandemic. Taxes and related items increased $2,219,000 ($2,203,000 or 4.0% increase in 2022) attributable to an increase in the property tax levy and sales tax collections. Other revenue increased $1,775,000 as result of higher interest rates which led to $550,000 of additional interest earnings, bond anticipation note premiums of $762,000, and gain on disposal of capital assets in the amount of $439,000.

Total expenses increased by $19,919,000 compared to a decrease of $4,235,000 in 2022. This increase was the result of pension expense related to the District's proportionate share of TRS and ERS of $7,055,000 compared to pension income of $1,550,000 in 2022. Payroll expenses increased $4,140,000 or 8.8% due to salary increases as stipulated by the District's agreements with bargaining units. Other increases include expenses related to BOCES services of $1,538,000 and transportation costs of $1,094,000 related to increased transportation shortage in the geographic area.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased from $6,825,000 to a deficit of $10,144,000 as further described below:

- Total fund basis revenue increased $5,445,000 or 5.8% (increase of $8,372,000 or 9.9% in 2022) due to increases in taxes and related items of $2,298,000 and Federal and State sources of $984,000 and $1,472,000 as stated above.
- Total fund expenditures increased $13,741,000 or 13.2% (increase of $14,999,000 or 16.9% in 2022) due to increases in salaries of $4,140,000, BOCES services of $1,538,000, transportation services of $1,559,000, and $299,000 of food service costs due to the quantity of meals served. In addition, expenditures also increased $2,976,000 due to employee benefits as a result of increases in health insurance, retirement contributions, and workers compensation, as well as the payments related to the 105h plan. Capital outlay increased $3,512,000 as a result of the ongoing capital improvement project.
- The general fund experienced a decrease in fund balance of $2,668,000 compared to a $1,456,000 increase in 2022 as a result of increased expenditures noted above.

General Fund Budgetary Highlights

The revenue budget for 2023 was $86,102,000. Actual revenue was over budget by $1,568,000 or 1.8%. Nonproperty taxes (sales taxes) were greater than budget by $1,244,000.

Actual expenditures and carryover encumbrances were less than the final amended budget by $1,384,000 or 1.5%. The difference is attributable to many factors and unknown items at the time that the budget is prepared. Because of the uncertainty of educational funding levels by the State, the District cautiously managed its budget to generate savings in instruction, employee benefits, and pupil transportation.

Capital Assets

	2023	2022
Land and land improvements	$ 2,226,000	$ 2,226,000
Buildings and improvements	130,968,000	130,982,000
Furniture and equipment	12,793,000	13,934,000
Construction in progress	33,924,000	17,421,000
	179,911,000	164,563,000
Accumulated depreciation	(65,587,000)	(64,395,000)
	114,324,000	100,168,000
Right-to-use leased equipment, net	1,348,000	1,563,000
	$ 115,672,000	$ 101,731,000

Current year additions of $17,183,000 were offset by depreciation and amortization expense and disposals of $3,242,000.

Debt

At June 30, 2023, the District had $20,044,000 in bonds, leases, and energy performance contracts outstanding, with $3,666,000 due within one year ($23,410,000 outstanding at June 30, 2022). Outstanding compensated absences payable were $5,800,000 with $1,469,000 expected to be paid within one year ($5,714,000 outstanding at June 30, 2022).

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

Federal revenue sources have increased due to additional pandemic-related funding, but the full extent of Federal assistance is not yet known. The District will need to plan accordingly to ensure continuity of programs upon the eventual reduction in these funds. School districts in New York State are also impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this planning process.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 Donald Feldmann, Assistant Superintendent for Finance and Plant Services, Sweet Home Central School District, 1901 Sweet Home Road, Amherst, New York 14228.

Statement of Net Position

June 30, 2023
(With comparative totals as of June 30, 2022)

	2023	2022
Assets		
Cash	$ 30,994,661	$ 27,535,870
Accounts receivable	428,151	357,661
Due from other governments	413,387	413,482
State and federal aid receivable	4,018,341	4,885,846
Lease receivable	-	414,415
Inventory	142,724	104,499
Net pension asset	-	35,933,119
Capital assets (Note 5)	182,569,941	167,282,765
Accumulated depreciation and amortization	(66,898,168)	(65,551,645)
Total assets	151,669,037	171,376,012
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	24,644,732	23,997,889
Deferred outflows of resources related to OPEB	285,367	591,595
Total deferred outflows of resources	24,930,099	24,589,484
Liabilities		
Accounts payable	1,771,639	2,825,672
Accrued liabilities	1,094,619	1,421,991
Due to retirement systems	4,472,588	3,936,121
Bond anticipation notes payable	38,972,382	18,785,218
Long-term liabilities		
Due within one year:		
Leases	383,221	415,111
Energy performance contract	377,376	368,603
Bonds	2,905,000	2,800,000
Compensated absences	1,469,000	1,356,000
Due beyond one year:		
Leases	402,314	568,065
Energy performance contract	2,031,069	2,408,445
Bonds and related premiums	14,586,156	17,699,098
Judgments and claims	606,944	649,851
Compensated absences	4,331,000	4,358,000
Net pension liability	9,390,022	-
Total OPEB liability	6,519,730	7,542,306
Total liabilities	89,313,060	65,134,481
Deferred Inflows of Resources		
Deferred inflows of resources related to leases	-	414,415
Deferred inflows of resources related to pensions	2,363,339	45,045,018
Deferred inflows of resources related to OPEB	1,053,033	502,025
Total deferred inflows of resources	3,416,372	45,961,458
Net Position		
Net investment in capital assets	62,638,812	60,258,470
Restricted	10,256,529	10,200,845
Unrestricted	10,974,363	14,410,242
Total net position	$ 83,869,704	$ 84,869,557

See accompanying notes.

Statement of Activities

For the year ended June 30, 2023
(With summarized comparative totals for June 30, 2022)

		Program Revenues		Net (Expense) Revenue	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	**2023**	2022
Governmental activities					
General support	$ 12,180,659	$ 495,659	$ -	**$ (11,685,000)**	$ (9,733,612)
Instruction	76,599,447	617,030	7,900,125	**(68,082,292)**	(55,568,716)
Pupil transportation	7,811,986	-	-	**(7,811,986)**	(5,319,071)
Community service	21,323	-	-	**(21,323)**	(19,509)
Interest expense	1,619,617	-	-	**(1,619,617)**	(743,790)
School food service	2,621,531	185,650	3,268,998	**833,117**	1,234,376
	$ 100,854,563	$ 1,298,339	$ 11,169,123	**(88,387,101)**	(70,150,322)
	General revenues				
	Real property taxes			**53,946,747**	51,960,867
	Sales taxes			**5,144,333**	4,910,740
	Other			**2,208,193**	433,301
	State aid			**26,087,975**	25,098,942
	Total general revenues			**87,387,248**	82,403,850
	Change in net position			**(999,853)**	12,253,528
	Net position - beginning			**84,869,557**	72,616,029
	Net position - ending			**$ 83,869,704**	$ 84,869,557

See accompanying notes.

Balance Sheet - Governmental Funds

June 30, 2023
(With summarized comparative totals as of June 30, 2022)

	General	Capital Projects	Special Aid	Food Service	Total Governmental Funds 2023	Total Governmental Funds 2022
Assets						
Cash	$ 26,856,348	$ 3,920,331	$ 30,166	$ 187,816	**$ 30,994,661**	$ 27,535,870
Accounts receivable	428,151	-	-	-	**428,151**	357,661
Due from other governments	413,387	-	-	-	**413,387**	413,482
State and federal aid receivable	1,581,791	-	2,255,436	181,114	**4,018,341**	4,885,846
Due from other funds, net	-	4,282,795	-	2,395,536	**6,678,331**	2,199,976
Lease receivable	-	-	-	-	**-**	414,415
Inventory	-	-	-	142,724	**142,724**	104,499
Total assets	$ 29,279,677	$ 8,203,126	$ 2,285,602	$ 2,907,190	**$ 42,675,595**	$ 35,911,749
Liabilities						
Accounts payable	$ 171,106	$ 1,578,569	$ 21,953	$ 11	**$ 1,771,639**	$ 2,825,672
Accrued liabilities	878,036	-	24,865	21,718	**924,619**	924,991
Due to retirement systems	4,472,588	-	-	-	**4,472,588**	3,936,121
Due to other funds, net	4,439,547	-	2,238,784	-	**6,678,331**	2,199,976
Bond anticipation notes payable	-	38,972,382	-	-	**38,972,382**	18,785,218
Total liabilities	9,961,277	40,550,951	2,285,602	21,729	**52,819,559**	28,671,978
Deferred Inflows of Resources						
Deferred inflows of resources related to leases	-	-	-	-	**-**	414,415
Fund Balances						
Nonspendable	-	-	-	142,724	**142,724**	104,499
Restricted	10,256,529	-	-	-	**10,256,529**	10,200,845
Assigned	5,186,407	-	-	2,742,737	**7,929,144**	8,641,489
Unassigned (deficit)	3,875,464	(32,347,825)	-	-	**(28,472,361)**	(12,121,477)
Total fund balances (deficit)	19,318,400	(32,347,825)	-	2,885,461	**(10,143,964)**	6,825,356
Total liabilities, deferred inflows of resources, and fund balances	$ 29,279,677	$ 8,203,126	$ 2,285,602	$ 2,907,190	**$ 42,675,595**	$ 35,911,749

See accompanying notes.

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

June 30, 2023

Total fund balances - governmental funds		$ (10,143,964)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		115,671,773
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to pensions	24,644,732	
Net pension liability	(9,390,022)	
Deferred inflows of resources related to pensions	(2,363,339)	12,891,371
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:		
Deferred outflows of resources related to OPEB	285,367	
Total OPEB liability	(6,519,730)	
Deferred inflows of resources related to OPEB	(1,053,033)	(7,287,396)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Accrued interest	(170,000)	
Leases	(785,535)	
Energy performance contract	(2,408,445)	
Bonds and related premiums	(17,491,156)	
Judgments and claims	(606,944)	
Compensated absences	(5,800,000)	(27,262,080)
Net position - governmental activities		$ 83,869,704

See accompanying notes.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the year ended June 30, 2023
(With summarized comparative totals for June 30, 2022)

	General	Capital Projects	Special Aid	Food Service	Total Governmental Funds 2023	Total Governmental Funds 2022
Revenues						
Real property taxes	$ 50,407,405	$ -	$ -	$ -	**$ 50,407,405**	$ 48,109,607
Real property tax items	3,539,342	-	-	-	**3,539,342**	3,851,260
Nonproperty taxes	5,144,333	-	-	-	**5,144,333**	4,910,740
Charges for services	617,030	-	-	-	**617,030**	565,214
Use of money and property	1,058,998	-	-	288	**1,059,286**	491,292
Sale of property and compensation for loss	100,926	-	-	-	**100,926**	100,781
Miscellaneous	358,858	-	29,319	86,059	**474,236**	397,943
State sources	26,087,975	-	1,581,497	67,076	**27,736,548**	26,264,670
Federal sources	354,523	-	5,934,786	3,201,922	**9,491,231**	8,506,763
Sales	-	-	-	99,591	**99,591**	26,889
Total revenues	87,669,390	-	7,545,602	3,454,936	**98,669,928**	93,225,159
Expenditures						
General support	9,205,891	-	-	897,024	**10,102,915**	9,163,662
Instruction	47,890,047	-	6,428,399	-	**54,318,446**	49,905,736
Pupil transportation	5,905,945	-	234,549	-	**6,140,494**	4,581,487
Community service	14,358	-	-	-	**14,358**	15,214
Employee benefits	20,598,481	-	1,074,186	451,008	**22,123,675**	19,147,884
Debt service						
Principal	4,538,714	-	-	-	**4,538,714**	5,605,115
Interest	2,154,559	-	-	-	**2,154,559**	962,356
Cost of sales	-	-	-	1,161,163	**1,161,163**	894,438
Other expenses	-	-	-	109,843	**109,843**	159,203
Capital outlay	-	16,906,967	-	2,493	**16,909,460**	13,397,907
Total expenditures	90,307,995	16,906,967	7,737,134	2,621,531	**117,573,627**	103,833,002
Excess revenues (expenditures)	(2,638,605)	(16,906,967)	(191,532)	833,405	**(18,903,699)**	(10,607,843)
Other financing sources (uses)						
Lease proceeds	-	217,470	-	-	**217,470**	609,282
BAN premiums	761,909	-	-	-	**761,909**	-
BANS redeemed from appropriations	-	955,000	-	-	**955,000**	-
Operating transfers, net	(791,532)	600,000	191,532	-	**-**	-
Total other financing sources (uses)	(29,623)	1,772,470	191,532	-	**1,934,379**	609,282
Net change in fund balances	(2,668,228)	(15,134,497)	-	833,405	**(16,969,320)**	(9,998,561)
Fund balances (deficit) - beginning	21,986,628	(17,213,328)	-	2,052,056	**6,825,356**	16,823,917
Fund balances (deficit) - ending	$ 19,318,400	$ (32,347,825)	$ -	$ 2,885,461	**$ (10,143,964)**	$ 6,825,356

See accompanying notes.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended June 30, 2023

Total net change in fund balances - governmental funds		$ (16,969,320)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays exceed depreciation and amortization expense and disposals.		13,940,653
Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:		
2023 TRS and ERS contributions	4,928,639	
2023 ERS accrued contribution	370,662	
2022 ERS accrued contribution	(239,010)	
2023 TRS pension expense	(4,734,196)	
2023 ERS pension expense	(2,320,714)	(1,994,619)
OPEB income is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities.		165,340
Leases proceeds are recorded as other financing sources in the governmental funds but as long-term liabilities in the statement of net position.		(217,470)
Payments of long-term liabilities are reported as expenditures in governmental funds and as a reduction of debt in the statement of net position.		3,583,714
In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:		
Interest	327,000	
Amortization of bond premiums	207,942	
Judgments and claims	42,907	
Compensated absences	(86,000)	491,849
Change in net position - governmental activities		$ (999,853)

See accompanying notes.

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended June 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	$ 50,407,404	$ 50,407,404	**$ 50,407,405**		$ 1
Real property tax items	3,473,934	3,473,934	**3,539,342**		65,408
Nonproperty taxes	3,900,000	3,900,000	**5,144,333**		1,244,333
Charges for services	1,017,000	1,017,000	**617,030**		(399,970)
Use of money and property	695,000	695,000	**1,058,998**		363,998
Sale of property and compensation for loss	118,000	118,000	**100,926**		(17,074)
Miscellaneous	138,250	138,250	**358,858**		220,608
State sources	26,152,000	26,152,000	**26,087,975**		(64,025)
Federal sources	200,000	200,000	**354,523**		154,523
Total revenues	86,101,588	86,101,588	**87,669,390**		1,567,802
Expenditures					
General support					
Board of education	52,499	51,445	**37,402**	-	(14,043)
Central administration	280,051	287,976	**289,135**	699	1,858
Finance	587,467	662,312	**567,077**	44,834	(50,401)
Staff	883,681	733,585	**794,473**	29,900	90,788
Central services	6,897,330	7,279,587	**6,467,819**	793,756	(18,012)
Special items	1,331,328	1,326,626	**1,049,985**	258,606	(18,035)
Instruction					
Instruction, administration, and improvement	2,823,254	2,706,626	**2,707,408**	5,752	6,534
Teaching - regular school	30,656,601	30,267,202	**29,745,219**	598,553	76,570
Programs for children with handicapping conditions	11,331,410	10,141,150	**9,527,957**	281,579	(331,614)
Occupational education	776,365	765,288	**776,365**	-	11,077
Teaching - special schools	171,820	154,021	**93,139**	5,819	(55,063)
Instructional media	1,500,704	1,333,570	**1,393,371**	126,848	186,649
Pupil services	3,880,991	3,772,140	**3,646,588**	19,175	(106,377)
Pupil transportation	5,700,694	6,739,816	**5,905,945**	556,909	(276,962)
Community service	47,500	44,500	**14,358**	-	(30,142)
Employee benefits	20,191,573	21,498,400	**20,598,481**	43,977	(855,942)
Debt service					
Principal	4,868,650	4,540,212	**4,538,714**	-	(1,498)
Interest	1,383,602	2,154,350	**2,154,559**	-	209
Total expenditures	93,365,520	94,458,806	**90,307,995**	2,766,407	(1,384,404)
Excess revenues (expenditures)	(7,263,932)	(8,357,218)	**(2,638,605)**	(2,766,407)	2,952,206
Other financing sources (uses)					
Operating transfers out	(260,000)	(760,000)	**(791,532)**		31,532
BAN premiums	-	-	**761,909**		761,909
Appropriated fund balance, reserves, and carryover encumbrances	7,523,932	9,117,218	**-**		(9,117,218)
Total other financing sources (uses)	7,263,932	8,357,218	**(29,623)**		(8,386,841)
Excess revenues (expenditures) and other financing sources (uses)	$ -	$ -	**$ (2,668,228)**	$ (2,766,407)	$ (5,434,635)

See accompanying notes.

SWEET HOME CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2023

Assets	
Cash	$ 125,840
Liabilities	
Sales tax payable	294
Net Position	
Extraclassroom activities balances	$ 125,546

* * *

SWEET HOME CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2023

Additions	
Student activity receipts	$ 262,618
Sales tax collected	935
	263,553
Deductions	
Student activity disbursements	242,835
Sales tax paid	410
	243,245
Change in net position	20,308
Net position - beginning	105,238
Net position - ending	$ 125,546

See accompanying notes.

1. Summary of Significant Accounting Policies

Reporting Entity

Sweet Home Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America (GAAP), nor does it contain any component units.

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

Joint Venture

The District is one of 19 participating school districts in the Erie 1 Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES' budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may issue debt on behalf of BOCES; there is no such debt issued by the District.

During the year ended June 30, 2023, the District was billed $4,615,000 for BOCES administrative and program costs and recognized revenue of $249,000 as a refund from prior year expenditures paid to BOCES. Audited financial statements are available from BOCES' administrative offices.

Risk Management

The District participates in the NY44 Health Benefits Plan Trust which is a public entity risk pool. This plan is designed to provide health insurance coverage for participating entities. The District also self-insures for workers' compensation claims. These activities are further discussed in Note 10.

Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) grants and contributions limited to the purchase or construction of specific capital assets, if any. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

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

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Capital projects fund*. This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District also elected to display the following as major funds:

- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.

The District has elected not to use a debt service fund as debt activity is currently reflected in the general fund. Amounts accumulated for future principal and interest payments and restricted for such purpose are included in the general fund.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for its student activity accounts.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

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

Governmental funds 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 they are collected within ninety days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2023, the tax lien was issued on August 23, 2022 for collection from September 1, 2022 through December 1, 2022. Thereafter, uncollected amounts became the responsibility of Erie County and were submitted to the District by April 1st of the following year as required by law.

The District is subject to tax abatements granted by the Town of Amherst Industrial Development Agency (AIDA). AIDA is a public benefit corporation created by an act of the New York State Legislature to promote and assist private sector industrial and business development. Through AIDA, companies promise to expand or maintain facilities or employment within the Town of Amherst (the Town), to establish a new business within the Town, or to relocate an existing business to the Town. Economic development agreements entered into by AIDA can include the abatement of county, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreement stipulates a percentage reduction of property taxes, which can be as much as 100%. For the year ended June 30, 2023, the impact of tax abatements amounted to $269,000.

Budget Process, Amendments, and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2022 was approved by a majority of the voters in a general election held on May 17, 2022.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

Inventory

Inventory consists of food and similar goods related to food service operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Capital Assets

Capital assets are generally reported at actual or estimated historical cost based on appraisals. Finance right-to-use lease assets are recorded at the present value of the initial lease liability. Contributed assets are recorded at fair value at the time received. Depreciation and amortization are provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which assets are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	$ 1,000	20
Buildings and improvements	$ 1,000	30 - 50
Furniture and equipment	$ 1,000	5 - 20
Vehicles	$ 1,000	8

Bond Premiums

Premiums received upon issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Pensions

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems), as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense of the District's defined benefit healthcare plan (Note 9) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrative and employee groups which provide for the payment of various amounts at retirement. All such payouts are made directly to the employees' tax deferred annuity accounts.

The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Equity Classifications

Government-Wide Statements

The District is required to classify net position into three categories:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources. Restrictions are imposed by external organizations such as federal or state laws or required by the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Fund balance is categorized as follows:

Nonspendable:	
Inventory	$ 142,724
Restricted:	
Capital	2,870,224
Debt service	1,703,358
Employee benefit accrued liability	639,896
Retirement contribution	2,740,648
Tax certiorari	1,018,386
Unemployment insurance	432,975
Workers' compensation	851,042
Assigned:	
Designated for subsequent year	2,420,000
Encumbrances	2,766,407
Food service	2,742,737
Unassigned (deficit)	(28,472,361)
	$ (10,143,964)

Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Fund balance restrictions include the following reserves:

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. During 2017, voters approved the creation of a capital reserve of $5,000,000, which has been funded $4,025,000 to date plus accumulated interest.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries up to a maximum reserve of 10%. At June 30, 2023, the retirement contribution reserve consists of $1,316,082 for TRS and $1,424,566 for ERS.
- *Tax certiorari* – is used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District uses the benefit reimbursement method.
- *Worker's compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Worker's Compensation Law, and for payment of expenses for administration of this self-insurance program.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end.

Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Significant outstanding encumbrances in the general fund as of June 30, 2023 include $258,000 for expenses relating to BOCES' capital projects, $179,000 for utilities services, $474,000 for vehicles, and $100,000 for curriculum services.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

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

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District's practice to settle these amounts at the net balances due between funds.

2. Stewardship and Compliance

The capital projects deficit balance of $32,347,825 will be funded when the District obtains permanent financing for its projects.

3. Cash

Cash management is governed by State laws and as established in the District's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District's banking policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2023, the District's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' agents in the District's name.

4. Interfund Transactions – Fund Financial Statements

			Transfers	
Fund	Receivable	Payable	In	Out
General	$ 3,440,939	$ 7,880,486	$ -	$ 791,532
Capital projects	4,738,478	455,683	600,000	-
Special aid	746,472	2,985,256	191,532	-
Food service	2,395,536	-	-	-
	$ 11,321,425	$ 11,321,425	$ 791,532	$ 791,532

The District's general fund provides cash flow to various other funds; these amounts are repaid in the subsequent year when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund owes the capital projects fund for miscellaneous project costs and owes the food service fund for receipts collected on its behalf. The general fund made permanent transfers to the special aid and capital projects funds to cover costs related to the summer school handicap program and to fund capital projects.

5. Capital Assets

	July 1, 2022	Increases	Retirements/ Reclassifications	June 30, 2023
Non-depreciable and non-amortizable capital assets:				
Land	$ 966,214	$ -	$ -	$ 966,214
Construction in progress	17,421,128	16,502,973	-	33,924,101
Total non-depreciable and non-amortizable assets	18,387,342	16,502,973	-	34,890,315
Depreciable capital assets:				
Land improvements	1,260,266	-	-	1,260,266
Buildings and improvements	130,982,635	-	(14,500)	130,968,135
Furniture and equipment	6,558,532	29,564	(817,840)	5,770,256
Vehicles	7,373,889	320,895	(673,639)	7,021,145
Total depreciable assets	146,175,322	350,459	(1,505,979)	145,019,802
Accumulated depreciation:				
Land improvements	(1,244,625)	(3,102)	-	(1,247,727)
Buildings and improvements	(53,345,199)	(2,299,793)	9,401	(55,635,591)
Furniture and equipment	(4,333,565)	(323,326)	1,247,717	(3,409,174)
Vehicles	(5,471,368)	(494,706)	671,734	(5,294,340)
Total accumulated depreciation	(64,394,757)	(3,120,927)	1,928,852	(65,586,832)
Total depreciable assets, net	81,780,565	(2,770,468)	422,873	79,432,970
Right-to-use lease assets:				
Equipment	2,720,101	329,303	(389,580)	2,659,824
Accumulated amortization	(1,156,888)	(544,028)	389,580	(1,311,336)
Total right-to-use assets, net	1,563,213	(214,725)	-	1,348,488
	$ 101,731,120	$ 13,517,780	$ 422,873	$ 115,671,773

Depreciation and amortization expense has been allocated to the following functions: general support $921,753, instruction $2,138,109, and pupil transportation $605,093.

As of June 30, 2023, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation and amortization	$ 115,671,773
Bonds and related premiums	(17,491,156)
Lease liability	(785,535)
Energy performance contract	(2,408,445)
Bond anticipation notes, net of unspent proceeds	(32,347,825)
	$ 62,638,812

6. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2023 amounted to $38,972,382 ($18,785,218 as of June 30, 2022) and carry interest at 4.75% (1.25% as of June 30, 2022). In 2023, BANs of $38,972,382 were issued and $955,000 of BANs were redeemed to refinance existing BANs and provide additional funding for capital projects.

7. Long-Term Liabilities

	July 1, 2022	Increases	Decreases	June 30, 2023	Amount Due in One Year
Serial bonds	$ 19,650,000	$ -	$ 2,800,000	$ 16,850,000	$ 2,905,000
Bond premiums	849,098	-	207,942	641,156	-
Leases	983,176	217,470	415,111	785,535	383,221
Energy performance contract	2,777,048	-	368,603	2,408,445	377,376
Compensated absences	5,714,000	86,000	-	5,800,000	1,469,000
	$ 29,973,322	$ 303,470	$ 3,791,656	$ 26,485,136	$ 5,134,597

Existing Obligations

Description	Maturity	Rate	Balance
General reconstruction, 2008	February 2024	4.00%-4.25%	$ 220,000
Refunding serial bonds, 2014 – Series A	July 2026	2.00%-5.00%	5,115,000
Refunding serial bonds, 2014 – Series B	July 2026	2.00%-5.00%	760,000
General reconstruction, 2016	June 2031	2.00%-3.00%	10,755,000
Equipment leases	June 2027	1.26%-6.39%	785,535
Energy performance contract	April 2028	2.38%	2,408,445
			$ 20,043,980

Debt Service Requirements

Years ending June 30,	Bonds		Energy Performance Contract		Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 2,905,000	$ 511,300	$ 377,376	$ 57,321	$ 383,221	$ 14,245
2025	2,805,000	403,850	386,358	48,339	293,625	9,506
2026	2,905,000	301,225	395,553	39,144	53,544	3,250
2027	2,740,000	194,400	404,967	29,730	55,145	1,649
2028	1,405,000	132,750	414,605	20,092	-	-
2029-2031	4,090,000	212,974	429,586	5,111	-	-
	$ 16,850,000	$ 1,756,499	$ 2,408,445	$ 199,737	$ 785,535	$ 28,650

8. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3.0% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 10.29% for 2023. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2023, these rates ranged from 8.3% - 13.10%.

The amount outstanding and payable to TRS for the year ended June 30, 2023 was $3,832,749. A liability to ERS of $370,662 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2023.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2023, the District reported a liability of $3,823,205 for its proportionate share of the TRS net pension position and $5,566,817 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures applied to roll forward the total pension liability to June 30, 2022. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2022, the District's proportion was 0.199240%, an increase of 0.003744% from its proportion measured as of June 30, 2021.

The ERS total pension liability at the March 31, 2023 measurement date was determined by an actuarial valuation as of April 1, 2022, with update procedures applied to roll forward the total pension liability to March 31, 2023. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At March 31, 2023, the District's proportion was 0.0259597%, an increase of 0.0008153 from its proportion measured as of March 31, 2022.

For the year ended June 30, 2023, the District recognized pension expense of $7,054,910 on the government-wide statements (TRS expense of $4,734,196 and ERS expense of $2,320,714 At June 30, 2023, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,006,235	$ (76,610)	$ 592,910	$ (156,337)
Changes of assumptions	7,416,371	(1,540,095)	2,703,605	(29,880)
Net difference between projected and actual earnings on pension plan investments	4,939,944	-	-	(32,705)
Changes in proportion and differences between District contributions and proportionate share of contributions	28,269	(483,240)	753,987	(44,472)
District contributions subsequent to the measurement date	3,832,749	-	370,662	-
	$ 20,223,568	$ (2,099,945)	$ 4,421,164	$ (263,394)

District contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	TRS	ERS
2024	$ 2,754,763	$ 1,021,642
2025	1,399,172	(87,392)
2026	(709,244)	1,281,623
2027	9,627,137	1,571,235
2028	1,181,822	-
Thereafter	37,224	-
	$ 14,290,874	$ 3,787,108

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2021 valuation, with update procedures used to roll forward the total pension liability to June 30, 2022, were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. These assumptions are:

Inflation – 2.4%
Salary increases – Based on TRS member experience, dependent on service, ranging from 1.95%-5.18%
Projected Cost of Living Adjustments (COLA) – 1.3% compounded annually
Investment rate of return – 6.95% compounded annually, net of investment expense, including inflation
Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis
Discount rate – 6.95%

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

For ERS, the actuarial assumptions used in the April 1, 2022 valuation, with update procedures used to roll forward the total pension liability to March 31, 2023, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation – 2.9%
Salary increases – 4.4%
COLA – 1.5% annually
Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation
Mortality – Society of Actuaries' Scale MP-2021
Discount rate – 5.9%

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

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of long term inflation assumptions) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

	TRS		ERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	6.5%	32%	4.3%
Global and international equities	20%	6.9%-7.2%	15%	6.9%
Private equities	8%	9.9%	10%	7.5%
Real estate equities	11%	6.2%	9%	4.6%
Domestic fixed income securities	16%	1.1%	23%	1.5%
Global fixed income securities	2%	0.6%	-	-
Bonds and mortgages	6%	2.4%	-	-
Short-term	1%	(0.3)%	1%	-
Other	3%	3.3%-5.3%	10%	5.4%-5.8%
	100%		100%	

Discount Rate

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

The following presents the District's proportionate share of its net pension position calculated using the discount rate of 6.95% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	$ (35,251,743)	$ (3,823,205)	$ 22,607,989
District's proportionate share of the ERS net pension asset (liability)	$ (13,452,608)	$ (5,566,817)	$ 1,022,680

9. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance for certain District retirees and their spouses. Employees must be eligible to retire under their respective State retirement systems and have completed at least 10 years of service with the District. Members of the District's administrative bargaining unit who retired prior to June 30, 2007 receive paid health insurance until age 65. Upon reaching age 65, these retirees must enroll in Medicare B. The District reimburses Medicare B premiums and pays the full cost of a Medicare advantage health insurance plan. The District also provides these retirees $100,000 of life insurance coverage to age 70. The Plan has no assets, does not issue financial statements, and is not a trust.

At March 30, 2023, employees covered by the Plan include:

Active employees	691
Inactive employees or beneficiaries currently receiving benefits	127
Inactive employees entitled to but not yet receiving benefits	-
	818

Total OPEB Liability

The District's total OPEB liability of $6,519,730 was measured as of March 31, 2023 and was determined by an actuarial valuation as of June 30, 2023.

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

Healthcare cost trend rates – based on National Health Expenditure Projections 2014-2030 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2023 version 1f (updated October 2022) for long-term rates, initially 5.5%, with an ultimate rate of 4.0% after 2075
Salary increases – 3.53%
Mortality – Pub-2010 public retirement plans mortality tables, without separate contingent survivor mortality; fully generational using Mortality Improvement Scale MP-2021 for retirees and surviving spouses
Discount rate – 3.78% based on the Fidelity Municipal GO AA 20-Year Bond rate as of the measurement date
Inflation rate – 2.53%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	$ 7,542,306
Changes for the year:	
Service cost	84,597
Interest	204,128
Changes of benefit terms	-
Differences between expected and actual experience	(412,921)
Changes of assumptions or other inputs	(484,495)
Benefit payments	(413,885)
Net changes	(1,022,576)
Balance at June 30, 2023	$ 6,519,730

The following presents the sensitivity of the District's total OPEB liability to changes in the discount rate, including what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (2.78%)	Discount Rate (3.78%)	1.0% Increase (4.78%)
Total OPEB liability	$ (7,066,095)	$ (6,519,730)	$ (6,039,980)

The following presents the sensitivity of the District's total OPEB liability to changes in the healthcare cost trend rates, including what the District's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (4.5% to 3.0%)	Healthcare Cost Trend Rate (5.5% to 4.0%)	1.0% Increase (6.5% to 5.0%)
Total OPEB liability	$ (5,998,817)	$ (6,519,730)	$ (7,116,244)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2023, the District recognized OPEB expense of $248,545. At June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 276,920	$ (383,603)
Changes of assumptions or other inputs	8,447	(669,430)
	$ 285,367	$ (1,053,033)

The net amount of deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2024	$ (124,395)
2025	(88,656)
2026	(77,493)
2027	(95,461)
2028	(103,151)
Thereafter	(278,510)
	$ (767,666)

10. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

Health Insurance

The District participates in the NY44 Health Benefits Plan Trust (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage for the 19 participating members as of June 30, 2022 (the most recent information available).

The District has transferred all risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Refunds are not made nor additional assessments charged other than the annual premium equivalents. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2022, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York 14224.

Workers' Compensation

The District is self-insured for workers' compensation and contracts with a third party to administer the plan. The third party administrator tracks and identifies all cases and prepares a monthly statement for the District. Payments are made as cases are settled and closed. The District maintains excess insurance coverage that limits their self-insured rate to $600,000 per incident and $1,000,000 in the aggregate. The general fund includes a reserve in the amount of $851,000 to cover any unexpected charges or changes in claims. All expected losses have been accrued on the government-wide statements.

Claims activity for this plan is as follows:

	Beginning of Year	Current Claims and Changes in Estimates	Claims Paid	End of Year
2023	$ 649,851	$ 911,473	$ 954,380	$ 606,944
2022	$ 684,455	$ 385,835	$ 420,439	$ 649,851

11. Commitments and Contingencies

Grants

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and is subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

Litigation

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of the District.

Separate from claims and lawsuits that arise in the ordinary course of business, legislation was put in place regarding historical claims that were previously time-barred. The Child Victims Act, as amended, allowed any individual who was a minor at the time they suffered any alleged sexual abuse to file a lawsuit before August 14, 2021 regardless of when the alleged abuse occurred. This has resulted in the filing of thousands of lawsuits State-wide. Lawsuits have been initiated against the District by former students who allege that inappropriate sexual contact occurred between them and employees of the District between 30 and 50 years ago. The District has retained counsel and is evaluating whether any insurance is available for these claims.

Construction Commitments

The District has entered into contracts with various construction companies for its outstanding capital projects. The capital improvement project budget totals $39,927,000 and $33,621,000 has been spent as of June 30, 2023.

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State Teachers' Retirement System

As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.199240%	0.195496%	0.188911%	0.185622%	0.186126%	0.186432%	0.185997%	0.182954%	0.184104%	0.183268%
District's proportionate share of the net pension asset (liability)	$ (3,823,205)	$ 33,877,669	$ (5,220,128)	$ 4,822,468	$ 3,365,656	$ 1,417,070	$ (1,992,105)	$ 19,003,117	$ 20,508,018	$ 1,206,365
District's covered payroll	$ 35,291,041	$ 33,182,025	$ 32,064,221	$ 30,983,305	$ 30,317,898	$ 29,543,362	$ 28,701,199	$ 27,906,206	$ 27,551,617	$ 27,173,759
District's proportionate share of the net pension position as a percentage of its covered payroll	10.83%	102.10%	16.28%	15.56%	11.10%	4.80%	6.94%	68.10%	74.43%	4.44%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

The following is a summary of changes of assumptions:

Inflation	2.4%	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.95%-5.18%	1.95%-5.18%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

Required Supplementary Information
Schedule of District Contributions
New York State Teachers' Retirement System

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 3,832,749	$ 3,458,522	$ 3,162,247	$ 2,840,890	$ 3,290,427	$ 2,971,154	$ 3,462,482	$ 3,805,779	$ 4,817,646	$ 4,419,188
Contribution in relation to the contractually required contribution	(3,832,749)	(3,458,522)	(3,162,247)	(2,840,890)	(3,290,427)	(2,971,154)	(3,462,482)	(3,805,779)	(4,817,646)	(4,419,188)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 37,247,318	$ 35,291,041	$ 33,182,025	$ 32,064,221	$ 30,983,305	$ 30,317,898	$ 29,543,362	$ 28,701,199	$ 27,906,206	$ 27,551,617
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.26%	16.04%

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0259597%	0.0251444%	0.0241452%	0.0251313%	0.0249084%	0.0248410%	0.0262642%	0.0281686%	0.0284813%
District's proportionate share of the net pension asset (liability)	$ (5,566,817)	$ 2,055,450	$ (24,042)	$ (6,654,917)	$ (1,764,836)	$ (801,728)	$ (2,467,843)	$ (4,521,147)	$ (962,167)
District's covered payroll	$ 9,925,328	$ 9,539,467	$ 9,965,926	$ 9,716,537	$ 9,385,899	$ 9,230,699	$ 9,242,994	$ 9,041,093	$ 8,976,952
District's proportionate share of the net pension position as a percentage of its covered payroll	56.09%	21.55%	0.24%	68.49%	18.80%	8.69%	26.70%	50.01%	10.72%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

The following is a summary of changes of assumptions:

Inflation	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

Required Supplementary Information
Schedule of District Contributions
New York State and Local Employees' Retirement System

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,095,890	$ 1,485,390	$ 1,412,186	$ 1,391,973	$ 1,366,193	$ 1,390,864	$ 1,415,449	$ 1,664,287	$ 1,762,347	$ 1,663,511
Contribution in relation to the contractually required contribution	(1,095,890)	(1,485,390)	(1,412,186)	(1,391,973)	(1,366,193)	(1,390,864)	(1,415,449)	(1,664,287)	(1,762,347)	(1,663,511)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,925,328	$ 9,539,467	$ 9,965,926	$ 9,716,537	$ 9,385,899	$ 9,230,699	$ 9,242,994	$ 9,041,093	$ 8,976,952	$ 8,777,575
Contributions as a percentage of covered payroll	11.04%	15.57%	14.17%	14.33%	14.56%	15.07%	15.31%	18.41%	19.63%	18.95%

Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	$ 7,542,306	$ 7,790,352	$ 7,926,312	$ 7,380,131	$ 5,947,235	$ 6,047,585	$ 5,836,078
Changes for the year:							
Service cost	84,597	95,093	110,064	92,682	59,454	58,455	57,051
Interest	204,128	170,135	191,107	244,816	206,768	220,276	187,461
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(412,921)	264,346	(199,584)	(204,899)	1,535,179	(161,875)	539,304
Changes of assumptions or other inputs	(484,495)	(387,124)	92,906	769,658	(89,472)	92,094	(275,034)
Benefit payments	(413,885)	(390,496)	(330,453)	(356,076)	(279,033)	(309,300)	(297,275)
Net change in total OPEB liability	(1,022,576)	(248,046)	(135,960)	546,181	1,432,896	(100,350)	211,507
Total OPEB liability - ending	$ 6,519,730	$ 7,542,306	$ 7,790,352	$ 7,926,312	$ 7,380,131	$ 5,947,235	$ 6,047,585
Covered-employee payroll	$ 44,979,023	$ 42,602,917	$ 41,317,929	$ 39,795,595	$ 38,795,595	$ 37,907,285	$ 37,907,285
Total OPEB liability as a percentage of covered-employee payroll	14.5%	17.7%	18.9%	19.9%	19.0%	15.7%	16.0%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Differences between expected and actual experience for each of the years presented are a result of changes in healthcare trend rates.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	5.50%-4.00%	6.10%-4.37%	4.00%-4.08%	5.20%-4.18%	5.20%-4.32%	6.20%-4.17%	5.30%-4.17%
Salary increases	3.53%	3.44%	3.11%	3.22%	3.36%	3.31%	3.31%
Discount rate	3.78%	2.83%	2.27%	2.48%	3.44%	3.61%	3.80%
Inflation rate	2.53%	2.44%	2.11%	2.22%	2.36%	2.31%	2.30%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2016

Data prior to 2017 is unavailable.

Supplementary Information
Schedule of Change from Original to Final Budget and Calculation of Unrestricted Fund Balance Limit - General Fund

For the year ended June 30, 2023

Original expenditure budget	$ 89,351,588
Encumbrances carried over from prior year	4,273,932
Budget amendments:	
Use of capital reserve	500,000
Use of retirement reserve	1,093,286
Revised expenditure budget	$ 95,218,806

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Unrestricted Fund Balance	
Assigned	5,186,407
Unassigned	3,875,464
	9,061,871
Encumbrances included in assigned fund balance	(2,766,407)
Less appropriated fund balance used for tax levy	(2,420,000)
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	$ 3,875,464
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2024 expenditure budget (unaudited)	$ 96,886,588
4% of budget	3,875,464
Actual percentage of 2024 expenditure budget	4.0%

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2023

Project Title	Original Budget	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Unexpended Balance
2020 Smart Schools Bond Act	$ 1,095,930	$ 168,600	$ 46,284	$ 214,884	$ 881,046
Capital Outlay Project - 2020	100,000	89,893	3,400	93,293	6,707
Capital Outlay Project - 2021	100,000	-	46,148	46,148	53,852
Capital Outlay Project - 2022	100,000	-	-	-	100,000
Capital Outlay Project - 2023	100,000	-	-	-	100,000
Vehicle Purchases	500,000	-	186,495	186,495	313,505
2019 Capital Improvements	39,927,382	17,213,989	16,407,170	33,621,159	6,306,223
	$ 41,923,312	$ 17,472,482	$ 16,689,497	$ 34,161,979	$ 7,761,333

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
U.S. Department of Education			
Passed Through New York State Education Department			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-23-0200	$ 854,608
Special Education Grants to States	84.027	0032-22-0200	12,459
COVID-19 Special Education Grants to States	84.027	5532-22-0200	152,129
Special Education Preschool Grants	84.173	0033-23-0200	36,467
COVID-19 Special Education Preschool Grants	84.173	5533-22-0200	15,067
Total Special Education Cluster			1,070,730
Title I Grants to Local Educational Agencies	84.010	0021-23-0730	1,035,747
English Language Acquisition State Grants	84.365	0293-23-0730	39,890
English Language Acquisition State Grants	84.365	0293-22-0730	11,252
English Language Acquisition State Grants	84.365	0149-23-0730	20,538
English Language Acquisition State Grants	84.365	0149-22-0730	10,176
Supporting Effective Instruction State Grants	84.367	0147-23-0730	48,362
Student Support and Academic Enrichment Program	84.424	0204-23-0730	53,785
Education Stabilization Fund:			
Governor's Emergency Education Relief Fund	84.425C	5896-21-0730	100,294
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0730	3,106
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-0730	1,588,212
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0730	1,955,800
Total Education Stabilization Fund			3,647,412
Total U.S. Department of Education			5,937,892
U.S. Department of Homeland Security			
Passed Through New York State Division of Homeland Security and Emergency Services			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	157869	8,521
U.S. Department of Agriculture			
Passed Through New York State Education Department			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	925,478
National School Lunch Program	10.555	N/A	1,874,653
Summer Food Service Program for Children	10.559	N/A	165,412
Passed through New York State Office of General Services			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	236,379
Total Child Nutrition Cluster and U.S. Department of Agriculture			3,201,922
Total Expenditures of Federal Awards			$ 9,148,335

See accompanying notes.

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Sweet Home Central School District (the District), an entity as defined in Note 1 to the District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Indirect Costs

The District does not use the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2023, the District used $236,379 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

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INDEPENDENT AUDITORS' 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*

The Board of Education
Sweet Home 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 remaining fund information of Sweet Home Central School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 6, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lumsden & McCormick, LLP

October 6, 2023

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

The Board of Education
Sweet Home Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Lumsden & McCormick, LLP

October 6, 2023

Schedule of Findings and Questioned Costs

For the year ended June 30, 2023

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:
- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Title I Grants to Local Educational Agencies	84.010	$ 1,035,747
Education Stabilization Fund	84.425	3,647,412
		$ 4,683,159

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

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.