

MARCELLUS CENTRAL SCHOOL DISTRICT

SINGLE AUDIT REPORTING PACKAGE

**AS REQUIRED BY THE UNIFORM GUIDANCE AND
2 CFR section 200.512(c)**

June 30, 2024

MARCELLUS CENTRAL SCHOOL DISTRICT

Single Audit Reporting Package
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CERTIFIED PUBLIC ACCOUNTANTS PLLC

Board of Education
Marcellus Central School District
Marcellus, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marcellus Central School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marcellus Central School District as of June 30, 2024, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 Marcellus Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Marcellus Central School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis (MD&A)*; *schedule of changes in the District's OPEB liability and related ratios*; *schedule of revenues, expenditures and changes in fund balance – budget (non-GAAP basis) and actual – general fund*; *schedule of district contributions*; and *schedule of district's proportionate share of net pension asset (liability)* on pages 4-12, and 50-53, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

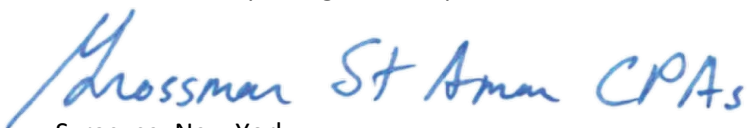
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marcellus Central School District's basic financial statements. The *schedule of change from adopted budget to final budget and the real property tax limit - general fund; the schedule of project expenditures – capital projects fund; net investment in capital assets; and schedule of expenditures of federal awards*, as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* on pages 54-56 and 62, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of change from adopted budget to final budget and the real property tax limit - general fund; the schedule of project expenditures – capital projects fund; net investment in capital assets; and schedule of expenditures of federal awards* are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024 on our consideration of Marcellus Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 Marcellus Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Grossman St Amour CPAs". The signature is written in a cursive, flowing style.

Syracuse, New York
September 23, 2024

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2024

The following is a discussion and analysis of the Marcellus Central School District's (the District) financial performance for the fiscal year ended June 30, 2024. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- General fund actual expenditures were \$1.6 million or 3.9% below budget. The greatest contributors to lower-than-anticipated expenditures were salaries (\$.7 million or 3.4% below budget), employee benefits (\$.6 million or 6.2% below budget) and contractual costs (\$.4 million or 19.9% below budget). In addition, the district used \$0.3 million of federal funding to support recurring operations. The District does not anticipate that significant variances in budgeted versus actual expenditures will continue after the 2023-2024 school year. This variance was offset by a negative variance in budgeted versus actual revenues of \$1.4 million or 3.5%. Note that budgeted revenues include \$1.9 million of appropriated fund balance, which summarily results in projected revenues equaling actual revenues.
- The District is nearing completion of construction of a \$2.0 million agricultural education complex.
- Fund balance levels increased approximately \$0.17 million due the variance of revenues versus expenditures. The District does not anticipate significant variances in budgeted versus actual expenditures, and as a result fund balance is expected to remain stable.

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2024

Overview of the Financial Statements

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

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual funds* of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Year Ended June 30, 2024

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the District-Wide and Fund Financial Statements		
	District-Wide	Fund Financial Statements
		Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities • Reconciliation of governmental funds revenues, expenditures and changes in fund balances to the Statement of activities • Reconciliation of governmental funds balance sheet to the Statement of net position. 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.

District-Wide Statements

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2024

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets, deferred outflow of resources, liabilities and deferred inflows of resources – is one way to measure the District's financial health or position.

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

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

Fund Financial Statements

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

- Some funds are required by New York State law and by bond covenants. Generally, the District is required by New York State General Municipal Law (para. 36) to follow the system of accounts formulated and prescribed by the New York State Comptroller.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has the following funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information in the notes to the financial statements explains the relationship (or differences) between them.

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities. (Rounded to the nearest thousand)

Table 1:

	Governmental Activities and Total School District		Total Percentage Change
	2024	2023	2023 - 2024
Current and Other Assets	\$ 12,981,000	\$ 9,497,000	36.69%
Capital Assets	70,643,000	60,687,000	16.41%
Total Assets	<u>83,624,000</u>	<u>70,184,000</u>	19.15%
Deferred Outflow of Resources	<u>15,103,000</u>	<u>18,187,000</u>	-16.96%
Total Assets and deferred outflow of resources	<u>\$ 98,727,000</u>	<u>\$ 88,371,000</u>	
Long-Term Debt-Due in One Year	\$ 2,192,000	\$ 3,388,000	-35.30%
Long-Term Debt-Due in More than One Year	90,410,000	74,499,000	21.36%
Net pension liability	2,794,000	4,056,000	-31.11%
Other Liabilities	<u>3,544,000</u>	<u>4,723,000</u>	-24.96%
Total Liabilities	<u>98,940,000</u>	<u>86,666,000</u>	14.16%
Deferred Inflow of Resources	<u>9,504,000</u>	<u>12,571,000</u>	-24.40%
Net Position (Deficit):			
Invested in Capital Assets	70,643,000	60,687,000	16.41%
Related Debt	(42,986,000)	(29,880,000)	43.86%
Restricted	5,703,000	4,013,000	42.11%
Unrestricted Net Deficit	<u>(43,077,000)</u>	<u>(45,686,000)</u>	-5.71%
Total Net Deficit	<u>(9,717,000)</u>	<u>(10,866,000)</u>	-10.57%
Total Liabilities and Net Position (Deficit)	<u>\$ 98,727,000</u>	<u>\$ 88,371,000</u>	

The District's combined net deficit decreased by \$1,148,000 from a year ago- decreasing from \$10,866,000 to \$9,717,000 as a result of fluctuations in assumptions relating to pension and other postemployment benefit liabilities (assets).

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 2:

	Governmental Activities and Total School District		Total Percentage Change
	2024	2023	2023 - 2024
REVENUES			
Program Revenues:			
Charges for Services	\$ 500,000	\$ 456,000	9.65%
Operating Grants and Contributions	1,620,000	2,477,000	-34.60%
General Revenue:			
Property Taxes and Other Tax Items	21,522,000	20,997,000	2.50%
State Sources	15,891,000	15,374,000	3.36%
Federal Sources	61,000	65,000	-6.15%
Other General Revenues	1,793,000	1,487,000	20.58%
Total Revenues	<u>41,387,000</u>	<u>40,856,000</u>	<u>1.30%</u>
PROGRAM EXPENSES			
General Support	5,268,000	5,034,000	4.65%
Instruction	30,675,000	30,000,000	2.25%
Transportation	2,597,000	2,523,000	2.93%
Debt Service	852,000	1,156,000	-26.30%
School Lunch Program	847,000	749,000	13.08%
Total Expenses	<u>40,239,000</u>	<u>39,462,000</u>	<u>1.97%</u>
Decrease in Net Deficit	<u>\$ 1,148,000</u>	<u>\$ 1,394,000</u>	<u>-17.65%</u>

In Table 2, the District's total revenues increased by \$531,000 as a result of an increase in the property tax levy, state sources, and interest income. Increases in revenue were offset by an anticipated decrease in federal ESSER support. The total cost of all programs and services increased by \$777,000, primarily due to expenses for postemployment benefits and standard wage and employee benefit obligations.

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 3 presents the cost of each of the District's largest programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. (Rounded to the nearest thousand)

Table 3
Governmental Activities

	<u>Total cost of services</u>		<u>Net cost (revenue) of services</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
General Support	\$ 5,268,000	\$ 5,034,000	\$ 5,268,000	\$ 5,034,000
Instruction	30,675,000	30,000,000	29,342,000	28,421,000
Pupil Transportation	2,597,000	2,523,000	2,597,000	2,066,000
Debt Service - Interest	852,000	1,156,000	852,000	830,000
School Lunch Program	847,000	749,000	61,000	(27,000)
Total	<u><u>\$40,239,000</u></u>	<u><u>\$39,462,000</u></u>	<u><u>\$38,120,000</u></u>	<u><u>\$36,324,000</u></u>

Financial Analysis of the School District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with both the New York State Comptroller and generally accepted accounting principles for governmental entities.

Governmental Funds

The purpose of the District's governmental funds is to account for and provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between assigned or unassigned balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities and postemployment obligations that are not recognized in the governmental funds. Fund balances for capital projects are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

MARCELLUS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2024

Financial Analysis of the School District's Funds (continued)

General Fund Budgetary Highlights

The budgetary comparison information on page 54 presents both adopted and final modified budget totals compared with actual results for the General Fund for the year ended June 30, 2024. The significant variances between the adopted and the final budget for 2024 were as follows:

Voter Approved Budget	\$40,202,463
Board Approved Budget Adjustments	32,225
2023 Additional Appropriations:	
Encumbrances Carryover	79,038
Final Budget	\$40,313,726

Capital Assets and Debt Administration

Capital Assets

At June 30, 2024, the District had approximately \$70.6 million invested in a broad range of capital assets including buildings, transportation equipment, computer equipment, and furniture and fixtures. Table 4 categorically illustrates the District's capital assets, net of depreciation.

Table 4:	Governmental Activities and Total School District		Total Percentage Change
	2024	2023	2023 - 2024
Land	\$ 246,542	\$ 246,542	0.00%
Buildings and Improvements	99,665,443	88,064,160	13.17%
Machinery and Equipment	11,046,389	10,663,912	3.59%
Accumulated depreciation	(40,315,241)	(38,287,650)	5.30%
Total	\$ 70,643,133	\$ 60,686,964	16.41%

MARCELLUS CENTRAL SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Year Ended June 30, 2024

Long-Term Obligations

At June 30, 2024, the District had approximately \$95.4 million in long-term obligations. Table 5 provides a summary of these obligations. The notes to the basic financial statements provide additional details regarding these obligations.

Table 5:	Total School District		Total Percentage Change
	2024	2023	2023 - 2024
General Obligation Bonds	\$ 42,279,691	\$ 28,859,446	46.50%
Other Postemployment Benefits	49,750,575	48,476,474	2.63%
Pension Liability	2,793,643	4,055,844	-31.12%
Compensated Absences	572,265	551,560	3.75%
Total Long-term Liabilities	\$ 95,396,174	\$ 81,943,324	16.42%

Factors bearing on the District’s Future

- At June 30, 2024, New York State limits the amount of general obligation debt that school districts can issue to 10% of the assessed value of all taxable property within the District's geographic limits.
- Legislative mandates and state education department initiatives, which are not accompanied by financial support, continue to be a concern to the District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about the report or additional financial information needs should be directed to:

Marcellus Central School District
2 Reed Parkway
Marcellus, New York 13108
(315) 673-6001

MARCELLUS CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

ASSETS

Cash	
Unrestricted	\$ 5,831,400
Restricted	5,702,878
Receivables	
State and federal aid	1,338,833
Other	81,606
Inventories	25,743
Capital assets, net	<u>70,643,133</u>
Total assets	<u>83,623,593</u>

DEFERRED OUTFLOW OF RESOURCES

Other postemployment benefits	7,086,183
Pensions	<u>8,016,996</u>
Total deferred outflow of resources	<u>15,103,179</u>
Total assets and deferred outflow of resources	<u>\$ 98,726,772</u>

LIABILITIES

Accounts payable	\$ 517,189
Accrued liabilities	459,724
Due to teachers' retirement system	1,713,631
Due to employees' retirement system	147,125
Notes payable	
Bond anticipation	705,979
Long-term liabilities	
Due and payable within one year	
Bonds payable	2,192,140
Due and payable after one year	
Bonds payable	40,087,551
Other postemployment benefits payable	49,750,575
Compensated absences payable	572,265
Net pension liability- proportionate share	<u>2,793,643</u>
Total liabilities	<u>98,939,822</u>

DEFERRED INFLOW OF RESOURCES

Other postemployment benefits	7,891,814
Pensions	<u>1,611,967</u>
Total deferred inflows of resources	<u>9,503,781</u>

NET POSITION

Net investment in capital assets	27,657,463
Restricted	5,702,878
Unrestricted (deficit)	<u>(43,077,172)</u>
Total net position	<u>(9,716,831)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 98,726,772</u>

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2024

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General support	\$ (3,646,568)	\$ (1,621,554)	\$ -	\$ -	\$ (5,268,122)
Instruction	(22,027,178)	(8,648,288)	32,848	1,301,005	(29,341,613)
Pupil transportation	(2,056,352)	(540,518)	-	-	(2,596,870)
Employee benefits	(11,276,286)	11,276,286	-	-	-
Debt service - interest	(851,934)	-	-	-	(851,934)
School lunch program	(381,142)	(465,926)	466,770	319,492	(60,806)
	<u>\$ (40,239,460)</u>	<u>\$ -</u>	<u>\$ 499,618</u>	<u>\$ 1,620,497</u>	<u>(38,119,345)</u>
GENERAL REVENUES					
Real property taxes					19,441,227
Other real property tax items					2,080,387
Nonproperty taxes					67,716
Use of money and property					863,956
Sale of property and compensation for loss					44,418
State sources					15,890,611
Medicaid reimbursement					60,612
Miscellaneous					818,218
					<u>39,267,145</u>
Total general revenues					<u>39,267,145</u>
Change in net position					1,147,800
Total net deficit- beginning of year					<u>(10,864,631)</u>
Total net deficit - end of year					<u>\$ (9,716,831)</u>

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2024

	Major Funds			Non-Major Funds			Total Governmental Funds
	General	Capital Projects Fund	Special Aid	School Food Service Fund	Debt Service Fund	Student Deposits	
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ 5,527,279	\$ -	\$ -	\$ 146,662	\$ -	\$ 157,459	\$ -
Restricted	5,491,160	6,805	47,764	-	-	-	157,149
Receivables							
State and federal aid	903,056	-	419,635	16,142	-	-	-
Due from other funds	686,186	1,428,736	39,995	182	170,008	-	-
Other	79,293	-	-	2,313	-	-	-
Inventories	-	-	-	25,743	-	-	-
Total assets	<u>\$ 12,686,974</u>	<u>\$ 1,435,541</u>	<u>\$ 507,394</u>	<u>\$ 191,042</u>	<u>\$ 170,008</u>	<u>\$ 157,459</u>	<u>\$ 157,149</u>
LIABILITIES							
Accounts payable	\$ 128,103	\$ 389,086	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities and deferred revenue	181,924	-	54,250	6,446	-	28,017	68,141
Due to other funds	1,638,921	160,000	453,144	73,042	-	-	-
Bond anticipation note payable	-	705,979	-	-	-	-	-
Due to teachers' retirement system	1,713,631	-	-	-	-	-	-
Due to employees' retirement system	147,125	-	-	-	-	-	-
Total liabilities	<u>3,809,704</u>	<u>1,255,065</u>	<u>507,394</u>	<u>79,488</u>	<u>-</u>	<u>28,017</u>	<u>68,141</u>
FUND BALANCES							
Nonspendable:							
Reserved for inventory	-	-	-	25,743	-	-	-
Restricted for:							
Reserved for unemployment insurance	28,386	-	-	-	-	-	-
Reserved for retirement contributions	2,726,745	-	-	-	-	-	-
Reserved for capital expenditures	2,500,000	-	-	-	-	-	-
Reserved for employee benefits	236,029	-	-	-	-	-	-
Reserved for scholarships	-	-	-	-	-	-	89,008
Committed to:							
Committed fund balance	-	-	-	-	-	129,442	-
Assigned to:							
Assigned appropriated fund balance	1,887,862	180,476	-	-	-	-	-
Assigned unappropriated fund balance	80,732	-	-	85,811	-	-	-
Unassigned:							
Unassigned fund balance	1,417,516	-	-	-	170,008	-	-
Total fund balances	<u>8,877,270</u>	<u>180,476</u>	<u>-</u>	<u>111,554</u>	<u>170,008</u>	<u>129,442</u>	<u>89,008</u>
Total liabilities and fund balances	<u>\$ 12,686,974</u>	<u>\$ 1,435,541</u>	<u>\$ 507,394</u>	<u>\$ 191,042</u>	<u>\$ 170,008</u>	<u>\$ 157,459</u>	<u>\$ 157,149</u>

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT

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

June 30, 2024

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	\$ 5,831,400	\$ -	\$ -	\$ 5,831,400
Restricted for reserves	5,702,878	-	-	5,702,878
Receivables				
State and federal aid	1,338,833	-	-	1,338,833
Due from other funds	2,325,107	-	(2,325,107)	-
PILOT, transportation and other	81,606	-	-	81,606
Inventories	25,743	-	-	25,743
Capital assets, net	-	70,643,133	-	70,643,133
Total assets	<u>15,305,567</u>	<u>70,643,133</u>	<u>(2,325,107)</u>	<u>83,623,593</u>
DEFERRED OUTFLOW OF RESOURCES				
Other postemployment benefits	-	7,086,183	-	7,086,183
Pensions	-	8,016,996	-	8,016,996
Total Deferred Outflows of Resources	<u>-</u>	<u>15,103,179</u>	<u>-</u>	<u>15,103,179</u>
	<u>\$ 15,305,567</u>	<u>\$ 85,746,312</u>	<u>\$ (2,325,107)</u>	<u>\$ 98,726,772</u>
LIABILITIES				
Payables				
Accounts payable	\$ 517,189	\$ -	\$ -	\$ 517,189
Accrued liabilities	338,778	120,946	-	459,724
Due to other funds	2,325,107	-	(2,325,107)	-
Due to employees' retirement system	147,125	-	-	147,125
Due to teachers' retirement system	1,713,631	-	-	1,713,631
Bond anticipation note payable	705,979	-	-	705,979
Long-term debt-due within one year				
Bonds payable	-	2,192,140	-	2,192,140
Long-term debt-due in more than one year				
Bonds payable	-	40,087,551	-	40,087,551
Other postemployment benefits payable	-	49,750,575	-	49,750,575
Compensated absences	-	572,265	-	572,265
Net pension liability- proportionate share	-	2,793,643	-	2,793,643
Total liabilities	<u>5,747,809</u>	<u>95,517,120</u>	<u>(2,325,107)</u>	<u>98,939,822</u>
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	-	7,891,814	-	7,891,814
Pensions	-	1,611,967	-	1,611,967
Total Deferred Inflows of Resources	<u>-</u>	<u>9,503,781</u>	<u>-</u>	<u>9,503,781</u>
FUND BALANCE/NET POSITION				
Total fund balance/net position	<u>9,557,758</u>	<u>(19,274,589)</u>	<u>-</u>	<u>(9,716,831)</u>
	<u>\$ 15,305,567</u>	<u>\$ 85,746,312</u>	<u>\$ (2,325,107)</u>	<u>\$ 98,726,772</u>

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT

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

For the Year Ended June 30, 2024

	Major Funds		Non-Major Funds					Governmental Funds
	General	Capital Projects Fund	Special Aid	School Food Service Fund	Debt Service Fund	Student Deposits	Scholarships Fund	
REVENUES								
Real property taxes	\$ 19,441,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,441,227
Other real property tax items	2,080,387	-	-	-	-	-	-	2,080,387
Nonproperty taxes	67,716	-	-	-	-	-	-	67,716
Charges for services	32,848	-	-	-	-	-	-	32,848
Use of money and property	863,956	-	-	-	-	-	-	863,956
Sale of property and compensation for loss	44,418	-	-	-	-	-	-	44,418
State sources	15,644,982	-	245,629	9,563	-	-	-	15,900,174
Sales	-	-	-	459,723	-	-	-	459,723
Miscellaneous	391,358	170,008	638	7,047	-	219,186	37,028	825,265
Federal sources	60,612	-	1,301,005	309,929	-	-	-	1,671,546
Total revenues	38,627,504	170,008	1,547,272	786,262	-	219,186	37,028	41,387,260
EXPENDITURES								
General support	3,298,331	-	-	-	-	223,297	38,658	3,560,286
Instruction	19,681,887	-	1,418,444	-	-	-	-	21,100,331
Pupil transportation	1,757,450	-	113,414	-	-	-	-	1,870,864
School food program	-	-	-	381,142	-	-	-	381,142
Employee benefits	9,550,954	-	32,427	465,926	-	-	-	10,049,307
Debt service								
Principal	2,673,184	-	-	-	-	-	-	2,673,184
Interest	1,151,310	-	-	-	-	-	-	1,151,310
Capital outlay	129,056	12,204,124	-	-	-	-	-	12,333,180
Total expenditures	38,242,172	12,204,124	1,564,285	847,068	-	223,297	38,658	53,119,604
Excess (deficiency) of revenues over expenditures	385,332	(12,034,116)	(17,013)	(60,806)	-	(4,111)	(1,630)	(11,732,344)
OTHER FINANCING SOURCES AND USES								
Proceeds from debt	-	16,033,070	-	-	-	-	-	16,033,070
BANs redeemed from appropriations	-	349,204	-	-	-	-	-	349,204
Interfund transfers	(217,013)	29,992	17,013	-	170,008	-	-	-
Total other sources (uses)	(217,013)	16,412,266	17,013	-	170,008	-	-	16,382,274
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	168,319	4,378,150	-	(60,806)	170,008	(4,111)	(1,630)	4,649,930
Fund balance (deficit) - beginning of year	8,708,951	(4,197,674)	-	172,360	-	133,553	90,638	4,907,828
Fund balance - end of year	\$ 8,877,270	\$ 180,476	\$ -	\$ 111,554	\$ 170,008	\$ 129,442	\$ 89,008	\$ 9,557,758

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT

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

For the Year Ended June 30, 2024

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 19,441,227	\$ -	\$ -	\$ -	\$ 19,441,227
Other real property tax items	2,080,387	-	-	-	2,080,387
Nonproperty taxes	67,716	-	-	-	67,716
Charges for services	32,848	-	-	-	32,848
Use of money and property	863,956	-	-	-	863,956
Sale of property and compensation for loss	44,418	-	-	-	44,418
State sources	15,900,174	-	-	-	15,900,174
Federal sources	1,671,546	-	-	-	1,671,546
Sales - school food programs	459,723	-	-	-	459,723
Miscellaneous	825,265	-	-	-	825,265
Total revenues	41,387,260	-	-	-	41,387,260
EXPENDITURES/EXPENSES					
General support	3,560,286	-	245,442	(159,160)	3,646,568
Instruction	21,100,331	-	1,886,126	(959,279)	22,027,178
Pupil transportation	1,870,864	-	245,443	(59,955)	2,056,352
School food programs	381,142	-	-	-	381,142
Employee benefits	10,049,307	1,226,979	-	-	11,276,286
Debt service	3,824,494	-	-	(2,972,560)	851,934
Capital outlay	12,333,180	-	(12,333,180)	-	-
Total expenditures/expenses	53,119,604	1,226,979	(9,956,169)	(4,150,954)	40,239,460
Excess (deficiency) of revenues over expenditures/expenses	(11,732,344)	(1,226,979)	9,956,169	4,150,954	1,147,800
OTHER SOURCES AND USES					
Proceeds from debt	16,033,070	-	-	(16,033,070)	-
BANs redeemed from appropriations	349,204	-	-	(349,204)	-
Total other sources (uses)	16,382,274	-	-	(16,382,274)	-
Net change for the year	\$ 4,649,930	\$ (1,226,979)	\$ 9,956,169	\$ (12,231,320)	\$ 1,147,800

See notes to basic financial statements

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 – Summary of Certain Significant Accounting Policies

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

A) Reporting entity:

The Marcellus Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*, GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39*, GASB Statement 80 - *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, *GASB No. 84 Fiduciary Activities and GASB No. 97 Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 AND NO. 84, and a Supersession of GASB Statement No. 32*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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

i) Extraclassroom Activity Funds

The Extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office. The District accounts for assets held for various student organizations in a special revenue fund.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

B) Joint venture:

The District is a component district in Onondaga-Cortland-Madison Board BOCES (OCMBOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component. There are 23 participating school districts, including Marcellus, in OCMBOCES.

The participation in OCMBOCES is accounted for as a joint venture by the District since it has both an ongoing financial interest and an ongoing financial responsibility to OCMBOCES. The District has an ongoing financial interest since OCMBOCES pays surpluses to the component districts on an annual basis, although the District has no equity interest in OCMBOCES. The District does not control the financial or operating policies of OCMBOCES; however, it has an ongoing financial responsibility since the continued existence of OCMBOCES depends on continued funding from the participating school districts.

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

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

During the year, the District was billed \$3,224,764 for OCMBOCES administrative and program costs. The District's share of OCMBOCES aid amounted to \$1,284,025.

Financial statements for the OCMBOCES are available from the OCMBOCES administrative office. As of June 30, 2023 (the most recent available audited financial statements), OCMBOCES has a total net position (deficit) of \$(190,871,739).

The District contracts with OCMBOCES whereby the contracts conveys control of the right to use the underlying assets in the contracts for a period of time in an exchange like transaction. These contracts at inception have terms ranging from 4 to 5 years and are for technology and other equipment. These contracts are not significant to these financial statements and are recognized as an outflow of resources in accordance with the terms and conditions of the contracts.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

C) Basis of presentation:

i) District-wide statements:

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Fund Statements:

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

The District reports the following major governmental funds:

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

Capital Projects Fund: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

The District reports the following non-major funds:

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

C) Basis of presentation (continued):

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. Special revenue funds include the funds on the following page:

Special Aid Fund: Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

Student Deposits Fund: Used to account for the extraclassroom activities funds and other student deposits managed by the District.

Scholarships Fund: Used to account for scholarships that are restricted as to use and managed by the District.

School Food Service Fund: Used to account for transactions of the lunch, breakfast and milk programs.

D) Measurement focus and basis of accounting:

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year as it matches the liquidation of related obligations.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

D) Measurement focus and basis of accounting (continued):

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

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2023. Taxes were collected during the period September 1, 2023 to October 31, 2023. Uncollected real property taxes are subsequently enforced by Onondaga County, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F) Restricted resources:

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

G) Interfund transactions:

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different funds. Eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenue activity.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

H) Estimates:

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

H) Cash and investments:

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

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

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

I) Accounts receivable:

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

J) Inventories and prepaid items

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed. A reserve for these non-liquid assets (inventories) has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

K) Other assets/ restricted assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond issuance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

L) Capital assets:

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$5,000	Straight Line	40 years
Furniture and equipment	\$5,000	Straight Line	5-20 years

M) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. If applicable, the District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

M) Deferred Outflows and Inflows of Resources:

District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

N) Deferred revenue:

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

O) Pension Obligations:

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS) (the Systems). Plan Description and Benefits Provided:

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

Employees' Retirement System (ERS): The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost sharing multiple-employer retirement system. The System provides retirement benefits, as well as, death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

P) Pension Obligations (continued):

Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ended March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	NYSTRS	NYSERS
2023-2024	\$ 1,712,287	\$ 477,608
2022-2023	1,533,662	410,484
2021-2022	1,381,829	478,011

The District contributions made to the Systems were equal to 100% of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

Pension Liabilities, Pension Expense (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the District reported the following asset/ (liability) for its proportionate share of the net pension asset/ (liability) for each of the Systems. The net pension asset/ (liability) was measured as of June 30, 2023 for TRS and March 31, 2024 for ERS. The total pension asset/ (liability) used to calculate the net pension asset/ (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/ (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

P) Pension Obligations (continued):

	ERS	TRS
Actuarial valuation date	4/1/2023	6/30/2022
Net pension asset/ (liability)	\$ (1,846,108)	\$ (947,535)
District's portion of the Plan's total net pension asset/ (liability)	0.0125381%	0.082857%

For the year ended June 30, 2024, the District's recognized pension expense of \$821,312 for ERS and the actuarial value \$2,654,627 for TRS. At June 30, 2024, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page:

	Deferred outflow of resources		Deferred inflow of resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 594,630	\$ 2,297,521	\$ 50,339	\$ 5,678
Changes of assumption	697,972	2,040,015	-	444,610
Net difference between projected and actual earnings on pension plan investments	-	484,361	901,814	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	123,979	66,231	43,003	166,523
District's contribution subsequent to the measurement date	-	1,712,287	-	-
Total	\$ 1,416,581	\$ 6,600,415	\$ 995,156	\$ 616,811

District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension asset/ (liability) in the year ended March 31, 2025 for ERS and June 30, 2024 for TRS. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	ERS	TRS
2024	\$ -	\$ 370,251
2025	(329,491)	(503,470)
2026	368,418	3,801,417
2027	562,298	263,125
2028	(179,800)	204,676
Thereafter	-	135,318
	\$ 421,425	\$ 4,271,317

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

P) Pension Obligations (continued):

Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Interest rate	5.90%	6.95%
Salary increases	4.40%	1.95%-5.18%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%

For TRS, annuitant mortality rates are based on plan member July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study completed April 1, 2020.

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

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

P) Pension Obligations (continued):

of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized on the following page:

	ERS		TRS	
	Target Allocation 2024	Long- term expected 2024	Target Allocation 2023	Long-term expected Real rate of 2023
Domestic equity	32%	4.00%	33%	6.80%
International equity	15%	6.65%	15%	7.60%
Real estate	9%	4.60%	11%	6.30%
Private equities	10%	7.25%	9%	10.10%
Domestic fixed income securities:	0%	0.00%	16%	2.20%
Global fixed income securities	0%	0.00%	2%	1.60%
Credit	4%	5.40%	0%	0.00%
Short-term	0%	0.00%	0%	0.00%
High-yield fixed income securities	23%	1.50%	1%	4.40%
Private debt	0%	0.00%	2%	6.00%
Real estate debt	0%	0.00%	6%	3.20%
Opportunistic portfolio	3%	5.25%	0%	0.00%
Cash	1%	0.25%	1%	0.30%
Inflation-indexed bonds	0%	0.00%	0%	0.00%
Global equities	0%	0.00%	4%	7.20%
Real assets	3%	5.79%	0%	0.00%
	<u>100%</u>		<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

*Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equities and international equities, respectively.

Discount Rate

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

P) Pension Obligations (continued):

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

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

ERS	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share of the net pension asset (liability)	<u>\$ (5,804,354)</u>	<u>\$ (1,846,108)</u>	<u>\$ 1,459,847</u>
TRS	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Employer's proportionate share of the net pension asset (liability)	<u>\$ (14,431,443)</u>	<u>\$ (947,535)</u>	<u>\$ 10,393,014</u>

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2024 is \$6,345,061,000 for ERS and \$3,249,497,237 for TRS.

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$1,713,631.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

P) Pension Obligations (continued):

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contributions for the period of April 1, 2024 through June 30, 2024 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$147,125 of employer contributions.

Q) Vested employee benefits:

Compensated absences consist of unpaid accumulated annual sick leave and vacation time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end. In the fund statements only, the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. The amounts are expensed on a pay as you go basis.

R) Other Benefits:

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure. District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

S) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

S) Short-term debt (continued):

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

T) Accrued liabilities and long-term obligations:

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

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

U) Equity classifications:

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

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

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

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

U) Equity classifications (continued):

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Food Service Fund of \$25,743.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Employee Benefit Accrued Liability Reserve Fund

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

Retirement Contributions Reserve Fund

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

Unemployment Insurance Reserve Fund

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

U) Equity classifications (continued):

Capital Reserve Fund

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year. Encumbrances held by the district at June 30, 2024 totaled \$80,732.

Restricted fund balance includes the following:

Description	
Unemployment Insurance Reserve	\$ 28,386
Reserve for Employee Benefit Accrual Liability	236,029
Reserve for Capital Expenditures	2,500,000
Reserve for Retirement Contributions	2,726,745
	\$ 5,491,160
Scholarships Fund	\$ 89,008

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Districts highest level of decision-making authority, i.e., the Board of Education. The District has committed fund balance of \$129,442 as of June 30, 2024 in the Student Deposits fund.

Assigned – includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund.

Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of General fund are classified as Assigned Fund Balance in the General Fund.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

U) Equity classifications (continued):

Encumbrances reported in the General Fund amounted to \$80,732. Assigned Fund Balance in the General Fund amounted to \$1,968,594. Any remaining fund balance in other funds is considered assigned. The School Food Service Fund reports an assigned fund balance of \$85,811. As of June 30, 2024, the District's General Fund encumbrances were classified as follows:

General Support	\$ 59,954
Instruction	<u>20,778</u>
	<u>\$ 80,732</u>

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

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

Net Position/ Fund Balance: Net position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted sources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted sources (the total committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Balance: In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (continued)

V) New accounting standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2024, the District implemented the following new standard issued by GASB:

GASB has issued Statement No. 99, Omnibus 2022. This statement addresses a variety of topics, including derivative instruments, leases, public-private and public-public partnership arrangements (“PPP’s”), subscription based information technology arrangements (“SBITAs”), London interbank offered rate (“LIBOR’), and pledges of future revenues. Many of the requirements are effective immediately. The requirements related to leases, PPPs, and SBITAs are effective for years beginning after June 15, 2022. The requirements related to financial guarantees and derivative instruments are effective for fiscal year ending June 30, 2024.

GASB has issued Statement No. 100, Accounting Changes and Error Corrections. This statement provides clarification and guidance for accounting and financial reporting related to accounting changes and error corrections (“ACEC”). GASB 100 also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information and Supplementary Information. The requirements of this statement are effective for ACECs made for fiscal year ending June 30, 2024.

W) Future changes in accounting standards

GASB has issued Statement No. 101, Compensated absences, effective for the year ending June 30, 2025. This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

GASB has issued Statement No. 102, Certain Risk Disclosures, effective for the year ending June 30, 2025. This Statement’s objective is to provide users of governmental financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.

GASB has issued Statement No. 103, Financial Reporting Model Improvements, effective for the year ending June 30, 2026. This Statement’s objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assisting a government’s accountability. Additionally, the statements also addresses certain application issues.

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 2 - Explanation of Certain Differences Between Fund Statements and District-Wide Statements

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

A) Total fund balances of Governmental Funds versus Net Position of Governmental Activities:

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

B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the fund's Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. This reconciliation is performed on page 18. The amounts represent:

i) Long-term revenue differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 2 - Explanation of Certain Differences Between Fund Statements and District-Wide Statements (continued)

iv) Pension differences:

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

v) OPEB differences:

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

Note 3 – Stewardship, Compliance and Accountability

The District administration prepares a proposed budget for approval by the Board of Education, which in turn is either approved or disapproved by eligible voters in the District.

The voters of the District approved the proposed appropriation budget for the General Fund on May 16, 2023. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the aggregate encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2024. Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 4 – Cash and Cash Equivalents

Total financial institution bank balances at year-end, per the bank, were \$11,779,165. These deposits are insured or collateralized with securities held by the financial institution in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$5,702,878 within the governmental funds for various fund balance reserves in the general fund and grant funds in the special aid fund, scholarships in the scholarship fund and available funding for capital projects.

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2024, all deposits were fully insured and collateralized by the District's agent in the District's name.

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposits
- Obligations of the United States Treasury and United States Agencies
- Obligations of New York State and its localities.

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 4 – Cash and Cash Equivalents (continued)

- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations

Note 5 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 246,542	\$ -	\$ -	\$ 246,542
Total nondepreciable	<u>246,542</u>	<u>-</u>	<u>-</u>	<u>246,542</u>
Capital assets that are depreciated:				
Buildings and improvements	88,064,160	11,601,283	-	99,665,443
Furniture, equipment and vehicle:	10,663,912	731,897	(349,420)	11,046,389
Total depreciable assets	<u>98,728,072</u>	<u>12,333,180</u>	<u>(349,420)</u>	<u>110,711,832</u>
Less accumulated depreciation:				
Buildings and improvements	(30,282,172)	(1,886,126)	-	(32,168,298)
Furniture, equipment and vehicle:	(8,005,478)	(490,885)	349,420	(8,146,943)
Total accumulated depreciation	<u>(38,287,650)</u>	<u>(2,377,011)</u>	<u>349,420</u>	<u>(40,315,241)</u>
 Total depreciated assets, net	 <u>\$ 60,686,964</u>	 <u>\$ 9,956,169</u>	 <u>\$ -</u>	 <u>\$ 70,643,133</u>
Depreciation expense was charged to governmental functions as follows:				
General support		\$ 245,442		
Instruction		1,886,126		
Pupil transportation		245,443		
		<u>\$ 2,377,011</u>		

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 6 – Short-Term Debt

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	4/4/2025	4.25%	<u>\$ 1,020,183</u>	<u>705,979</u>	<u>1,020,183</u>	<u>\$ 705,979</u>

Interest paid on short-term debt for the year was \$40,807. The BAN is a general obligation of the District. The purpose of the BAN was to provide financing for the purchases of buses, not to exceed \$705,979.

Note 7 - Long-Term Obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Serial Bonds: The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government Activities					
Bonds payable	\$ 28,859,446	\$16,033,070	\$ 2,612,825	\$ 42,279,691	\$ 2,192,140
Other Obligations					
Net pension liability	4,055,844	-	1,262,201	2,793,643	-
Other postemployment benefits payable	48,476,474	4,026,643	2,752,542	49,750,575	-
Compensated absences	551,560	572,265	551,560	572,265	-
Total Long-term Obligations	<u>\$ 81,943,324</u>	<u>\$20,631,978</u>	<u>\$ 7,179,128</u>	<u>\$ 95,396,174</u>	<u>\$ 2,192,140</u>

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

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 7 - Long-Term Obligations (continued)

The following is a schedule of bonds outstanding at June 30, 2024:

Payable from/ Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Refunding of 2002A & 2006 Bonds	4/23/2014	\$ 6,450,000	1/15/2035	2.00-4.00%	\$ 3,605,000
Energy Performance Contract	8/14/2015	\$ 2,029,037	8/14/2030	2.52%	1,027,057
Serial Bonds 2015	7/17/2015	\$ 583,000	6/15/2030	2.98%	260,000
Serial Bonds 2019A	6/17/2019	\$ 14,640,000	6/15/2034	3.00%-5.00%	10,985,000
Serial Bonds 2019A- Premium	6/17/2019	\$ 2,449,393	6/15/2034	NA	1,632,928
Serial Bonds 2021	6/16/2021	\$ 8,290,000	6/16/2036	4.00%-5.00%	7,230,000
Serial Bonds 2021- Premium	6/16/2021	\$ 1,883,295	6/16/2036	NA	1,506,636
Serial Bonds 2024A	6/18/2024	\$ 14,390,000	6/15/2039	5.00%	14,390,000
Serial Bonds 2024A- Premium	6/18/2024	\$ 1,643,070	6/15/2039	NA	1,643,070
					<u>\$ 42,279,691</u>

The following is a summary of the debt service requirements for bonds payable:

Fiscal year ended June 30,	Principal	Interest	Total
2025	\$ 2,192,140	\$ 1,932,618	\$ 4,124,758
2026	2,996,917	1,650,436	4,647,353
2027	3,126,917	1,528,953	4,655,870
2028	3,261,471	1,400,858	4,662,329
2029	3,391,248	1,267,439	4,658,687
2030-2034	18,327,202	4,153,782	22,480,984
2035-2039	8,983,796	1,081,200	10,064,996
Totals	<u>\$ 42,279,691</u>	<u>\$ 13,015,286</u>	<u>\$ 55,294,977</u>

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

Interest paid	\$ 1,110,503
Less interest accrued in the prior year	(131,477)
Plus interest accrued in the current year	120,946
Less amortization of premiums/ discounts	<u>(288,846)</u>
Interest expense	<u>\$ 811,126</u>

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 8 – Interfund Balances and Activity

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 686,186	\$ 1,638,921	\$ 170,008	\$ 387,021
Special Aid Fund	39,995	453,144	17,013	-
School Lunch Fund	182	73,042	-	-
Capital Projects Fund	1,428,736	160,000	200,000	170,008
Debt Service Fund	170,008	-	170,008	-
Total governmental activities	<u>\$ 2,325,107</u>	<u>\$ 2,325,107</u>	<u>\$ 557,029</u>	<u>\$ 557,029</u>

Interfund receivables and payables, are eliminated on the Statement of Net Position. The District typically transfers from the General Fund to the Capital Fund to help fund capital renovations and additions. The district also transfers from the General Fund to the Special Aid fund the local portion of the Special Education Summer School Program. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Note 9 - Pension plans

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. See Note 1 for further plan details.

Note 10 – Post-Employment Benefits Obligations Payable

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

Funding Policy- The obligation of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 3 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2024, approximately \$1,500,000 was paid on behalf of 138 retirees, beneficiaries and spouses of retirees.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 10 – Post-Employment Benefits Obligations Payable (continued)

Benefits Provided- The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2024 the following employees were covered by the benefit terms:

Retirees and Survivors	127
Active employees	294
	421

Net OBEB Liability: The District's total OPEB liability of \$49,750,575 was measured as of July 1, 2023, and was determined by an actuarial valuation as July 1, 2023.

Actuarial Assumptions and Other Inputs- The total OPEB liability at June 30, 2024 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.7% (Based on CPI)
Salary Increases	3.50%
Discount Rate	3.65% (Bond Buyer Weekly 20-Bond GO)
Healthcare Cost Trend Rates	6.80% for 2025 decreasing to an ultimate rate of
p Medical	4.14% by 2084

Mortality rates were based on the Pub-2010 Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale MP-2021.

Retirement participation rate assumed that 85% of eligible Teachers and Instructional Administrators and 75% of participants other than Teachers and Instructional Administrators will elect medical coverage at retirement age, and 48% of active member's spouses will elect medical coverage. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System for female employees. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 10 – Post-Employment Benefits Obligations Payable (continued)

Changes in the District's net OPEB Liability were as follows:

Balance at June 30, 2023	\$ 48,476,474
<u>Changes for the Year</u>	
Service cost	1,471,144
Interest	1,749,089
Changes of benefit terms	(1,418,867)
Differences between expected and actual experience	(257,052)
Changes in assumptions or other inputs	806,410
Benefit payments	<u>(1,076,623)</u>
Net Changes	<u>1,274,101</u>
Balance at June 30, 2024	<u>\$ 49,750,575</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% on July 1, 2022 to 3.65% on July 1, 2023.

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 59,527,837</u>	<u>\$ 49,750,575</u>	<u>\$ 42,059,188</u>

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 41,332,128</u>	<u>\$ 49,750,575</u>	<u>\$ 60,805,377</u>

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 10 – Post-Employment Benefits Obligations Payable (continued)

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

For the year ended June 30, 2024, the District recognized OPEB expense of (\$82,892). At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,070,597
Changes of assumptions or other inputs	5,969,976	5,821,217
Contributions subsequent to the measurement period	1,116,207	-
	\$ 7,086,183	\$ 7,891,814

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

Year Ended June 30,	Amount
2025	\$ (22,191)
2026	228,415
2027	(101,704)
2028	(1,383,630)
2029	(726,241)
2030 and Thereafter	83,513
	\$ (1,921,838)

Note 11 – Risk Management

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

The District incurs costs related to an employee health insurance plan (plan). The plan objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the plan must remain a member for a minimum of five years; a member may withdraw from the plan after that time by providing written intent to withdraw on or before January 1st of the commencement of the school year for which the withdrawal is intended to be effective. In the event of a withdrawal, the consortium may determine any sums which are due and owed to the plan or participant. The Cooperative Health Insurance Fund of Central New York consortium has twenty-nine (29) members with each bearing a pro-rata share of the plan's assets and claims liabilities. Plan members are subject to a pro-rata supplemental assessment in the event of deficiencies.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 11 – Risk Management (continued)

If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. All plan cash accounts are collateralized by securities held by the financial institution where deposits are made. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount.

Such claims are based on the ultimate cost of the claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. The District incurred premiums totaling approximately \$5,155,000 for the current year. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

Note 12 – Donor Restricted Endowments

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships. Donor-restricted endowments are reported at fair value. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District. Such endowments are recorded within the scholarships fund in accordance with GASB 84.

Note 13 – Commitments and Contingent Liabilities

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial. New York State Education Law requires that most capital projects require approval by the New York Office of Facilities Planning. New York State provides building aid for certain type of capital projects undertaken by school districts. Building aid is subject to numerous reporting requirements. The failure to adhere to these reporting requirements could lead to the refund of building aid already received and the loss of future aid on these particular projects. Building aid represents a significant source of financing for the Districts' financing of such projects and any loss or refund of building aid could have a significant impact on these financial statements.

MARCELLUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 14 – Unrestricted Net Position:

Unrestricted net position in the general fund consist of the following at June 30, 2024:

Unrestricted net position	
Designated for subsequent year's expenditures	\$ 1,887,862
Reserve for encumbrances	80,732
Unreserved	<u>1,417,516</u>
Total unrestricted net position general fund	<u><u>\$ 3,386,110</u></u>

Note 15 – Subsequent Events

Management has evaluated subsequent events through September 23, 2024, which is the date the financial statements were available to be issued.

MARCELLUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedules of Changes in the District's Total OPEB Liability and Related Ratios
June 30,

	2024	2023	2022	2021	2020	2019	2018
Measurement Date	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability	\$ 49,750,575	\$ 48,476,474	\$ 52,113,961	\$ 55,276,482	\$ 41,542,432	\$ 40,237,281	\$ 40,038,882
Service Cost	1,471,144	1,861,372	1,963,299	1,343,019	1,282,951	1,444,377	1,985,248
Interest	1,749,089	1,144,160	1,254,908	1,486,436	1,592,209	1,481,038	1,498,197
Changes in benefit terms	(1,418,867)	-	-	-	(1,126,924)	-	70,343
Differences between expected and actual experience in the measurement of the total OPEB liability	(257,052)	-	(2,719,136)	-	(1,212,856)	-	(6,283,772)
Changes in assumptions or other inputs	806,410	(5,623,173)	(2,748,393)	11,736,309	1,525,523	(2,040,349)	(8,115,260)
Benefit payments (including implicit subsidy)	(1,076,623)	(1,019,846)	(913,199)	(831,714)	(755,752)	(686,667)	602,133
Net change in total OPEB liability	1,274,101	(3,637,487)	(3,162,521)	13,734,050	1,305,151	198,399	(10,243,111)
Total OPEB liability- beginning	48,476,474	52,113,961	55,276,482	41,542,432	40,237,281	40,038,882	50,281,993
Total OPEB liability- ending	\$ 49,750,575	\$ 48,476,474	\$ 52,113,961	\$ 55,276,482	\$ 41,542,432	\$ 40,237,281	\$ 40,038,882
Covered payroll	\$ 20,312,618	\$ 18,988,943	\$ 17,489,074	\$ 18,017,760	\$ 17,264,274	\$ 17,273,871	\$ 16,772,005
Total OPEB liability as a percentage of covered payroll	245%	255%	298%	307%	241%	233%	239%

Note:

The District does not have net assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

See paragraph on required supplementary information included in the auditor's report.

MARCELLUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information - Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
June 30, 2024

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual
REVENUES					
Local sources					
Real property taxes	\$ 19,002,474	\$ 19,002,474	\$ 19,441,227		\$ 438,753
Other tax items	2,970,000	2,520,000	2,080,387		(439,613)
Nonproperty taxes	40,819	40,819	67,716		26,897
Charges for services	46,224	46,224	32,848		(13,376)
Use of money and property	20,000	470,000	863,956		393,956
Sale of property and compensation for loss	17,000	25,790	44,418		18,628
Miscellaneous	355,240	378,675	391,358		12,683
Total local sources	22,451,757	22,483,982	22,921,910		437,928
State sources	15,804,844	15,804,844	15,644,982		(159,862)
Federal sources	58,000	58,000	60,612		2,612
Appropriated reserves	1,887,862	1,887,862	-		(1,887,862)
Total revenues	40,202,463	40,234,688	38,627,504		(1,607,184)
OTHER FINANCING SOURCES					
Transfer from other funds	-	-	170,008		170,008
Total revenues and other sources	\$ 40,202,463	\$ 40,234,688	\$ 38,797,512		\$ (1,437,176)
EXPENDITURES					
General support					
Board of education	37,666	33,949	22,767	-	11,182
Central administration	182,214	196,605	202,915	-	(6,310)
Finance	414,913	414,913	457,705	-	(42,792)
Staff	182,401	180,401	176,035	-	4,366
Central services	2,498,761	2,558,577	2,203,118	59,954	295,505
Special items	350,017	374,772	364,845	-	9,927
Total general support	3,665,972	3,759,217	3,427,385	59,954	271,878
Instruction					
Instruction, administration and improvement	1,103,617	1,099,351	950,025	-	149,326
Teaching - regular school	11,793,649	11,940,492	11,437,269	4,471	498,752
Programs for students with disabilities	3,209,051	3,091,696	2,448,026	155	643,515
Occupational education	416,037	416,037	700,420	-	(284,383)
Instructional media	1,532,044	1,536,838	1,748,414	8,900	(220,476)
Pupil services	2,316,527	2,341,572	2,397,734	7,252	(63,414)
Total instruction	20,370,925	20,425,986	19,681,888	20,778	723,320
Pupil transportation	1,940,832	1,932,945	1,757,450	-	175,495
Employee benefits	10,180,441	10,151,285	9,550,955	-	600,330
Debt service	3,814,293	3,814,293	3,824,494	-	(10,201)
Total expenditures	39,972,463	40,083,726	38,242,172	80,732	1,760,822
OTHER FINANCING USES					
Transfer to other funds	230,000	230,000	387,021	-	(157,021)
Total expenditures and other uses	\$ 40,202,463	\$ 40,313,726	38,629,193	\$ 80,732	\$ 1,603,801
Net change in fund balance			168,319		
Fund balance - beginning			8,708,951		
Fund balance - ending			\$ 8,877,270		

Note To Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

MARCELLUS CENTRAL SCHOOL DISTRICT
Schedule of District Contributions
For the Year Ended June 30,

Teachers' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,712,287	\$ 1,533,662	\$ 1,381,829	\$ 1,290,277	\$ 1,531,616	\$ 1,374,019	\$ 1,586,561	\$ 1,698,898	\$ 2,100,607	\$ 1,978,340
Contributions in relation to the contractually required contribution	<u>\$ 1,712,287</u>	<u>\$ 1,533,662</u>	<u>\$ 1,381,829</u>	<u>\$ 1,290,277</u>	<u>\$ 1,531,616</u>	<u>\$ 1,374,019</u>	<u>\$ 1,586,561</u>	<u>1,698,898</u>	<u>2,100,607</u>	<u>1,978,340</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 15,088,212	\$ 15,302,886	\$ 14,483,571	\$ 13,488,258	\$ 13,623,002	\$ 13,696,855	\$ 13,281,490	\$ 12,992,995	\$ 12,352,391	\$ 13,366,283
Contributions as a percentage of covered payroll	11%	10%	10%	10%	11%	10%	12%	13%	17%	15%

Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 477,608	\$ 410,484	\$ 478,011	\$ 536,306	\$ 510,350	\$ 498,441	\$ 477,584	\$ 458,908	\$ 529,213	\$ 551,160
Contributions in relation to the contractually required contribution	<u>477,608</u>	<u>410,484</u>	<u>478,011</u>	<u>536,306</u>	<u>510,350</u>	<u>498,441</u>	<u>477,584</u>	<u>458,908</u>	<u>529,213</u>	<u>551,160</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,970,687	\$ 3,793,836	\$ 3,441,302	\$ 3,361,564	\$ 3,641,272	\$ 3,577,016	\$ 3,490,515	\$ 3,729,010	\$ 3,782,086	\$ 2,815,834
Contributions as a percentage of covered payroll	12%	11%	14%	16%	14%	14%	14%	12%	14%	20%

See paragraph on required supplementary information included in auditor's report.

MARCELLUS CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset (Liability)
For the Year Ended June 30,

<i>Teachers' Retirement System</i>										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)		0.081758%	0.079468%	0.080262%	0.082058%	0.081537%	0.081992%	0.080049%	0.081707%	0.79327%
District's proportionate share of the net pension asset (liability)	\$ (947,535)	\$ (1,568,839)	\$ 13,771,033	\$ (2,217,857)	\$ 2,131,879	\$ 1,474,407	\$ 623,219	\$ (857,360)	\$ 10,124,692	\$ 8,836,535
District's covered payroll	\$ 15,088,212	\$ 15,302,886	\$ 14,483,571	\$ 13,488,258	\$ 13,623,002	\$ 13,696,855	\$ 13,281,490	\$ 12,992,995	\$ 12,352,391	\$ 13,366,283
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	-6%	-10%	95%	-16%	16%	11%	5%	-7%	82%	66%
Plan fiduciary net position as a percentage of the total pension asset (liability)	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
<i>Employees' Retirement System</i>										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0125381%	0.0115977%	0.0111872%	0.0119960%	0.0125367%	0.0117067%	0.0111478%	0.0112375%	0.0105392%	0.0102851%
District's proportionate share of the net pension asset (liability)	\$ (1,846,108)	\$ (2,487,005)	\$ 914,505	\$ (11,945)	\$ (3,319,781)	\$ (829,455)	\$ (359,790)	\$ (1,055,900)	\$ (1,691,579)	\$ (347,455)
District's covered payroll	\$ 3,970,687	\$ 3,793,836	\$ 3,441,302	\$ 3,361,564	\$ 3,641,272	\$ 3,577,016	\$ 3,490,515	\$ 3,729,010	\$ 3,782,086	\$ 2,815,834
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	-46%	-66%	27%	0%	-91%	-23%	-10%	-28%	-45%	-12%
Plan fiduciary net position as a percentage of the total pension asset (liability)	93.88%	90.78%	99.95%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

See paragraph on required supplementary information included in auditor's report.

MARCELLUS CENTRAL SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit
June 30, 2024

CHANGE FROM ADOPTED TO REVISED BUDGET

Adopted budget	\$ 40,202,463
Add prior year's encumbrances	<u>79,038</u>
Original budget	40,281,501
Budget revision:	<u>32,225</u>
Revised budget	<u><u>\$ 40,313,726</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2024-25 voter-approved expenditure budget maximum allowed (4% of 2024-25 budget)	\$ 41,709,230
General Fund fund balance subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	1,968,594
Unassigned fund balance	<u>1,417,516</u>
Total unrestricted fund balance	<u><u>3,386,110</u></u>
Less:	
Appropriated fund balance	1,887,862
Encumbrances included in committed and assigned fund balance	<u>80,732</u>
Total adjustments	<u><u>1,968,594</u></u>
General Fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,417,516</u></u>
Actual percentage	3.40%

*Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

See paragraph on supplementary information included in auditor's report.

MARCELLUS CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures - Capital Projects Fund
For the Year Ended June 30, 2024

PROJECT TITLE	Original Budget	Revised Budget	Expenditures				Unexpended Balance	Methods of Financing				Fund Balance 6/30/24
			Prior Years	Current Year	Transfers	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
Bus Purchase 2018	\$ 262,074	\$ 262,074	\$ 261,601	\$ -	\$ -	\$ 261,601	\$ 473	\$ -	\$ -	\$ 262,075	\$ 262,075	\$ 474
Bus Purchase 2019	435,984	435,984	435,982	-	-	435,982	2	-	-	348,785	348,785	(87,197)
Bus Purchase 2020	425,395	425,395	414,511	-	-	414,511	10,884	-	-	255,237	255,237	(159,274)
Bus Purchase 2021	113,063	113,063	105,881	-	-	105,881	7,182	-	-	45,226	45,226	(60,655)
Bus Purchase 2022	382,909	382,909	376,761	-	-	376,761	6,148	-	-	76,582	76,582	(300,179)
Bus Purchase 2023	388,665	388,665	382,185	-	-	382,185	6,480	-	-	-	-	(382,185)
Bus Purchase 2024	483,800	483,800	-	524,418	-	524,418	(40,618)	-	-	-	-	(524,418)
Renovation Project	14,274,858	17,533,482	17,974,843	-	-	17,974,843	(441,361)	17,182,850	-	675,477	17,858,327	(116,516)
2020 Capital Improvement Project	9,995,000	9,995,000	10,021,173	233,070	-	10,254,243	(259,243)	10,173,295	-	-	10,173,295	(80,948)
2021 Capital Improvement Project	17,500,000	17,500,000	5,267,842	11,376,307	170,008	16,814,157	685,843	16,552,282	-	2,100,000	18,652,282	1,838,125
2020 Capital Outlay	200,000	200,000	-	-	-	-	200,000	-	-	200,000	200,000	200,000
2021 Capital Outlay	258,000	258,000	57,000	-	-	57,000	201,000	-	-	258,000	258,000	201,000
2022 Capital Outlay	100,000	100,000	93,741	-	-	93,741	6,259	-	-	100,000	100,000	6,259
2023 Capital Outlay	200,000	200,000	200,000	-	-	200,000	-	-	-	200,000	200,000	-
2024 Capital Outlay	200,000	200,000	-	-	-	-	200,000	-	-	-	-	-
Smart Schools Bond Act	139,339	139,339	370,291	70,329	-	440,620	(301,281)	-	146,830	-	146,830	(293,790)
SHS Gymnasium Bleachers/ Middle School Sitework	400,000	400,000	460,220	-	-	460,220	(60,220)	-	-	400,000	400,000	(60,220)
Total projects	\$ 45,759,087	\$ 49,017,711	\$ 36,422,031	\$ 12,204,124	\$ 170,008	\$ 48,796,163	\$ 221,548	\$ 43,908,427	\$ 146,830	\$ 4,921,382	\$ 48,976,639	\$ 180,476

See paragraph on supplementary information included in auditor's report.

MARCELLUS CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
For the Year Ended June 30, 2024

Capital assets, net		\$ 70,643,133
Deduct:		
Bond anticipation notes payable	(705,979)	
Short-term portion of bonds payable	(2,192,140)	
Long-term portion of bonds payable	<u>(40,087,551)</u>	
		<u>(42,985,670)</u>
Net investment in capital assets		<u>\$ 27,657,463</u>

See paragraph on supplementary information included in the auditor's report.



grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

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

INDEPENDENT AUDITOR'S REPORT

Board of Education
Marcellus Central School District
Marcellus, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marcellus Central School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 23, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Grossman St Amour CPAs". The signature is written in a cursive, flowing style.

Syracuse, New York
September 23, 2024



grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Education
Marcellus Central School District
Marcellus, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Marcellus Central School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Marcellus Central School District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Marcellus Central School District complied, in all material respects, with the 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, 2024.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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



Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Marcellus Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Marcellus Central School 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 Marcellus Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Marcellus Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Marcellus Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in blue ink that reads "Grossman St Amour CPAs". The signature is written in a cursive, flowing style.

Syracuse, New York
September 23, 2024

MARCELLUS CENTRAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Current Year Expenditures</u>
U.S. Department of Education				
Passed through New York State Department of Education: (Grantor's No. 420702030000)				
Special Education Cluster:				
Special Education - Grants to States	84.027A	0032-24-0650		\$ 387,349
Special Education - Preschool Grants	84.173A	0033-24-0650		<u>12,991</u>
Total Special Education Cluster				<u>400,340</u>
Title I Grants to Local Educational Agencies (Title I, A)	84.010A	0021-24-2140		167,805
Student Support and Academic Enrichment (Title IV, A)	84.424A	0204-23-2140		1,067
Improving Teacher Quality State Grants (Title II, A)	84.367A	0147-24-2140		27,820
Education Stabilization Funds:				
Coronavirus Response and Relief Act Elementary and Secondary Emergency Relief (ESSER) 2	84.425D	5891-21-2140		5,309
American Rescue Plan (ARP) Elementary and Secondary Emergency Relief (ESSER) 3	84.425U	5880-21-2140		343,588
American Rescue Plan (ARP) Universal Pre-Kindergarten	84.425U	5870-24-9180		147,400
American Rescue Plan (ARP) - State Level Reserve- Lost Instruction	84.425U	5884-21-2140		148,978
American Rescue Plan (ARP) - State Level Reserve - Summer Enrichment	84.425U	5882-21-2140		23,969
American Rescue Plan (ARP) - State Level Reserve - Comprehension	84.425U	5883-21-2140		<u>34,729</u>
Total American Rescue Plan				<u>698,664</u>
Total U.S. Department of Education				<u>1,301,005</u>
U.S. Department of Agriculture				
Child Nutrition Cluster:				
School Breakfast Program	10.553			36,742
National School Lunch Program	10.555			220,738
National School Lunch Program- Commodities	10.555			<u>52,449</u>
Total Child Nutrition Cluster				<u>309,929</u>
Total U.S. Department of Agriculture				<u>309,929</u>
Total Expenditures of Federal Awards				<u><u>\$ 1,610,934</u></u>

MARCELLUS CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Marcellus Central Free School District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. CFDA numbers and pass-through numbers are provided, when available.

2. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of Marcellus Central School District's federal award programs and presents transactions that are included in the financial statements of the District presented on the modified accrual basis of accounting, as required by accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data provided. Marcellus Central School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Food Distribution

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted approximately \$52,400 of commodities under the National School Lunch Program (CFDA 10.555).

MARCELLUS CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued: *unmodified*

Internal control over financial reporting:

• Material weakness(es) identified? Yes No

• Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? Yes No

• Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Type of auditor's opinion(s) issued on compliance for major programs: *unmodified*

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

Identification of major programs:

Name of Federal Program or Cluster

CFDA Number(s)

Education Stabilization Funds

84.425D, 84.425U

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

\$750,000

Auditee qualified as low-risk?

Yes No

MARCELLUS CENTRAL SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
For the year ended June 30, 2024**

Section II. Financial Statement Findings

None reported

Section III. Federal Award Findings and Questioned Costs

None reported

MARCELLUS CENTRAL SCHOOL DISTRICT

**Summary Schedule of Prior Year Findings
For the year ended June 30, 2024**

2023-001 Accounts Payable - Capital Fund

Condition: During testing of accounts payable, it was determined that approximately \$1.1 million of capital expenditures were paid subsequent to June 30 related to services performed in the 2022-2023 school year, but were inadvertently excluded from accounts payable. The understatement was primarily the result of the transition of OCM BOCES taking over the accounts payable process.

Recommendation: We recommend the District communicate with OCM BOCES regarding invoices that pertain to work conducted within the fiscal year to ensure that all expenditures are accrued in accounts payable at year-end.

Current Status: The recommendation was adopted by the District in the 2023-2024 school year. No similar findings were identified during the 2024 audit.