

**CHEEKTOWAGA CENTRAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Cheektowaga Central School District

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 16, 2023

**Management's Discussion and Analysis (unaudited)**

June 30, 2023

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**Introduction**

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

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

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

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

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

<b>Condensed Statement of Net Position</b>	Change			
	<b>2023</b>	<b>2022</b>	<b>\$</b>	<b>%</b>
Current and other assets	<b>\$ 27,099,000</b>	\$ 43,434,000	\$ (16,335,000)	(37.6%)
Capital assets	<b>61,388,000</b>	62,605,000	(1,217,000)	(1.9%)
<b>Total assets</b>	<b>88,487,000</b>	106,039,000	(17,552,000)	(16.6%)
<b>Deferred outflows of resources</b>	<b>12,363,000</b>	12,202,000	161,000	1.3%
Long-term liabilities	<b>42,209,000</b>	26,115,000	16,094,000	61.6%
Other liabilities	<b>3,043,000</b>	21,693,000	(18,650,000)	(86.0%)
<b>Total liabilities</b>	<b>45,252,000</b>	47,808,000	(2,556,000)	(5.3%)
<b>Deferred inflows of resources</b>	<b>6,755,000</b>	26,492,000	(19,737,000)	(74.5%)
<b>Net position</b>				
Net investment in capital assets	<b>26,556,000</b>	26,610,000	(54,000)	(0.2%)
Restricted	<b>14,080,000</b>	10,726,000	3,354,000	31.3%
Unrestricted	<b>8,207,000</b>	6,605,000	1,602,000	24.3%
<b>Total net position</b>	<b>\$ 48,843,000</b>	\$ 43,941,000	\$ 4,902,000	11.2%

Net position amounted to \$48,843,000 and \$43,941,000 as of June 30, 2023 and 2022, respectively. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire or lease those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used. These reserves are set aside for specific purposes governed by laws and regulations and include the capital reserve, which is dedicated to future renovations as approved by the District's voters; the tax certiorari reserve, which is used to pay claims and judgements resulting from certiorari proceedings; the retirement contribution reserve, which can be used to fund required District contributions to the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS); and the employee benefit accrued liability reserve, which must be used to pay future accumulated vacation and sick time. Other restricted resources include the debt service, insurance, unemployment insurance, and repair reserves and amounts restricted for scholarships.

Total assets decreased by \$17,552,000 (\$25,013,000 increase in 2022). Current and other assets decreased \$16,335,000 (\$22,905,000 increase in 2022) primarily as a result of the District's proportionate share of the TRS and ERS net pension positions resulting in a liability of \$4,377,000 compared to an asset of \$17,183,000 in 2022 due to the plans' investment losses. Net capital assets decreased \$1,217,000 (\$2,108,000 increase in 2022) due to depreciation and amortization expense and disposals in excess of capital spending.

Total liabilities decreased \$2,556,000 (\$4,019,000 decrease in 2022). Long-term liabilities increased \$16,094,000 (\$4,645,000 decrease in 2022) due to the issuance of a bond and related premiums totaling \$15,198,000 and the increase of \$4,377,000 in the District's proportionate share of the TRS and ERS net pension liability. This was offset by principal payments on the District's bonds and energy performance contract, along with amortization of bond premiums, totaling \$2,086,000. Other liabilities decreased \$18,650,000 (\$626,000 increase in 2022) primarily due to repayment of the \$15,400,000 of BANs issued in 2022 with bond proceeds as well as recognition of grant revenue in 2023 on unearned revenue of \$1,469,000 from 2022.

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

<b>Condensed Statement of Activities</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>	
			\$	%
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 789,000	\$ 710,000	\$ 79,000	11.1%
Operating and capital grants and contributions	9,918,000	9,382,000	536,000	5.7%
General revenues				
Real property taxes	26,806,000	26,737,000	69,000	0.3%
Sales tax	3,424,000	3,256,000	168,000	5.2%
State aid	24,871,000	20,806,000	4,065,000	19.5%
Other	803,000	590,000	213,000	36.1%
<b>Total revenues</b>	<b>66,611,000</b>	<b>61,481,000</b>	<b>5,130,000</b>	<b>8.3%</b>
<b>Expenses</b>				
Instruction	43,411,000	36,568,000	6,843,000	18.7%
Support services				
General support	6,671,000	5,739,000	932,000	16.2%
Pupil transportation	8,929,000	7,305,000	1,624,000	22.2%
Food service	1,493,000	1,476,000	17,000	1.2%
Interest	1,205,000	926,000	279,000	30.1%
<b>Total expenses</b>	<b>61,709,000</b>	<b>52,014,000</b>	<b>9,695,000</b>	<b>18.6%</b>
Change in net position	4,902,000	9,467,000	(4,565,000)	(48.2%)
Net position – beginning	43,941,000	34,474,000	9,467,000	27.5%
<b>Net position – ending</b>	<b>\$ 48,843,000</b>	<b>\$ 43,941,000</b>	<b>\$ 4,902,000</b>	<b>11.2%</b>

District revenues increased 8.3% or \$5,130,000 (\$8,811,000 or 16.7% increase in 2022). This increase was largely due to an increase in state aid due to an increase in general aid in the state budget of \$3,231,000 and transportation aid of \$847,000 as a result of an increase in transportation expenses in 2022. In addition, there was an increase in operating grants and contributions, including \$371,000 from state grants, \$316,000 from BOCES for a capital project, and \$167,000 from Title I grants to local educational agencies. This was offset by decreases in funding from the Education Stabilization Fund and Child Nutrition Cluster.

Total expenses increased \$9,695,000 (\$826,000 or 1.6% increase in 2022). The increase in expenses was primarily the result of an increase in transportation costs of \$1,624,000 due to an increase in contract prices, an increase in salaries of \$1,453,000 due to contractual raises and hiring of new employees, retirement incentive payments of \$412,000 due to current year retirements, an increase in tuition payments of \$557,000, and an increase of \$279,000 in interest expense due to short-term borrowings. The District also recognized pension expense of \$3,263,000 in 2023, as compared to pension income of \$844,000 in 2022, which is reflected as a negative expense.

### Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased \$19,833,000 from fund balance of \$2,113,000 to \$21,946,000 as described below:

- Other financing sources increased \$15,506,000 or 6,018% (increase of \$131,000 or 103.8% in 2022) due to the issuance of a bond for \$13,460,000 plus related premiums of \$1,738,000.
- Total fund revenues increased \$4,264,000 or 6.9% (\$10,691,000 or 20.7% increase in 2022) primarily due to increases in grant funding and state aid, as noted above.
- Spending across all governmental funds increased by \$3,274,000 or 5.5% (\$154,000 or 0.3% increase in 2022). The District incurred \$2,876,000 less capital project expenditures in 2023 due to the capital project nearing completion. This was offset by increases in salaries, transportation costs, debt service payments, and retirement incentive payments as noted above.
- The general fund experienced an increase in fund balance of \$4,721,000 during 2023 compared to a \$6,109,000 increase in 2022.



## General Fund Budgetary Highlights

The revenue budget for 2023 was \$53,661,000. Actual revenues amounted to \$56,821,000, a favorable difference of \$3,160,000. This was primarily caused by favorable variances in state aid and sales tax.

Actual expenditures and carryover encumbrances were less than the final amended budget by \$2,317,000 or 4.2%. The difference is attributable to many factors and many unknown items when the budget is prepared. The District was able to generate considerable savings in teaching, pupil services, pupil transportation, and employee benefits.

## Capital Assets

	2023	2022
Land	\$ 1,231,000	\$ 1,231,000
Construction in progress	1,648,000	15,159,000
Land improvements	16,587,000	16,728,000
Buildings and improvements	76,554,000	61,649,000
Furniture and equipment	2,290,000	2,315,000
Vehicles	126,000	168,000
	<u>98,436,000</u>	<u>97,250,000</u>
Accumulated depreciation	(37,312,000)	(34,930,000)
	<u>61,124,000</u>	<u>62,320,000</u>
Right-to-use leased equipment, net	264,000	285,000
	<u>\$ 61,388,000</u>	<u>\$ 62,605,000</u>

Current year additions of \$1,718,000 were offset by depreciation and amortization expense of \$2,882,000 and a \$53,000 loss on disposals.

## Debt

At June 30, 2023, the District had \$31,982,000 in bonds and energy performance contracts outstanding, with \$1,979,000 due within one year (\$20,462,000 outstanding at June 30, 2022). Outstanding compensated absences payable were \$2,019,000, with \$546,000 expected to be paid within one year (\$1,965,000 outstanding at June 30, 2022).

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

## Current Financial Issues and Concerns

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

## Contact for the District's Financial Management

This financial report is designed to provide our District residents, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Laurie Widman, Business Administrator, Cheektowaga Central School District, 3600 Union Road, Cheektowaga, New York 14225.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

**Statement of Net Position**

June 30, 2023

(With comparative totals as of June 30, 2022)

	2023	2022
<b>Assets</b>		
Cash	\$ 8,241,879	\$ 18,151,003
Due from other governments	1,154,800	1,187,891
State and federal aid receivable	5,118,765	4,005,675
Lease receivable	2,276,797	2,804,008
Investments	10,204,328	-
Inventory and prepaid expenses	102,785	102,784
Net pension asset	-	17,182,791
Capital assets (Note 5)	98,817,106	97,739,034
Accumulated depreciation and amortization	(37,429,660)	(35,134,206)
<b>Total assets</b>	<b>88,486,800</b>	<b>106,038,980</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources related to pensions	11,890,594	11,595,773
Deferred outflows of resources related to OPEB	472,754	606,318
<b>Total deferred outflows of resources</b>	<b>12,363,348</b>	<b>12,202,091</b>
<b>Liabilities</b>		
Accounts payable	706,020	2,432,661
Accrued liabilities	197,593	532,974
Due to retirement systems	2,139,393	1,858,030
Unearned revenue	-	1,468,842
Bond anticipation notes	-	15,400,000
Long-term liabilities		
Due within one year:		
Bonds	1,895,000	1,860,000
Energy performance contract	84,008	79,878
Compensated absences	546,000	496,000
Due beyond one year:		
Bonds and related premiums	33,031,588	19,874,695
Energy performance contract	88,351	172,359
Compensated absences	1,473,000	1,469,000
Net pension liability	4,376,995	-
Total OPEB liability	713,884	2,163,569
<b>Total liabilities</b>	<b>45,251,832</b>	<b>47,808,008</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to leases	2,276,797	2,804,008
Deferred inflows of resources related to pensions	1,308,599	21,675,885
Deferred inflows of resources related to OPEB	3,169,718	2,011,940
<b>Total deferred inflows of resources</b>	<b>6,755,114</b>	<b>26,491,833</b>
<b>Net Position</b>		
Net investment in capital assets	26,555,691	26,610,138
Restricted	14,080,573	10,726,185
Unrestricted	8,206,938	6,604,907
<b>Total net position</b>	<b>\$ 48,843,202</b>	<b>\$ 43,941,230</b>

See accompanying notes.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

**Statement of Activities**

For the year ended June 30, 2023

(With summarized comparative totals for June 30, 2022)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2023	2022
<b>Governmental activities</b>						
General support	\$ 6,671,086	\$ 524,065	\$ -	\$ -	<b>\$ (6,147,021)</b>	\$ (5,230,255)
Instruction	43,410,826	204,474	7,754,622	364,871	<b>(35,086,859)</b>	(29,049,883)
Pupil transportation	8,929,588	-	-	-	<b>(8,929,588)</b>	(7,305,149)
Interest expense	1,205,075	-	-	-	<b>(1,205,075)</b>	(926,218)
School food service	1,492,727	60,487	1,798,834	-	<b>366,594</b>	589,442
	<u>\$ 61,709,302</u>	<u>\$ 789,026</u>	<u>\$ 9,553,456</u>	<u>\$ 364,871</u>	<u><b>(51,001,949)</b></u>	<u>(41,922,063)</u>
<b>General revenues</b>						
Real property taxes					<b>26,805,660</b>	26,737,129
Sales tax					<b>3,424,470</b>	3,256,458
Miscellaneous					<b>803,044</b>	589,748
State aid					<b>24,870,747</b>	20,805,901
<b>Total general revenues</b>					<u><b>55,903,921</b></u>	<u>51,389,236</u>
Change in net position					<b>4,901,972</b>	9,467,173
Net position - beginning					<b>43,941,230</b>	34,474,057
<b>Net position - ending</b>					<u><b>\$ 48,843,202</b></u>	<u>\$ 43,941,230</u>

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

**Balance Sheet - Governmental Funds**

June 30, 2023

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

	General	Special Aid	Capital Projects	Food Service	Miscellaneous Special Revenue	Total Governmental Funds	
						2023	2022
<b>Assets</b>							
Cash	\$ 4,940,825	\$ 1,753,256	\$ 310,301	\$ 1,140,016	\$ 97,481	\$ 8,241,879	\$ 18,151,003
Due from other governments	1,154,800	-	-	-	-	1,154,800	1,187,891
State and federal aid receivable	1,886,292	2,715,886	240,964	275,623	-	5,118,765	4,005,675
Lease receivable	2,276,797	-	-	-	-	2,276,797	2,804,008
Due from other funds, net	4,368,704	-	154,629	-	-	4,523,333	3,972,538
Investments	10,204,328	-	-	-	-	10,204,328	-
Inventory and prepaid expenses	92,919	-	-	9,866	-	102,785	102,784
<b>Total assets</b>	<b>\$ 24,924,665</b>	<b>\$ 4,469,142</b>	<b>\$ 705,894</b>	<b>\$ 1,425,505</b>	<b>\$ 97,481</b>	<b>\$ 31,622,687</b>	<b>\$ 30,223,899</b>
<b>Liabilities</b>							
Accounts payable	\$ 462,497	\$ 20,809	43,109	\$ 179,605	\$ -	\$ 706,020	\$ 2,432,661
Accrued liabilities	6,191	-	-	1,402	-	7,593	174,974
Due to retirement systems	2,117,325	-	-	22,068	-	2,139,393	1,858,030
Due to other funds, net	-	4,448,333	-	-	75,000	4,523,333	3,972,538
Unearned revenue	-	-	23,109	-	-	23,109	1,468,842
Bond anticipation notes	-	-	-	-	-	-	15,400,000
<b>Total liabilities</b>	<b>2,586,013</b>	<b>4,469,142</b>	<b>66,218</b>	<b>203,075</b>	<b>75,000</b>	<b>7,399,448</b>	<b>25,307,045</b>
<b>Deferred Inflows of Resources</b>							
Deferred inflows of resources related to leases	2,276,797	-	-	-	-	2,276,797	2,804,008
<b>Fund Balances</b>							
Nonspendable	92,919	-	-	9,866	-	102,785	102,784
Restricted	13,418,416	-	639,676	-	22,481	14,080,573	10,726,185
Committed	50,000	-	-	-	-	50,000	-
Assigned	151,202	-	-	1,212,564	-	1,363,766	1,209,208
Unassigned	6,349,318	-	-	-	-	6,349,318	(9,925,331)
<b>Total fund balances</b>	<b>20,061,855</b>	<b>-</b>	<b>639,676</b>	<b>1,222,430</b>	<b>22,481</b>	<b>21,946,442</b>	<b>2,112,846</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 24,924,665</b>	<b>\$ 4,469,142</b>	<b>\$ 705,894</b>	<b>\$ 1,425,505</b>	<b>\$ 97,481</b>	<b>\$ 31,622,687</b>	<b>\$ 30,223,899</b>

See accompanying notes.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

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

June 30, 2023

<b>Total fund balances - governmental funds</b>		<b>\$ 21,946,442</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in the governmental funds.		61,387,446
Certain revenues collected more than ninety days after year end are not considered earned until received in the governmental funds but are recognized when earned in the government-wide statements.		23,109
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to pensions	11,890,594	
Net pension liability	(4,376,995)	
Deferred inflows of resources related to pensions	<u>(1,308,599)</u>	6,205,000
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to OPEB	472,754	
Total OPEB liability	(713,884)	
Deferred inflows of resources related to OPEB	<u>(3,169,718)</u>	(3,410,848)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Accrued interest	(190,000)	
Bonds and related premiums	(34,926,588)	
Energy performance contract	(172,359)	
Compensated absences	<u>(2,019,000)</u>	(37,307,947)
<b>Net position - governmental activities</b>		<b>\$ 48,843,202</b>

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

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

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

	General	Special Aid	Capital Projects	Food Service	Miscellaneous Special Revenue	Total Governmental Funds	
						2023	2022
<b>Revenues</b>							
Real property taxes	\$ 24,210,944	\$ -	\$ -	\$ -	\$ -	\$ 24,210,944	\$ 23,768,189
Real property tax items	2,594,716	-	-	-	-	2,594,716	2,968,940
Nonproperty taxes	3,424,470	-	-	-	-	3,424,470	3,256,458
Charges for services	204,474	-	-	-	-	204,474	180,025
Use of money and property	843,797	-	12,909	2,100	-	858,806	541,941
Sale of property and compensation for loss	2,176	-	-	-	-	2,176	2,249
Miscellaneous	362,737	-	-	-	20,975	383,712	323,030
State sources	24,870,747	2,253,816	341,762	33,386	-	27,499,711	23,684,254
Federal sources	307,362	5,193,444	-	1,765,448	-	7,266,254	7,495,493
Sales	-	-	-	60,487	-	60,487	21,205
<b>Total revenues</b>	<b>56,821,423</b>	<b>7,447,260</b>	<b>354,671</b>	<b>1,861,421</b>	<b>20,975</b>	<b>66,505,750</b>	<b>62,241,784</b>
<b>Expenditures</b>							
General support	5,324,798	-	-	1,129,069	18,626	6,472,493	6,013,167
Instruction	24,946,604	5,972,323	-	-	-	30,918,927	28,566,345
Pupil transportation	8,537,986	207,945	-	-	-	8,745,931	7,079,459
Employee benefits	9,348,601	1,197,765	-	32,728	-	10,579,094	9,920,257
Debt service							
Principal	2,369,878	-	-	-	-	2,369,878	1,865,952
Interest	1,518,804	-	-	-	-	1,518,804	1,018,946
Cost of sales	-	-	-	167,040	-	167,040	157,729
Capital outlay	-	159,409	1,410,846	93,001	-	1,663,256	4,539,132
<b>Total expenditures</b>	<b>52,046,671</b>	<b>7,537,442</b>	<b>1,410,846</b>	<b>1,421,838</b>	<b>18,626</b>	<b>62,435,423</b>	<b>59,160,987</b>
Excess revenues (expenditures)	4,774,752	(90,182)	(1,056,175)	439,583	2,349	4,070,327	3,080,797
<b>Other financing sources (uses)</b>							
BANS redeemed from appropriations	-	-	430,000	-	-	430,000	-
Proceeds from issuance of debt	-	-	13,460,000	-	-	13,460,000	-
Bond premiums	227,622	-	1,510,000	-	-	1,737,622	-
BAN premium	135,647	-	-	-	-	135,647	257,673
Operating transfers, net	(416,522)	90,182	326,340	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(53,253)</b>	<b>90,182</b>	<b>15,726,340</b>	<b>-</b>	<b>-</b>	<b>15,763,269</b>	<b>257,673</b>
Net change in fund balances	4,721,499	-	14,670,165	439,583	2,349	19,833,596	3,338,470
Fund balances (deficit) - beginning	15,340,356	-	(14,030,489)	782,847	20,132	2,112,846	(1,225,624)
<b>Fund balances - ending</b>	<b>\$ 20,061,855</b>	<b>\$ -</b>	<b>\$ 639,676</b>	<b>\$ 1,222,430</b>	<b>\$ 22,481</b>	<b>\$ 21,946,442</b>	<b>\$ 2,112,846</b>

See accompanying notes.

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

For the year ended June 30, 2023

<b>Total net change in fund balances - governmental funds</b>		<b>\$ 19,833,596</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over estimated useful lives as depreciation and amortization expense. This is the amount by which depreciation and amortization expense and disposals exceed capital outlays.		
		(1,217,382)
Revenue is recorded to the extent received within 90 days of year end for governmental funds, but on the statement of activities, revenue is recognized when earned.		
		23,109
Pension expense is recognized when paid on the statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:		
2023 TRS and ERS contributions	2,346,114	
2023 ERS accrued contribution	132,192	
2022 ERS accrued contribution	(112,596)	
2023 TRS pension expense	(2,336,937)	
2023 ERS pension expense	<u>(926,452)</u>	(897,679)
OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities.		
		158,343
Bonds and bond premiums are recorded as other financing sources in the governmental funds but increase long term liabilities in the statement of net position.		
		(15,197,622)
Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position.		
		1,939,878
In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:		
Amortization of bond premiums	145,729	
Compensated absences	(54,000)	
Interest	<u>168,000</u>	259,729
<b>Change in net position - governmental activities</b>		<b>\$ 4,901,972</b>

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
<b>Revenues</b>					
Local sources					
Real property taxes	\$ 24,049,118	\$ 24,049,118	\$ 24,210,944		\$ 161,826
Real property tax items	2,784,984	2,784,984	2,594,716		(190,268)
Nonproperty taxes	2,530,000	2,530,000	3,424,470		894,470
Charges for services	50,000	50,000	204,474		154,474
Use of money and property	506,076	506,076	843,797		337,721
Sale of property and compensation for loss	-	-	2,176		2,176
Miscellaneous	149,535	149,535	362,737		213,202
State sources	23,491,614	23,491,614	24,870,747		1,379,133
Federal sources	100,000	100,000	307,362		207,362
<b>Total revenues</b>	<b>53,661,327</b>	<b>53,661,327</b>	<b>56,821,423</b>		<b>3,160,096</b>
<b>Expenditures</b>					
General support					
Board of education	42,000	42,950	31,840	207	(10,903)
Central administration	285,000	407,892	400,148	-	(7,744)
Finance	406,926	664,776	661,761	644	(2,371)
Staff	245,000	296,380	217,442	628	(78,310)
Central services	3,228,168	3,273,661	3,141,392	44,388	(87,881)
Special items	749,000	884,291	872,215	3,763	(8,313)
Instruction					
Instruction, administration, and improvement	1,809,500	1,629,778	1,570,751	-	(59,027)
Teaching - regular school	13,907,864	13,122,977	12,868,678	98	(254,201)
Programs for children with handicapping conditions	7,060,269	6,799,072	6,584,036	16,990	(198,046)
Occupational education	935,000	947,753	931,638	16,112	(3)
Teaching - special schools	150,000	-	-	-	-
Instructional media	1,454,446	1,250,578	1,106,473	65,767	(78,338)
Pupil services	2,426,291	2,199,205	1,885,028	2,605	(311,572)
Pupil transportation	7,633,219	8,892,198	8,537,986	-	(354,212)
Employee benefits	10,530,000	10,214,481	9,348,601	-	(865,880)
Debt service					
Principal	1,939,878	2,369,878	2,369,878	-	-
Interest	1,114,993	1,518,805	1,518,804	-	(1)
<b>Total expenditures</b>	<b>53,917,554</b>	<b>54,514,675</b>	<b>52,046,671</b>	<b>151,202</b>	<b>(2,316,802)</b>
Excess revenues (expenditures)	(256,227)	(853,348)	4,774,752	(151,202)	5,476,898
<b>Other financing sources (uses)</b>					
Bond premium	-	-	227,622		227,622
BAN premium	-	-	135,647		135,647
Operating transfers in	-	-	23,660		23,660
Operating transfers out	(180,000)	(430,000)	(440,182)		10,182
Appropriated fund balance and carryover encumbrances	436,227	1,283,348	-		(1,283,348)
<b>Total other financing sources (uses)</b>	<b>256,227</b>	<b>853,348</b>	<b>(53,253)</b>		<b>(906,601)</b>
<b>Excess revenues (expenditures) and other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,721,499</b>	<b>\$ (151,202)</b>	<b>\$ 4,570,297</b>

See accompanying notes.



CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

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**Statement of Fiduciary Net Position - Custodial Fund**

June 30, 2023

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**Assets**

Cash	\$ 97,464
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**Liabilities**

Due to other governments	<u>1,023</u>
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**Net Position**

Extraclassroom activity balances	<u>\$ 96,441</u>
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CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

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**Statement of Changes in Fiduciary Net Position - Custodial Fund**

For the year ended June 30, 2023

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**Additions**

Student activity receipts	\$ 93,951
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**Deductions**

Student activity disbursements	<u>89,742</u>
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Change in net position	4,209
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Net position - beginning	<u>92,232</u>
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<b>Net position - ending</b>	<u><b>\$ 96,441</b></u>
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## **Notes to Financial Statements**

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### **1. Summary of Significant Accounting Policies**

#### **Reporting Entity**

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

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

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

#### **Joint Venture**

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

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

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

During the year ended June 30, 2023, the District was billed \$4,542,000 for BOCES administrative and program costs and recognized revenue of \$250,000 as a refund from prior year expenditures paid to BOCES and \$218,000 towards capital project costs. In addition, BOCES leases a building from the District through June 2027. Rental and interest income received under this agreement totaled \$550,000 for the year ended June 30, 2023 (Note 5). Audited financial statements are available from BOCES' administrative offices.

#### **Public Entity Risk Pool**

The District participates in the NY44 Health Benefits Plan Trust, a public entity risk pool. The plan is designed to provide health insurance coverage for participating entities and is further presented in Note 10.

## Basis of Presentation

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

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

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

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

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.

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

- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

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

The District has elected not to use a debt service fund as debt activity is currently reflected in the general fund.

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

### **Basis of Accounting and Measurement Focus**

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

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

### **Estimates**

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

### **Property Taxes**

The District levies real property taxes no later than September 1. For the year ended June 30, 2023, the tax lien was issued on August 2, 2022 for collection from September 15, 2022 through November 30, 2022. Thereafter, uncollected amounts became the responsibility of Erie County and were submitted to the District by April 1<sup>st</sup> of the following year as required by law.

The District is subject to tax abatements granted by the Erie County Industrial Development Agency (ECIDA). ECIDA is a public benefit corporation created by an act of the New York State Legislature to promote and assist private sector industrial and business development. Through ECIDA, companies promise to expand or maintain facilities or employment within Erie County (the County), to establish a new business within the County, or to relocate an existing business to the County. Economic development agreements entered into by ECIDA can include the abatement of County, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreement stipulates a percentage reduction of property taxes, which can be as much as 100%. For the year ended June 30, 2023, the District's taxes were abated \$233,000 under these agreements.

### **Budget Process, Amendments, and Encumbrances**

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

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

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

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

**Investments**

Investments include U.S. Treasury Securities recorded at fair value.

**Inventory and Prepaid Expenses**

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

Certain payments to vendors reflect expenditures applicable to future periods and are reflected as prepaid expenses.

**Capital Assets**

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

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

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

**Bond Premiums**

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

## Pensions

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

## Other Postemployment Benefits (OPEB)

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

## Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrative and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting this vested amount to provide for the payment of health insurance until exhausted.

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

## Equity Classifications

### Government-Wide Statements

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

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

### Governmental Fund Statements

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

Fund balance is categorized as follows:

Nonspendable:	
Inventory	\$ 9,866
Prepaid expenses	92,919
Restricted:	
Capital	8,618,875
Tax certiorari	750,000
Retirement contribution	2,593,979
Employee benefit accrued liability	919,594
Debt service	399,062
Unemployment insurance	112,333
Repairs	621,599
Insurance	42,650
Scholarships	22,481
Committed:	
Educational programs	50,000
Assigned:	
Encumbrances	151,202
Food service	1,212,564
Unassigned	6,349,318
	<u>\$ 21,946,442</u>

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

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

Fund balance restrictions include scholarships donated to the District by third parties for the benefit of students and the following reserves:

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. During 2017, a capital reserve was approved by District voters which can be funded to a maximum of \$10,000,000 plus interest. As of June 30, 2023, \$10,000,000 has been funded. Amounts remaining and available for use in the general fund at June 30, 2023 total \$7,979,199.
- *Tax certiorari* – is used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10% of eligible salaries. At June 30, 2023, the retirement contribution reserve includes \$862,896 for TRS and \$1,731,083 for ERS.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- *Debt service* - is used to account for resources that are restricted to expenditure for principal and interest. Financial resources that are being accumulated for future principal and interest payments are also included in this fund.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Repairs* – is used to accumulate funds to finance costs of major repairs to capital improvements or equipment and requires a public hearing for its use.
- *Insurance* – is used to pay liability, casualty, and other types of losses except losses incurred for which insurance may be purchased. This amount is funded through budgetary appropriations and may not exceed 5% of the budget.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end. Such commitments represent amounts the District has designated to be used for the payment of educational programs.

Assigned fund balances may include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed.

### Interfund Balances

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

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

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

## 2. Stewardship and Compliance

The District's unassigned fund balance in the general fund exceeds 4% of the 2024 expenditure budget, which is a limitation imposed by New York State Real Property Tax Law §1318.

## 3. Cash and Investments

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

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

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit its exposure, the District limits its investments to short-term U.S. Treasury obligations.

## 4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 4,409,967	\$ 41,263	\$ 23,660	\$ 440,182
Special aid	-	4,448,333	90,182	-
Capital projects	212,213	57,584	350,000	23,660
Miscellaneous special revenue	-	75,000	-	-
	<u>\$ 4,622,180</u>	<u>\$ 4,622,180</u>	<u>\$ 463,842</u>	<u>\$ 463,842</u>



The general fund provides cash flow to the various other funds; these amounts are repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program and to the capital projects fund for capital outlay. The capital projects fund made a permanent transfer to the general fund to repay unspent project funds.

## 5. Capital Assets

	July 1, 2022	Increases	Retirements/ Reclassifications	June 30, 2023
Non-depreciable and non-amortizable capital assets:				
Land	\$ 1,231,100	\$ -	\$ -	\$ 1,231,100
Construction in progress	15,158,772	1,410,846	(14,921,448)	1,648,170
Total non-depreciable and non-amortizable assets	16,389,872	1,410,846	(14,921,448)	2,879,270
Depreciable capital assets:				
Land improvements	16,727,376	-	(140,471)	16,586,905
Buildings and improvements	61,648,824	-	14,905,149	76,553,973
Furniture and equipment	2,314,972	193,987	(219,106)	2,289,853
Vehicles	168,467	26,968	(69,285)	126,150
Total depreciable assets	80,859,639	220,955	14,476,287	95,556,881
Accumulated depreciation:				
Land improvements	(2,562,719)	(1,002,624)	15,834	(3,549,509)
Buildings and improvements	(30,482,434)	(1,496,783)	7,585	(31,971,632)
Furniture and equipment	(1,775,866)	(272,500)	308,817	(1,739,549)
Vehicles	(108,870)	(11,679)	69,285	(51,264)
Total accumulated depreciation	(34,929,889)	(2,783,586)	401,521	(37,311,954)
Total depreciable assets, net	45,929,750	(2,562,631)	14,877,808	58,244,927
Right-to-use lease assets:				
Equipment	489,523	85,880	(194,448)	380,955
Accumulated amortization	(204,317)	(98,245)	184,856	(117,706)
Total right-to-use assets, net	285,206	(12,365)	(9,592)	263,249
	\$ 62,604,828	\$ (1,164,150)	\$ (53,232)	\$ 61,387,446

Depreciation and amortization expense have been allocated to the following functions: general support \$417,538, instruction \$2,241,606, and pupil transportation \$222,687.

The District leases a building to BOCES through June 2027. Annual lease payments at inception in 2021, including interest at 1%, totaled \$532,000 and increase annually based on the consumer price index. For the year ended June 30, 2023, the District recognized lease revenue of \$527,211 and interest income of \$22,614. The outstanding lease receivable and corresponding deferred inflows of resources totaled \$2,276,797 at June 30, 2023.

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

Capital assets, net of accumulated depreciation and amortization	\$ 61,387,446
Bonds, energy performance contract, and related premiums, net of unspent proceeds	(34,831,755)
	<u>\$ 26,555,691</u>

## 6. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2022 amounted to \$15,400,000, carried interest at 2.00%, and matured in November 2022. At maturity, \$210,000 was redeemed from appropriations and the balance was repaid with the proceeds of a new BAN of \$15,190,000 which carried interest at 5.00% and matured in June 2023. In June 2023, \$220,000 of the new BANs were redeemed from appropriations and the remainder was repaid with \$13,460,000 of proceeds from serial bonds and \$1,510,000 of bond premiums.

## 7. Long-Term Liabilities

	July 1, 2022	Increases	Decreases	June 30, 2023	Amount Due in One Year
Bonds	\$ 20,210,000	\$ 13,460,000	\$ 1,860,000	\$ 31,810,000	\$ 1,895,000
Bond premiums	1,524,695	1,737,622	145,729	3,116,588	-
Energy performance contract	252,237	-	79,878	172,359	84,008
Compensated absences	1,965,000	54,000	-	2,019,000	546,000
	<u>\$ 23,951,932</u>	<u>\$ 15,251,622</u>	<u>\$ 2,085,607</u>	<u>\$ 37,117,947</u>	<u>\$ 2,525,008</u>

### Existing Obligations

Description	Maturity	Rate	Balance
Serial bonds - 2013A	October 2023	2.50%	\$ 315,000
Serial bonds - 2019	April 2034	3.00-5.00%	18,035,000
Serial bonds - 2023A	June 2043	5.00%	13,460,000
Energy performance contract	July 2024	5.17%	172,359
			<u>\$ 31,982,359</u>

### Debt Service Requirements

Years ending June 30,	Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
2024	\$ 1,895,000	\$ 1,530,348	\$ 84,008	\$ 8,911
2025	1,855,000	1,249,250	88,351	4,566
2026	1,945,000	1,156,500	-	-
2027	2,045,000	1,059,250	-	-
2028	2,145,000	957,000	-	-
2029-2033	11,905,000	3,601,800	-	-
2034-2038	5,895,000	1,704,350	-	-
2039-2043	4,125,000	590,000	-	-
	<u>\$ 31,810,000</u>	<u>\$ 11,848,498</u>	<u>\$ 172,359</u>	<u>\$ 13,477</u>

## 8. Pension Plans

### Plan Descriptions

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

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

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

**Contribution Requirements:** No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 10.29% for 2023. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2023, these rates ranged from 8.3% - 13.1%.

The amount outstanding and payable to TRS for the year ended June 30, 2023 was \$1,892,503. A liability to ERS of \$132,192 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$1,842,601 for its proportionate share of the TRS net pension position and a liability of \$2,534,394 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures applied to roll forward the total pension liability to June 30, 2022. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2022, the District's proportion was 0.096024%, an increase of 0.002334 from its proportion measured as of June 30, 2021.

The ERS total pension liability at the March 31, 2023 measurement date was determined by an actuarial valuation as of April 1, 2022, with update procedures applied to roll forward the total pension liability to March 31, 2023. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At March 31, 2023, the District's proportion was 0.0118186%, an increase of 0.0002318 from its proportion measured as of March 31, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$3,263,389 on the government-wide statements (TRS expense of \$2,336,937 and ERS expense of \$926,452). At June 30, 2023, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,930,813	\$ (36,923)	\$ 269,933	\$ (71,175)
Changes of assumptions	3,574,335	(742,252)	1,230,865	(13,603)
Net difference between projected and actual earnings on pension plan investments	2,380,816	-	-	(14,889)
Changes in proportion and differences between contributions and proportionate share of contributions	311,137	(331,462)	168,000	(98,295)
District contributions subsequent to the measurement date	1,892,503	-	132,192	-
	<u>\$ 10,089,604</u>	<u>\$ (1,110,637)</u>	<u>\$ 1,800,990</u>	<u>\$ (197,962)</u>

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

Years ending June 30,	TRS		ERS	
2024	\$	1,367,851	\$	359,654
2025		738,662		(124,184)
2026		(323,180)		530,591
2027		4,680,026		704,775
2028		608,141		-
Thereafter		14,964		-
	\$	7,086,464	\$	1,470,836

### Actuarial Assumptions

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

*Inflation* – 2.4%

*Salary increases* – Based on TRS member experience, dependent on service, ranging from 1.95%-5.18%

*Projected Cost of Living Adjustments (COLA)* – 1.3% compounded annually

*Investment rate of return* – 6.95% compounded annually, net of investment expense, including inflation

*Mortality* – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries’

Scale MP-2021, applied on a generational basis

*Discount rate* – 6.95%

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

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

*Inflation* – 2.9%

*Salary increases* – 4.4%

*COLA* – 1.5% annually

*Investment rate of return* – 5.9% compounded annually, net of investment expense, including inflation

*Mortality* – Society of Actuaries’ Scale MP-2021

*Discount rate* – 5.9%

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

## Investment Asset Allocation

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

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	6.5%	32%	4.3%
Global and international equities	20%	6.9%-7.2%	15%	6.9%
Private equities	8%	9.9%	10%	7.5%
Real estate equities	11%	6.2%	9%	4.6%
Domestic fixed income securities	16%	1.1%	23%	1.5%
Global fixed income securities	2%	0.6%	-	-
Bonds and mortgages	6%	2.4%	-	-
Short-term	1%	(0.3)%	1%	-
Other	3%	3.3%-5.3%	10%	3.8%-5.8%
	100%		100%	

## Discount Rate

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

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

	At Current		
	1.0% Decrease	Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ (16,989,647)	\$ (1,842,601)	\$ 10,895,965
District's proportionate share of the ERS net pension asset (liability)	\$ (6,124,543)	\$ (2,534,394)	\$ 465,593

## 9. OPEB

### Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance for certain District retirees and spouses. The Plan is open to all eligible employees and provides continued insurance through payment of monthly premiums by retirees through participation in the District's policies. The District thereby provides an implicit rate subsidy on behalf of all eligible employees of which all are assumed to continue coverage at retirement. Plan options include single, two-person, family, and post-age 65 Medicare advantage. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. Eligibility is based on covered employees who retire from the District with at least five years of service and are eligible to receive benefits under TRS or ERS. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2022, employees covered by the Plan include:

Active employees	310
Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	-
	<u>347</u>

### Total OPEB Liability

The District's total OPEB liability of \$713,884 was measured as of June 30, 2022 and was determined by an actuarial valuation as of the same date.

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

*Healthcare cost trend rate* – based on a review of published national trend survey data and updated long-term rates based on the Society of Actuaries Getzen Long-Term Healthcare Cost Trends Model v2022\_f4, with a rate of 6.75% initially for pre-65, 4.40% for post-65, and 6.75% for prescription drug coverage, reduced to an ultimate rate of 3.78% in 2075

*Salary increases* – 3.4%

*Mortality* – Pub-2010 mortality tables for employees and healthy annuitants, adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a fully generational basis

*Discount rate* – 3.69% based on the Fidelity General Obligation 20-year AA Municipal Bond Index as of the measurement date

*Inflation rate* – 2.25%

### Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 2,163,569</u>
Changes for the year:	
Service cost	130,057
Interest	43,493
Changes of benefit terms	2,984
Differences between expected and actual experience	(1,553,291)
Changes of assumptions or other inputs	(16,147)
Benefit payments	(56,781)
Net changes	<u>(1,449,685)</u>
Balance at June 30, 2023	<u>\$ 713,884</u>

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

	1.0% Decrease (2.69%)	Discount Rate (3.69%)	1.0% Increase (4.69%)
Total OPEB liability	<u>\$ (701,002)</u>	<u>\$ (713,884)</u>	<u>\$ (704,231)</u>

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

	1.0% Decrease (5.75% to 2.78%)	Healthcare Cost Trend Rate (6.75% to 3.78%)	1.0% Increase (7.75% to 4.78%)
Total OPEB liability	\$ (652,946)	\$ (713,884)	\$ (769,215)

#### OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2023, the District recognized OPEB income of \$163,405. At June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (2,948,901)
Changes of assumptions or other inputs	477,816	(220,817)
Benefit payments subsequent to the measurement date	(5,062)	-
	<u>\$ 472,754</u>	<u>\$ (3,169,718)</u>

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2024	\$ (339,939)
2025	(339,939)
2026	(339,939)
2027	(339,939)
2028	(332,878)
Thereafter	(999,268)
	<u>\$ (2,691,902)</u>

## 10. Risk Management

### General Liability

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

### Health Insurance

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

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

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

## **11. Commitments and Contingencies**

### **Grants**

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

### **Litigation**

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

Separate from claims and lawsuits that arise in the ordinary course of business, legislation was put in place regarding historical claims that were previously time-barred. The Child Victims Act, as amended, allowed any individual who was a minor at the time they suffered any alleged sexual abuse to file a lawsuit before August 14, 2021 regardless of when the alleged abuse occurred. This has resulted in the filing of thousands of lawsuits State-wide. Management is aware of one pending lawsuit initiated against the District by former boy scouts who allege that inappropriate sexual contact occurred between them and employees of the District over 50 years ago. The District has retained counsel. As of the report date of the financial statements, the District's exposure to these claims has not been determined.

### **Construction Commitments**

The District has entered into contracts with various construction companies for its capital improvement project that is expected to cost \$16,400,000. As of June 30, 2023, \$15,989,000 has been expended and numerous open contracts are in place.



CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

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

As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.096024%	0.093690%	0.101047%	0.098594%	0.095852%	0.101843%	0.099317%	0.099907%	0.097704%	0.094712%
District's proportionate share of the net pension asset (liability)	\$ (1,842,601)	\$ 16,235,617	\$ (2,792,193)	\$ 2,561,482	\$ 1,733,254	\$ 774,110	\$ (1,063,732)	\$ 10,377,179	\$ 10,883,626	\$ 623,445
District's covered payroll	\$ 17,010,959	\$ 15,905,488	\$ 17,153,138	\$ 16,456,968	\$ 15,613,184	\$ 16,138,797	\$ 15,325,686	\$ 15,007,424	\$ 14,432,415	\$ 13,873,260
District's proportionate share of the net pension position as a percentage of its covered payroll	10.83%	102.08%	16.28%	15.56%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

The following is a summary of changes of assumptions:

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

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,892,503	\$ 1,667,074	\$ 1,515,793	\$ 1,519,768	\$ 1,747,730	\$ 1,530,092	\$ 1,891,467	\$ 2,032,186	\$ 2,630,801	\$ 2,345,267
Contribution in relation to the contractually required contribution	(1,892,503)	(1,667,074)	(1,515,793)	(1,519,768)	(1,747,730)	(1,530,092)	(1,891,467)	(2,032,186)	(2,630,801)	(2,345,267)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 18,391,672	\$ 17,010,959	\$ 15,905,488	\$ 17,153,138	\$ 16,456,968	\$ 15,613,184	\$ 16,138,797	\$ 15,325,686	\$ 15,007,424	\$ 14,432,415
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

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

As of the measurement date of March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0118186%	0.0115868%	0.0125934%	0.0134976%	0.0131515%	0.0133343%	0.0141251%	0.0147268%	0.0141323%
District's proportionate share of the net pension asset (liability)	\$ (2,534,394)	\$ 947,174	\$ (12,540)	\$ (3,574,242)	\$ (931,827)	\$ (430,357)	\$ (1,327,229)	\$ (2,363,688)	\$ (477,424)
District's covered payroll	\$ 4,005,950	\$ 3,903,721	\$ 4,343,561	\$ 4,323,326	\$ 4,150,825	\$ 3,966,240	\$ 3,949,295	\$ 4,042,934	\$ 3,859,820
District's proportionate share of the net pension position as a percentage of its covered payroll	63.27%	24.26%	0.29%	82.67%	22.45%	10.85%	33.61%	58.46%	12.37%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:									
Inflation	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 453,611	\$ 610,086	\$ 601,752	\$ 593,776	\$ 580,956	\$ 568,263	\$ 576,514	\$ 742,863	\$ 751,635	\$ 746,353
Contribution in relation to the contractually required contribution	(453,611)	(610,086)	(601,752)	(593,776)	(580,956)	(568,263)	(576,514)	(742,863)	(751,635)	(746,353)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,005,950	\$ 3,903,721	\$ 4,343,561	\$ 4,323,326	\$ 4,150,825	\$ 3,966,240	\$ 3,949,295	\$ 4,042,934	\$ 3,859,820	\$ 3,680,218
Contributions as a percentage of covered payroll	11.32%	15.63%	13.85%	13.73%	14.00%	14.33%	14.60%	18.37%	19.47%	20.28%

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

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

June 30,	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 2,163,569	\$ 1,928,558	\$ 2,596,385	\$ 2,444,169	\$ 3,551,177	\$ 3,796,107
Changes for the year:						
Service cost	130,057	114,540	136,552	128,242	157,879	180,909
Interest	43,493	49,244	84,078	91,720	130,535	114,114
Changes of benefit terms	2,984	-	-	(135,765)	-	-
Differences between expected and actual experience	(1,553,291)	-	(757,770)	-	(1,815,365)	-
Changes of assumptions or other inputs	(16,147)	137,503	(37,246)	145,407	504,643	(401,930)
Benefit payments	(56,781)	(66,276)	(93,441)	(77,388)	(84,700)	(138,023)
Net change in total OPEB liability	(1,449,685)	235,011	(667,827)	152,216	(1,107,008)	(244,930)
Total OPEB liability - ending	\$ 713,884	\$ 2,163,569	\$ 1,928,558	\$ 2,596,385	\$ 2,444,169	\$ 3,551,177
Covered-employee payroll	\$ 21,443,429	\$ 20,378,166	\$ 20,380,286	\$ 21,650,974	\$ 20,659,603	\$ 21,038,285
Total OPEB liability as a percentage of covered-employee payroll	3.3%	10.6%	9.5%	12.0%	11.8%	16.9%

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

Differences between expected and actual experience in 2023 reflect revision of the pre-65 election coverage percentage from 40% to 30% to better reflect actual experience. For 2021, such differences reflect a less than expected increase in claims costs and changes in healthcare trend rates. Changes of benefit terms for 2020 are due to a change in available medical plan options for certain employee groups. Differences between expected and actual experience for 2019 include the impact of demographic changes and benefit claim costs.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	6.75%-3.78%	6.50%-3.78%	6.50%-3.78%	6.75%-3.78%	7.00%-3.89%	7.25%-3.89%
Inflation	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Salary increases	3.4%	3.4%	3.4%	3.4%	3.4%	3.0%-3.5%
Discount rate	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2017

Data prior to 2018 is unavailable.

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2023

Original expenditure budget	\$ 53,661,327
Encumbrances carried over from prior year	436,227
Budget amendments:	
Use of employee benefit accrued liability reserve	412,121
Use of repair reserve	250,000
Use of tax certiorari reserve	185,000
Revised expenditure budget	<u>\$ 54,944,675</u>

\* \* \*

Unrestricted Fund Balance

Committed	\$ 50,000
Assigned	151,202
Unassigned	<u>6,349,318</u>
	6,550,520
Encumbrances included in assigned fund balance	(151,202)
Appropriated fund balance used for tax levy	<u>-</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 6,399,318</u>

§1318 of Real Property Tax Law - unrestricted fund balance limit calculation

2024 expenditure budget (unaudited)	\$ 58,799,819
4% of budget	<u>2,351,993</u>
Actual percentage of 2024 expenditure budget	<u>10.9%</u>

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

**Supplementary Information**  
**Schedule of Capital Project Expenditures**

For the year ended June 30, 2023

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Capital outlay 2023	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
Pine Hill Erie 1 BOCES Project	350,750	399,089	25,564	365,400	390,964	8,125
Union East emergency roofing	250,000	250,000	-	13,781	13,781	236,219
Union East additions and alterations	16,400,000	16,400,000	15,056,865	931,665	15,988,530	411,470
	<u>\$ 17,100,750</u>	<u>\$ 17,149,089</u>	<u>\$ 15,082,429</u>	<u>\$ 1,410,846</u>	<u>\$ 16,493,275</u>	<u>\$ 655,814</u>

CHEEKTOWAGA CENTRAL SCHOOL DISTRICT

**Supplementary Information**  
**Schedule of Expenditures of Federal Awards**

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Department of Education:</u>			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-23-0214	\$ 561,352
COVID-19 Special Education Grants to States	84.027	5532-22-0214	59,904
Special Education Preschool Grants	84.173	0033-23-0214	24,042
COVID-19 Special Education Preschool Grants	84.173	5533-22-0214	3,121
Total Special Education Cluster			648,419
Title I Grants to Local Educational Agencies	84.010	0021-23-0745	804,104
Title I Grants to Local Educational Agencies	84.010	0021-22-0745	38,257
Title I Grants to Local Educational Agencies	84.010	0011-23-3022	172,877
Title I Grants to Local Educational Agencies	84.010	0011-22-3022	8,007
Title I Grants to Local Educational Agencies	84.010	0011-23-8032	27,876
Supporting Effective Instruction State Grants	84.367	0147-23-0745	102,591
Supporting Effective Instruction State Grants	84.367	0147-22-0745	16,734
English Language Acquisition State Grants	84.365	0149-22-0745	252
English Language Acquisition State Grants	84.365	0293-23-0745	27,537
English Language Acquisition State Grants	84.365	0204-23-0745	61,439
Education Stabilization Fund:			
Governor's Emergency Education Relief Fund	84.425C	5895-21-0750	1,181
Elementary and Secondary School Emergency Relief fund	84.425D	5890-21-0750	8,342
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0745	3,271,833
American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	5218-21-0745	13,518
Total Education Stabilization Fund			3,294,874
Total U.S. Department of Education			5,202,967
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	492,511 <sup>1</sup>
National School Lunch Program	10.555	N/A	1,126,383 <sup>1</sup>
Pandemic EBT Administrative Costs	10.649	N/A	1,884
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	144,670 <sup>1</sup>
Total U.S. Department of Agriculture			1,765,448
Total Expenditures of Federal Awards			\$ 6,968,415

<sup>1</sup> Total Child Nutrition Cluster - \$1,763,564



**Notes to Schedule of Expenditures of Federal Awards**

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**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

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

**Basis of Accounting**

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

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

**Indirect Costs**

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

**Non-Monetary Federal Program**

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2023, the District used \$144,670 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

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

The Board of Education  
Cheektowaga Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Cheektowaga Central School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 16, 2023.

**Report on Internal Control over Financial Reporting**

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

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

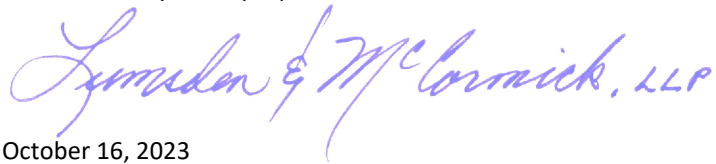
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

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

### Purpose of this Report

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

A handwritten signature in blue ink that reads "Lunden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 16, 2023

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

The Board of Education  
Cheektowaga Central School District

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*Simsden & McCormick, LLP*

October 16, 2023

**Schedule of Findings and Questioned Costs**

For the year ended June 30, 2023

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**Section I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

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

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Title I Grants to Local Educational Agencies	84.010	\$ 1,051,121
Education Stabilization Fund	84.425	3,294,874
		<u>\$ 4,345,995</u>

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

Auditee qualified as low-risk auditee? Yes

**Section II. Financial Statement Findings**

No matters were reported.

**Section III. Federal Award Findings and Questioned Costs**

No matters were reported.