

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 8, 2024

Members of the Audit Committee and
The Board of Education
Salamanca City Central School District

We have audited the financial statements of Salamanca City Central School District (the District) for the year ended June 30, 2024, and have issued our report thereon dated October 8, 2024. Professional standards also require that we advise you of the following information related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 17, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls and other matters noted during our audit in a separate letter to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you in the engagement letter.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District are included in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Audit Risk Items

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive and significant accounting estimates and audit risk items affecting the financial statements and our audit include:

- Recognition of capital assets at historical or estimated historical cost within established threshold values and the consistent application of depreciable lives and methods
- Accrual of unearned and unavailable revenue
- Accrual of compensated absences (vacation and sick pay liabilities), other postemployment benefits (OPEB), and net pension position and their related disclosures
- Reserves and other balances established, funded, and reported in the general fund as restricted or committed fund balance

Management's estimates of the above are based on management's knowledge and experience about past and current events and assumptions about future events. We evaluated the key factors and assumptions used to develop the estimates above and determined they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures are particularly important because of their significance to financial statement users. The most important disclosures affecting the financial statements are reflected in Note 2 – Stewardship and Compliance, Note 6 – Long-Term Liabilities, Note 7 – Pension Plans, and Note 8 – OPEB. These disclosures present compliance requirements with State law and the existing long-term obligations of the District, including the actuarially determined net pension position for the State's pension plans and the actuarial accrued liability for the District's OPEB. We evaluated all disclosures in relation to the financial statements as a whole and determined that they are reasonable.

Significant Difficulties Encountered During the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances, or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements and has acknowledged and taken responsibility for all adjustments required to convert the fund basis financial statements to the government-wide basis.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The adjustments made during the course of the audit include recording accounts payable in the capital projects fund of \$880,046 and an adjustment to unearned revenue for Impact aid not yet spent of \$9,002,723.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditors' Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditors' report. There were no modifications to the audit opinion.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated consistent with the financial statement audit report date.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the District, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

We applied certain limited procedures to management's discussion and analysis and other required supplementary information (RSI) regarding pensions and OPEB. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards and other supplementary information which accompanies the financial statements and is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with GAAP and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the information and use of the Audit Committee, Board of Education, and management of the District. It is not intended to be, and should not be, used by anyone other than these specified parties.

Symons & McCormick, LLP

**SALAMANCA CITY CENTRAL
SCHOOL DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Salamanca City 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 Salamanca City Central School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2024, 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

GAAP requires 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 (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2024 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 "Sumner & McCormick, LLP". The signature is written in a cursive, flowing style.

October 8, 2024

Management's Discussion and Analysis (unaudited)

June 30, 2024

Introduction

Management's Discussion and Analysis (MD&A) of Salamanca City Central School District (the District) provides an overview of the District's financial activities and performance for the year ended June 30, 2024. 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 obtaining 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 and deferred outflows of resources less liabilities and deferred inflows of resources with the 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 funds. 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, the New York State Education Department, and the Federal government.

Condensed Statement of Net Position	2024	2023	Change	
			\$	%
Current and other assets	\$ 108,907,000	\$ 101,870,000	\$ 7,037,000	6.9%
Capital assets	122,157,000	107,482,000	14,675,000	13.7%
Total assets	231,064,000	209,352,000	21,712,000	10.4%
Deferred outflows of resources	10,743,000	12,350,000	(1,607,000)	(13.0%)
Long-term liabilities	18,411,000	17,423,000	988,000	5.7%
Other liabilities	67,229,000	49,382,000	17,847,000	36.1%
Total liabilities	85,640,000	66,805,000	18,835,000	28.2%
Deferred inflows of resources	3,217,000	1,792,000	1,425,000	79.5%
Net position				
Net investment in capital assets	112,076,000	99,593,000	12,483,000	12.5%
Restricted	15,611,000	17,085,000	(1,474,000)	(8.6%)
Unrestricted	25,263,000	36,427,000	(11,164,000)	(30.6%)
Total net position	\$ 152,950,000	\$ 153,105,000	\$ (155,000)	(0.1%)

Net position amounted to \$152,950,000 and \$153,105,000 as of June 30, 2024 and 2023, 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 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, to be used for capital equipment or construction projects; the employee benefit accrued liability reserve, which must be used to pay future accumulated sick and vacation time; a repair reserve, which can be used to pay for repairs to capital improvements or equipment that do not recur annually; and a retirement contribution reserve, which is used for contributions to the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). Other restricted resources include amounts restricted for scholarships to students and the debt service, unemployment insurance, and workers' compensation reserves.

Current and other assets increased by \$7,037,000 (\$2,734,000 decrease in 2023). These balances consist of cash and receivables from other governments and third parties. Increases in cash and investments consist of additional Federal Impact Aid received and not yet spent. Capital assets increased \$14,675,000 (increased \$6,664,000 in 2023) due to the continued work on the District's capital projects and purchases of equipment and vehicles.

The increase in long-term liabilities of \$988,000 (\$4,563,000 increase in 2023) is due to the issuance of bonds of \$3,289,000 offset by principal payments on debt of \$1,025,000 and a reduction in the District's proportionate share of the TRS and ERS net pension positions of \$1,275,000. The increase of \$17,847,000 in other liabilities (\$14,858,000 increase in 2023) is due to the increase in unearned Federal Impact Aid of \$17,991,000, which will be recognized as revenue when used by the District.

Most of the District's employees participate in TRS or ERS. Amounts reported as net pension liability and certain deferred outflows and deferred inflows of resources relate to these two retirement plans. Changes in these balances are heavily influenced by actuarial assumptions and actual investment performance versus expected performance. Also included in long-term liabilities and deferred outflows and deferred inflows of resources are differences between expected and actual experience and assumptions related to the District's total OPEB liability.

Condensed Statement of Activities	2024	2023	Change \$	%
Revenues				
Program revenues				
Charges for services	\$ 6,025,000	\$ 15,181,000	\$ (9,156,000)	(60.3%)
Operating and capital grants and contributions	5,019,000	8,114,000	(3,095,000)	(38.1%)
General revenues				
Taxes and related items	251,000	251,000	-	-
Federal Impact Aid	10,468,000	5,663,000	4,805,000	84.8%
State aid	30,914,000	26,459,000	4,455,000	16.8%
Other	5,370,000	3,589,000	1,781,000	49.6%
Total revenues	58,047,000	59,257,000	(1,210,000)	(2.0%)
Expenses				
Instruction	43,764,000	40,280,000	3,484,000	8.6%
Support services				
General support	9,252,000	8,641,000	611,000	7.1%
Pupil transportation	3,391,000	3,285,000	106,000	3.2%
Food service	1,611,000	1,537,000	74,000	4.8%
Interest	184,000	249,000	(65,000)	(26.1%)
Total expenses	58,202,000	53,992,000	4,210,000	7.8%
Change in net position	(155,000)	5,265,000	(5,420,000)	(102.9%)
Net position – beginning	153,105,000	147,840,000	5,265,000	3.6%
Net position – ending	\$ 152,950,000	\$ 153,105,000	\$ (155,000)	(0.1%)

District revenues decreased \$1,210,000 compared to an increase of \$2,014,000 in the prior year. Charges for services decreased \$9,156,000 (\$2,735,000 or 22.0% increase in 2023) due to a decrease in Native American tuition earned. Federal Impact Aid revenue of \$10,468,000 increased \$4,805,000 compared to the prior year (\$6,632,000 or 53.9% decrease in 2023) and will fluctuate based on amounts used by the District in a given year. Other revenue increased \$1,781,000 (\$1,544,000 or 75.5% increase in 2023) primarily due to a significant increase in interest earned on cash and investments due to rising interest rates. State aid increased \$4,455,000 (\$2,113,000 or 8.7% increase in 2023) due to an increase in foundation aid received.

Total expenses increased by \$4,210,000 compared to an increase in 2023 of \$12,698,000 or 30.8%. Salaries increased \$1,681,000 or 6.8% (increase of \$3,186,000 or 14.9% in 2023) due to the hiring of new employees as well as contractual salary increases. Employee benefits increased \$1,815,000 or 17.0% (\$5,512,000 increase in 2023) due to an increase of \$1,045,000 in health insurance costs resulting from new employees added to the District's coverage and a supplemental assessment charged by the District's health plan as a result of increased claims. Pension expense also increased \$939,000 due to amortization of previous investment losses. These expenses are allocated to instruction, general support, transportation, and food service.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased from \$50,901,000 to \$39,038,000 as described below:

- The District had significantly more combined spending on its capital projects with expenditures of \$16,719,000 in 2024 (\$10,468,000 in 2023) which contributed to an \$11,206,000 or 18.3% increase in total expenditures (\$12,239,000 or 25.0% increase in 2023).
- Revenues across all funds decreased by \$2,287,000 or 3.9% (\$1,794,000 or 3.1% increase in 2023). On a fund basis, revenue is recognized when it is available; as a result, \$4,709,000 of Native American tuition aid was recognized as revenue compared to \$13,308,000 in 2023. This decrease offsets increases in Impact Aid.

General Fund Budgetary Highlights

The revised revenue budget for 2024 was \$47,086,000. Actual revenues were \$52,103,000, a difference of \$5,017,000. The largest positive variances were in federal sources, as a result of Impact Aid earned, and use of money and property, due to interest earnings in 2024.

Actual expenditures and carryover encumbrances were \$459,000 less than the final amended budget, with the largest differences occurring in teaching - regular school and instruction, administration, and improvement. Decreases in functional expense categories are due to conservative budgeting and a conscious effort to manage expenses.

Capital Assets

	2024	2023
Land	\$ 2,342,000	\$ 2,121,000
Construction in progress	27,187,000	11,772,000
Buildings and improvements	123,625,000	122,408,000
Furniture and equipment	11,419,000	9,366,000
	164,573,000	145,667,000
Accumulated depreciation	(43,045,000)	(38,552,000)
	121,528,000	107,115,000
Right-to-use assets, net	629,000	367,000
	\$ 122,157,000	\$ 107,482,000

Current year additions of \$20,076,000 primarily reflect construction costs for the District’s capital projects and were offset by depreciation and amortization expense and disposals of \$5,401,000.

Debt

At June 30, 2024, the District had \$8,939,000 in bonds and leases outstanding, with \$2,389,000 due within one year (\$6,675,000 outstanding at June 30, 2023). Outstanding compensated absences payable were \$2,181,000 (\$2,203,000 at June 30, 2023) with \$802,000 estimated to be paid within the next year.

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

Current Financial Issues and Concerns

The District will need to plan accordingly to ensure continuity of programs upon the reduction in federal pandemic-related funding.

School districts in New York State also remain impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this planning process.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the funds it receives. If you have questions about this report, or need additional financial information, contact Karen Magara, Assistant Superintendent for Finance and Operations, Salamanca City Central School District, 50 Iroquois Drive, Salamanca, New York 14779.

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

(With comparative totals as of June 20, 2023)

	2024	2023
Assets		
Cash	\$ 6,110,380	\$ 4,590,178
Due from other governments	143,642	3,035,649
State and federal aid receivable	6,270,134	7,418,731
Investments	96,379,830	86,803,205
Inventory	2,943	22,007
Capital assets (Note 5)	165,805,550	146,758,579
Accumulated depreciation and amortization	(43,648,312)	(39,276,433)
Total assets	231,064,167	209,351,916
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	10,252,170	11,844,089
Deferred outflows of resources related to OPEB	490,881	505,480
Total deferred outflows of resources	10,743,051	12,349,569
Liabilities		
Accounts payable and accrued liabilities	2,707,544	2,927,974
Due to retirement systems	2,262,234	2,185,355
Unearned revenue	62,259,239	44,268,271
Long-term liabilities		
Due within one year:		
Leases	-	70,054
Bonds	2,389,184	955,000
Compensated absences	802,000	747,000
Due beyond one year:		
Bonds and related premiums	7,692,352	6,864,143
Compensated absences	1,379,000	1,456,000
Net pension liability	4,472,030	5,747,387
Total OPEB liability	1,677,095	1,583,332
Total liabilities	85,640,678	66,804,516
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	3,104,664	1,647,469
Deferred inflows of resources related to OPEB	111,980	144,255
Total deferred inflows of resources	3,216,644	1,791,724
Net Position		
Net investment in capital assets	112,075,702	99,592,949
Restricted	15,611,171	17,085,508
Unrestricted	25,263,023	36,426,788
Total net position	\$ 152,949,896	\$ 153,105,245

See accompanying notes.

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2024
 (With summarized comparative totals for June 30, 2023)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2024	2023
Governmental activities						
General support	\$ 9,252,341	\$ 12,682	\$ -	\$ -	\$ (9,239,659)	\$ (8,629,891)
Instruction	43,764,259	5,978,310	3,756,177	208,849	(33,820,923)	(18,082,456)
Pupil transportation	3,390,645	-	-	-	(3,390,645)	(3,285,074)
Interest expense	183,753	-	-	-	(183,753)	(248,733)
School food service	1,610,922	34,008	1,053,691	-	(523,223)	(450,847)
	<u>\$ 58,201,920</u>	<u>\$ 6,025,000</u>	<u>\$ 4,809,868</u>	<u>\$ 208,849</u>	<u>(47,158,203)</u>	<u>(30,697,001)</u>
General revenues						
Real property taxes and tax items					250,531	251,235
Miscellaneous					5,369,707	3,588,717
Federal Impact aid					10,468,178	5,663,349
State aid					30,914,438	26,459,088
Total general revenues					<u>47,002,854</u>	<u>35,962,389</u>
Change in net position					(155,349)	5,265,388
Net position - beginning					153,105,245	147,839,857
Net position - ending					<u>\$ 152,949,896</u>	<u>\$ 153,105,245</u>

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2024

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

	General	Capital Projects	Special Aid	Food Service	Debt Service	Miscellaneous Special Revenue	Total Governmental Funds	
							2024	2023
Assets								
Cash	\$ 5,423,738	\$ 366,604	\$ 88,351	\$ 77,608	\$ -	\$ 154,079	\$ 6,110,380	\$ 4,590,178
Due from other governments	129,373	-	14,269	-	-	-	143,642	3,035,649
State and federal aid receivable	4,684,511	-	1,521,053	64,570	-	-	6,270,134	7,418,731
Due from other funds, net	10,415,307	-	-	-	96,730	-	10,512,037	1,912,767
Investments	87,130,738	9,249,092	-	-	-	-	96,379,830	86,803,205
Inventory	-	-	-	2,943	-	-	2,943	22,007
Total assets	107,783,667	9,615,696	1,623,673	145,121	96,730	154,079	119,418,966	103,782,537
Liabilities								
Accounts payable and accrued liabilities	\$ 1,054,940	\$ 1,609,168	\$ 22,612	\$ 1,824	\$ -	\$ -	\$ 2,688,544	\$ 2,910,974
Due to retirement systems	2,262,234	-	-	-	-	-	2,262,234	2,185,355
Due to other funds, net	-	9,001,017	1,410,831	100,144	-	45	10,512,037	1,912,767
Unearned revenue	62,069,009	-	190,230	-	-	-	62,259,239	44,268,271
Total liabilities	65,386,183	10,610,185	1,623,673	101,968	-	45	77,722,054	51,277,367
Deferred Inflows of Resources								
Unavailable revenue	2,658,541	-	-	-	-	-	2,658,541	1,604,108
Fund Balances								
Nonspendable	-	-	-	2,943	-	-	2,943	22,007
Restricted	15,360,407	-	-	-	96,730	154,034	15,611,171	17,085,508
Committed	5,901,132	-	-	-	-	-	5,901,132	6,090,206
Assigned	3,611,421	-	-	40,210	-	-	3,651,631	3,764,117
Unassigned	14,865,983	(994,489)	-	-	-	-	13,871,494	23,939,224
Total fund balances (deficit)	39,738,943	(994,489)	-	43,153	96,730	154,034	39,038,371	50,901,062
Total liabilities, deferred inflows, and fund balances	\$ 107,783,667	\$ 9,615,696	\$ 1,623,673	\$ 145,121	\$ 96,730	\$ 154,079	\$ 119,418,966	\$ 103,782,537

See accompanying notes.

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

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

June 30, 2024

Total fund balances - governmental funds		\$ 39,038,371
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		122,157,238
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	10,252,170	
Net pension liability	(4,472,030)	
Deferred inflows of resources related to pensions	<u>(3,104,664)</u>	2,675,476
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	490,881	
Total OPEB liability	(1,677,095)	
Deferred inflows of resources related to OPEB	<u>(111,980)</u>	(1,298,194)
Amounts receivable for tuition and transportation aid are not available soon enough to pay current period expenditures in the governmental funds.		2,658,541
Certain liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds. These liabilities are:		
Accrued interest	(19,000)	
Bonds and related premiums	(10,081,536)	
Compensated absences	<u>(2,181,000)</u>	(12,281,536)
Net position - governmental activities		<u>\$ 152,949,896</u>

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2024
(With summarized comparative totals for June 30, 2023)

	General	Capital Projects	Special Aid	Food Service	Debt Service	Miscellaneous Special Revenue	Total Governmental Funds	
							2024	2023
Revenues								
Real property taxes	\$ 207,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,509	\$ 204,697
Real property tax items	43,022	-	-	-	-	-	43,022	46,538
Charges for services	4,923,877	-	-	34,008	-	-	4,957,885	15,206,000
Use of money and property	4,663,403	-	-	22	-	14	4,663,439	2,799,370
Sale of property and compensation for loss	50,333	-	-	-	-	-	50,333	70,865
Miscellaneous	596,204	-	-	1,035	10,666	97,963	705,868	736,510
Interfund revenue	67,917	-	4,377	-	-	-	72,294	91,149
State sources	30,914,438	-	1,351,725	18,277	-	-	32,284,440	27,696,640
Federal sources	10,635,772	208,849	2,236,858	1,035,414	-	-	14,116,893	12,536,577
Total revenues	52,102,475	208,849	3,592,960	1,088,756	10,666	97,977	57,101,683	59,388,346
Expenditures								
General support	8,333,426	-	-	-	-	89,754	8,423,180	6,774,117
Instruction	27,419,248	-	2,998,434	-	-	-	30,417,682	28,459,408
Pupil transportation	3,065,410	-	63,804	-	-	-	3,129,214	2,864,733
Community services	351,232	-	-	-	-	-	351,232	82,134
Employee benefits	9,728,735	-	612,539	321,421	-	-	10,662,695	9,473,976
Debt service								
Principal	1,025,054	-	-	-	-	-	1,025,054	1,415,727
Interest	330,871	-	-	-	-	-	330,871	397,853
Cost of sales	-	-	-	1,272,314	-	-	1,272,314	1,189,345
Capital outlay	-	16,718,643	-	-	-	-	16,718,643	10,467,873
Total expenditures	50,253,976	16,718,643	3,674,777	1,593,735	-	89,754	72,330,885	61,125,166
Excess revenues (expenditures)	1,848,499	(16,509,794)	(81,817)	(504,979)	10,666	8,223	(15,229,202)	(1,736,820)
Other financing sources (uses)								
Premiums on bond	-	-	-	-	77,327	-	77,327	-
Proceeds from bond issuance	-	3,289,184	-	-	-	-	3,289,184	-
Operating transfers, net	(6,084,075)	5,497,277	81,817	504,981	-	-	-	-
Total other financing sources (uses)	(6,084,075)	8,786,461	81,817	504,981	77,327	-	3,366,511	-
Net change in fund balances	(4,235,576)	(7,723,333)	-	2	87,993	8,223	(11,862,691)	(1,736,820)
Fund balances - beginning	43,974,519	6,728,844	-	43,151	8,737	145,811	50,901,062	52,637,882
Fund balances (deficit) - ending	\$ 39,738,943	\$ (994,489)	\$ -	\$ 43,153	\$ 96,730	\$ 154,034	\$ 39,038,371	\$ 50,901,062

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, 2024

Total net change in fund balances - governmental funds		\$ (11,862,691)
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 their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays exceed depreciation and amortization expense and disposals.		
		14,675,092
Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:		
2024 TRS and ERS contributions	2,557,759	
2024 ERS accrued contribution	256,107	
2023 ERS accrued contribution	(205,672)	
2024 TRS pension expense	(2,749,137)	
2024 ERS pension expense	<u>(1,632,814)</u>	(1,773,757)
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.		
		(76,087)
Native American tuition and transportation will not be collected until several months after the District's year end and are not considered available in the governmental funds. This is the change in deferred inflows of resources during the year.		
		1,054,433
Payments of long-term liabilities are reported as expenditures in governmental funds and as a reduction of debt in the statement of net position.		
		1,025,054
Debt proceeds including premiums are recorded as other financing sources in governmental funds but increase long-term liabilities in the statement of net position.		
		(3,366,511)
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:		
Interest	(2,000)	
Amortization of bond premiums	149,118	
Compensated absences	<u>22,000</u>	<u>169,118</u>
Change in net position - governmental activities		\$ (155,349)

SALAMANCA CITY 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, 2024

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 250,000	\$ 250,000	\$ 207,509		\$ (42,491)
Real property tax items	140,500	140,500	43,022		(97,478)
Charges for services	12,918,250	12,918,250	4,923,877		(7,994,373)
Use of money and property	772,000	772,000	4,663,403		3,891,403
Sale of property and compensation for loss	10,000	10,000	50,333		40,333
Miscellaneous	192,500	192,500	596,204		403,704
Interfund revenue	25,000	25,000	67,917		42,917
State sources	27,606,410	27,606,410	30,914,438		3,308,028
Federal sources	5,170,900	5,170,900	10,635,772		5,464,872
Total revenues	47,085,560	47,085,560	52,102,475		5,016,915
Expenditures					
General support					
Board of education	132,378	57,378	50,383	-	(6,995)
Central administration	284,153	290,084	288,927	121	(1,036)
Finance	777,833	794,736	784,217	254	(10,265)
Staff	1,466,110	1,440,032	1,429,852	-	(10,180)
Central services	4,807,130	4,741,984	4,577,056	164,806	(122)
Special items	1,040,072	1,426,773	1,202,991	144,956	(78,826)
Instruction					
Instruction, administration, and improvement	1,798,897	2,054,336	1,951,268	18,192	(84,876)
Teaching - regular school	13,635,044	13,943,113	13,819,375	18,861	(104,877)
Programs for children with handicapping condition:	5,472,719	5,719,205	5,691,053	6,645	(21,507)
Occupational education	801,646	787,646	787,397	-	(249)
Teaching - special schools	220,971	331,818	328,682	-	(3,136)
Instructional media	2,668,628	2,541,569	2,367,910	142,021	(31,638)
Pupil services	2,587,606	2,512,096	2,473,563	3,189	(35,344)
Pupil transportation	2,731,042	3,073,156	3,065,410	1,995	(5,751)
Community services	293,951	443,332	351,232	92,032	(68)
Employee benefits	10,439,762	9,797,336	9,728,735	18,349	(50,252)
Debt service					
Principal	1,845,000	1,025,054	1,025,054	-	-
Interest	601,738	345,021	330,871	-	(14,150)
Total expenditures	51,604,680	51,324,669	50,253,976	611,421	(459,272)
Excess revenues (expenditures)	(4,519,120)	(4,239,109)	1,848,499	(611,421)	5,476,187
Other financing sources (uses)					
Operating transfers out	(350,000)	(6,127,288)	(6,084,075)		(43,213)
Appropriated reserves	1,126,147	1,126,147	-		(1,126,147)
Appropriated fund balance and carryover encumbrances	3,742,973	9,240,250	-		(9,240,250)
Total other financing sources (uses)	4,519,120	4,239,109	(6,084,075)		(10,323,184)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ (4,235,576)	\$ (611,421)	\$ (4,846,997)

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2024

Assets

Cash \$ 54,702

Liabilities

Due to other governments 226

Net Position

Extraclassroom activity \$ 54,476

* * *

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2024

Additions

Student activity additions \$ 157,827

Deductions

Student activity deductions 170,901

Change in net position (13,074)

Net position - beginning 67,550

Net position - ending \$ 54,476

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Salamanca City 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 22 participating school districts in the Cattaraugus-Allegany-Erie-Wyoming Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

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

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

During the year ended June 30, 2024, the District was billed \$8,336,000 for BOCES administrative, program, and capital costs and recognized revenue of \$502,000 as a refund from prior year expenditures paid to BOCES and \$67,000 in rental and other income. Audited financial statements are available from BOCES' administrative offices.

Risk Management

The District participates in the Allegany Cattaraugus Schools Workers' Compensation Plan and Allegany-Cattaraugus Schools Medical Health Plan which are public entity risk pools. These plans are designed to provide workers' compensation and health insurance coverage for participating entities. These activities are further discussed in Note 9.

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) capital 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. Separate statements for each fund category – *governmental and fiduciary* – are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

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

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

- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest.
- *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 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, 2023, 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 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, 2024, the tax lien was issued on August 15, 2023 for collection from October 1 through November 1, 2023. Thereafter, uncollected amounts for the residents of the towns served by the District became the responsibility of Cattaraugus County and those amounts were submitted to the District by April 1st of the following year as required by law. Uncollected amounts for the residents of the City of Salamanca (the City) became the responsibility of the City and those amounts were submitted to the District by January 1st.

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, 2023 was approved by a majority of the voters in a general election held on May 16, 2023.

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

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

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

Cash and Investments

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

Custodial credit risk is the risk that in the event of a bank failure the District’s deposits may not be returned to it. 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. At June 30, 2024, the District’s bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions’ trust departments or agents or in an undivided security interest in pooled assets in the District’s name.

Inventory

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

Capital Assets

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

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

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	\$ 2,500	25 - 30
Buildings and improvements	\$ 2,500	40
Machinery and equipment	\$ 2,500	5 - 20
Vehicles	\$ 2,500	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.

Deferred Inflows of Resources

In the governmental funds, certain transportation aid and tuition applicable to current and prior years but not received within ninety days of year end are considered unavailable and recognized as deferred inflows of resources.

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 8) 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 administrators 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 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 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	\$ 2,943
Restricted:	
Capital	10,507,174
Employee benefit accrued liability	1,242,622
Repair	753,836
Retirement contribution	2,364,451
Unemployment insurance	215,629
Workers' compensation	276,695
Debt service	96,730
Scholarships	154,034
Committed:	
Technology	400,372
OPEB	1,370,331
Equipment replacement	1,000,000
Capital outlay	1,000,000
Turf replacement	953,724
Retirement award	667,271
Electric buses	509,434
Assigned:	
Designated for subsequent year	3,000,000
Encumbrances	611,421
Food service	40,210
Unassigned	13,871,494
	<u>\$ 39,038,371</u>

Non-spendable 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. In 2022, District voters approved a capital reserve up to a maximum of \$25,000,000 plus interest earnings over a ten-year period. To date, it has been funded \$10,507,174 including interest.
- *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.
- *Repair* – is used to accumulate funds to finance costs of major repairs to capital improvements or equipment and requires a public hearing for its use.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. Funding for TRS is limited to 2% annually of eligible salaries up to a maximum reserve of 10% of eligible salaries. At June 30, 2024, the retirement contribution reserve includes \$1,517,045 for TRS and \$847,406 for ERS.

- *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.
- *Workers' compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this program.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.

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

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

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 2025 budget, which is a limitation imposed under New York State Real Property Tax Law §1318. In addition, the capital projects fund balance reflects a deficit of \$994,489 as of June 30, 2024, which will be funded by budget appropriations or grant funding.

3. Investments

At June 30, 2024, the District's investments were held in an external investment pool comprised of U.S. Treasury Securities, repurchase agreements, and deposits held by custodian banks. Investments are recognized at fair value using quoted prices for similar assets and liabilities in active markets. The external investment pool issues its own financial statements which are included in its annual report available at www.newyorkclass.org.

Credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's external investment pool is rated AAAM by S&P Global Ratings.

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's external investment pool limits the maturity date of its investments. The dollar weighted average days to maturity (WAM) at June 30, 2024 is 38 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of the pool is 72 days.

4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 10,415,307	\$ -	\$ -	\$ 6,084,075
Capital projects	-	9,001,017	5,497,277	-
Special aid	7,327	1,418,158	81,817	-
Food service	-	100,144	504,981	-
Debt service	96,730	-	-	-
Miscellaneous special revenue	-	45	-	-
	<u>\$ 10,519,364</u>	<u>\$ 10,519,364</u>	<u>\$ 6,084,075</u>	<u>\$ 6,084,075</u>

The District's general fund provides cash flow to the various other funds; these amounts are repaid in the subsequent year when funds are received from the State after final expenditure reports have been submitted and approved or when funds are available. Transfers from the general fund are considered permanent and were made to the special aid fund for the District's share of the summer school handicap program and to the capital projects and food service funds for the local share of costs.

5. Capital Assets

	July 1, 2023	Increases	Retirements/ Reclassifications	June 30, 2024
Non-depreciable and non-amortizable capital assets:				
Land	\$ 2,120,539	\$ 221,100	\$ -	\$ 2,341,639
Construction in progress	11,772,638	16,718,643	(1,304,312)	27,186,969
Total non-depreciable and non-amortizable assets	<u>13,893,177</u>	<u>16,939,743</u>	<u>(1,304,312)</u>	<u>29,528,608</u>
Depreciable capital assets:				
Buildings and improvements	122,408,152	97,418	1,119,146	123,624,716
Machinery and equipment	9,365,965	2,558,819	(505,513)	11,419,271
Total depreciable assets	<u>131,774,117</u>	<u>2,656,237</u>	<u>613,633</u>	<u>135,043,987</u>
Accumulated depreciation:				
Buildings and improvements	(34,479,655)	(4,281,450)	184,555	(38,576,550)
Machinery and equipment	(4,072,568)	(864,214)	468,873	(4,467,909)
Total accumulated depreciation	<u>(38,552,223)</u>	<u>(5,145,664)</u>	<u>653,428</u>	<u>(43,044,459)</u>
Total depreciable assets, net	<u>93,221,894</u>	<u>(2,489,427)</u>	<u>1,267,061</u>	<u>91,999,528</u>
Right-to-use lease assets:				
Building	264,156	-	-	264,156
Equipment	827,129	480,296	(338,626)	968,799
Accumulated amortization	(724,210)	(218,269)	338,626	(603,853)
Total right-to-use assets, net	<u>367,075</u>	<u>262,027</u>	<u>-</u>	<u>629,102</u>
	<u>\$ 107,482,146</u>	<u>\$ 14,712,343</u>	<u>\$ (37,251)</u>	<u>\$ 122,157,238</u>

Depreciation and amortization expense have been allocated to the following functions: general support \$557,195, instruction \$4,505,941, school lunch \$9,581, and pupil transportation \$291,216.

As of June 30, 2024, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation and amortization	\$ 122,157,238
Bonds and related premiums	(10,081,536)
	<u>\$ 112,075,702</u>

6. Long-Term Liabilities

	July 1, 2023	Increases	Decreases	June 30, 2024	Amount Due in One Year
Bonds	\$ 6,605,000	\$ 3,289,184	\$ 955,000	\$ 8,939,184	\$ 2,389,184
Leases	70,054	-	70,054	-	-
2020 bond premium	1,153,777	-	88,752	1,065,025	-
2020 bond refunding premium	60,366	-	60,366	-	-
2024 bond premium	-	77,327	-	77,327	-
Compensated absences	2,203,000	-	22,000	2,181,000	802,000
	<u>\$ 10,092,197</u>	<u>\$ 3,366,511</u>	<u>\$ 1,196,172</u>	<u>\$ 12,262,536</u>	<u>\$ 3,191,184</u>

Existing Obligations

Description	Maturity	Rate	Balance
2020 bond	June 2036	4.0%-5.0%	\$ 5,650,000
2024 bond	June 2039	4.0%-5.0%	3,289,184
			<u>\$ 8,939,184</u>

Debt Service Requirements

Years ending June 30,	Bonds	
	Principal	Interest
2025	\$ 2,389,184	\$ 418,324
2026	525,000	319,750
2027	535,000	294,450
2028	560,000	268,750
2029	585,000	241,800
2030-2034	3,360,000	758,100
2035-2039	985,000	67,100
	<u>\$ 8,939,184</u>	<u>\$ 2,368,274</u>

7. Pension Plans

Plan Descriptions

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

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

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

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (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 9.76% for 2024. 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 2024, these rates ranged from 9.6% - 19.9%.

The amount outstanding and payable to TRS for the year ended June 30, 2024 was \$1,732,021. A liability to ERS of \$256,107 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$1,047,342 for its proportionate share of the TRS net pension position and a liability of \$3,424,688 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, with update procedures applied to roll forward the total pension liability to June 30, 2023. 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, 2023, the District's proportion was 0.091584%, an increase of 0.004612 from its proportion measured as of June 30, 2022.

The ERS total pension liability at the March 31, 2024 measurement date was determined by an actuarial valuation as of April 1, 2023, with update procedures applied to roll forward the total pension liability to March 31, 2024. 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, 2024, the District's proportion was 0.0232592%, an increase of 0.00424 from its proportion measured as of March 31, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$4,381,951 on the government-wide statements (TRS expense of \$2,749,137 and ERS expense of \$1,632,814). At June 30, 2024, 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	\$ 2,539,525	\$ (6,276)	\$ 1,103,089	\$ (93,382)
Changes of assumptions	2,254,896	(491,442)	1,294,798	-
Net difference between projected and actual earnings on pension plan investments	535,380	-	-	(1,672,942)
Changes in proportion and differences between contributions and proportionate share of contributions	1,383	(712,240)	534,971	(128,382)
District contributions subsequent to the measurement date	1,732,021	-	256,107	-
	<u>\$ 7,063,205</u>	<u>\$ (1,209,958)</u>	<u>\$ 3,188,965</u>	<u>\$ (1,894,706)</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
2025	\$ 217,266	\$ (488,526)
2026	(722,150)	755,316
2027	4,071,258	1,076,116
2028	230,511	(304,754)
2029	194,227	-
Thereafter	130,114	-
	\$ 4,121,226	\$ 1,038,152

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2022 valuation, with update procedures used to roll forward the total pension liability to June 30, 2023, 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, 2023 valuation, with update procedures used to roll forward the total pension liability to March 31, 2024, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

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

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

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of 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%	6.8%	32%	4.0%
Global and international equities	19%	7.2%-7.6%	15%	6.7%
Private equities	9%	10.1%	10%	7.3%
Real estate equities	11%	6.3%	9%	4.6%
Domestic fixed income securities	16%	2.2%	23%	1.5%
Global fixed income securities	2%	1.6%	-	-
Bonds and mortgages	6%	3.2%	-	-
Short-term	1%	0.3%	1%	0.3%
Other	3%	4.4%-6.0%	10%	5.3%-5.8%
	<u>100%</u>		<u>100%</u>	

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)	\$ (15,951,546)	\$ (1,047,342)	\$ 11,487,738
District's proportionate share of the ERS net pension asset (liability)	\$ (10,767,570)	\$ (3,424,688)	\$ 2,708,141

8. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for the continuation of medical insurance for certain District retirees and their spouses. 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 and have met vesting requirements. The Plan is also open to all eligible retirees and provides continued insurance through the conversion of sick time or by payment of monthly premiums by participants in the District's policies. The District thereby provides an implicit rate subsidy on behalf of eligible retirees. The Plan has no assets, does not issue financial statements, and is not a trust.

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

Active employees	388
Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	-
	<u>429</u>

Total OPEB Liability

The District’s total OPEB liability of \$1,677,095 was measured as of July 1, 2023 and was determined by an actuarial valuation as of July 1, 2022, with update procedures applied to roll forward the total OPEB liability to July 1, 2023.

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

- Healthcare cost trend rates* – based on a combination of employer history, national trend surveys, and professional judgment, initially 8.0% decreasing annually 0.5% to an ultimate rate of 4.5% after 2031
- Salary increases* – 3.3% – 8.8% for ERS and 1.84% – 12.31% for TRS
- Mortality* – SOA Pub-2010 Headcount-Weighted Mortality Table fully generational using Scale MP-2021
- Discount rate* – 4.13% based on a range of indices of 20-Year tax-exempt general obligation municipal bonds rated AA/Aa or higher as of the measurement date
- Inflation rate* – 2.5%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	<u>\$ (1,583,332)</u>
Changes for the year:	
Service cost	(92,342)
Interest	(65,595)
Changes of benefit terms	-
Differences between expected and actual experience	(25,910)
Changes of assumptions or other inputs	(55,118)
Benefit payments	<u>145,202</u>
Net changes	<u>(93,763)</u>
Balance at June 30, 2024	<u>\$ (1,677,095)</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 (3.13%)	Discount Rate (4.13%)	1.0% Increase (5.13%)
Total OPEB liability	<u>\$ (1,798,959)</u>	<u>\$ (1,677,095)</u>	<u>\$ (1,563,671)</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 (7.0% to 3.5%)	Healthcare Cost Trend Rate (8.0% to 4.5%)	1.0% Increase (9.0% to 5.5%)
Total OPEB liability	<u>\$ (1,537,436)</u>	<u>\$ (1,677,095)</u>	<u>\$ (1,842,337)</u>

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2024, the District recognized OPEB expense of \$197,961. At June 30, 2024, the District reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 232,580	\$ (51,780)
Changes of assumptions or other inputs	136,427	(60,200)
Benefit payments subsequent to the measurement date	121,874	-
	<u>\$ 490,881</u>	<u>\$ (111,980)</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,	
2025	\$ 29,459
2026	40,971
2027	39,179
2028	40,850
2029	30,332
Thereafter	76,236
	<u>\$ 257,027</u>

9. 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 Allegany-Cattaraugus Schools Medical Health Plan (the Plan), sponsored by Cattaraugus-Allegany-Erie-Wyoming BOCES. The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 23 participating members and the BOCES unit as of June 30, 2023 (the most recent information available).

The District has transferred partial 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. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan’s assets are not adequate to meet claims. In 2024, as a result of a significant increase in claims, supplemental assessments were required by the members; the District paid its share, which totaled \$602,000.

The Plan has published its own financial report for the year ended June 30, 2023, which can be obtained from Cattaraugus-Allegany-Erie-Wyoming BOCES, 1825 Windfall Road, Olean, New York 14760.

Workers' Compensation

The District participates in the Allegany Cattaraugus Schools Workers' Compensation Plan (the Plan) sponsored by Cattaraugus-Allegany-Erie-Wyoming BOCES. The Plan administers a workers' compensation insurance fund pursuant to Article 5 of the Workers' Compensation Law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes 23 school districts and the BOCES unit as of June 30, 2023 (the most recent information available).

The District has transferred partial 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. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. To date, these supplemental assessments have not been required.

The Plan information for the year ended June 30, 2023 is included in the financial statements of Cattaraugus-Allegany-Erie-Wyoming BOCES, which can be obtained from Cattaraugus-Allegany-Erie-Wyoming BOCES, 1825 Windfall Road, Olean, New York 14760.

10. 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 five lawsuits initiated against the District by former students who alleged that inappropriate sexual contact occurred between them and employees of the District between 1978 and 2002. Three of these lawsuits have been settled subsequent to year end with the remaining two cases still open. The District has retained counsel and has at least some insurance coverage in place for the remaining cases. As of the report date of the financial statements, the District's exposure to these claims has not been determined.

Commitments

The District's taxpayers have approved three capital projects that remain in progress at year end and are expected to cost a total of \$94,711,000. As of June 30, 2024, \$77,965,000 has been expended on the projects and numerous open contracts are in place.

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

**Required Supplementary Information (Unaudited)
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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension position	0.091584%	0.086972%	0.083692%	0.080137%	0.073668%	0.069650%	0.066583%	0.064631%	0.064616%	0.065545%
District's proportionate share of the net pension asset (liability)	\$ (1,047,342)	\$ (1,668,895)	\$ 14,503,033	\$ (2,214,408)	\$ 1,913,908	\$ 1,259,461	\$ 506,097	\$ (692,220)	\$ 6,711,493	\$ 7,301,329
District's covered payroll	\$ 16,914,781	\$ 15,407,296	\$ 14,205,226	\$ 13,601,817	\$ 12,296,441	\$ 11,322,092	\$ 10,551,212	\$ 9,973,145	\$ 9,706,128	\$ 9,682,051
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(6.19%)	(10.83%)	102.10%	(16.28%)	15.56%	11.12%	4.80%	(6.94%)	69.15%	75.41%
Plan fiduciary net position as a percentage of the total pension liability	99.17%	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

The following is a summary of changes of assumptions:

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

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,732,021	\$ 1,740,531	\$ 1,509,915	\$ 1,353,758	\$ 1,205,121	\$ 1,305,882	\$ 1,109,565	\$ 1,236,602	\$ 1,322,439	\$ 1,701,484
Contribution in relation to the contractually required contribution	(1,732,021)	(1,740,531)	(1,509,915)	(1,353,758)	(1,205,121)	(1,305,882)	(1,109,565)	(1,236,602)	(1,322,439)	(1,701,484)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 17,746,117	\$ 16,914,781	\$ 15,407,296	\$ 14,205,226	\$ 13,601,817	\$ 12,296,441	\$ 11,322,092	\$ 10,551,212	\$ 9,973,145	\$ 9,706,128
Contributions as a percentage of covered payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

**Required Supplementary Information (Unaudited)
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,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0232592%	0.0190192%	0.0160972%	0.0142688%	0.0122285%	0.0111464%	0.0111671%	0.0095218%	0.0088845%	0.0086471%
District's proportionate share of the net pension asset (liability)	\$ (3,424,688)	\$ (4,078,492)	\$ 1,315,881	\$ (14,208)	\$ (3,238,177)	\$ (789,758)	\$ (360,412)	\$ (894,685)	\$ (1,425,985)	\$ (292,122)
District's covered payroll	\$ 6,845,899	\$ 5,544,167	\$ 4,236,541	\$ 3,981,238	\$ 3,290,610	\$ 2,982,252	\$ 2,834,740	\$ 2,478,221	\$ 2,241,701	\$ 2,257,727
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(50.03%)	(73.56%)	31.06%	(0.36%)	(98.41%)	(26.48%)	(12.71%)	(36.10%)	(63.61%)	(12.94%)
Plan fiduciary net position as a percentage of the total pension liability	93.88%	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%	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.5%	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%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	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-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 825,738	\$ 591,469	\$ 644,493	\$ 550,236	\$ 459,598	\$ 417,074	\$ 408,593	\$ 375,458	\$ 395,405	\$ 446,576
Contribution in relation to the contractually required contribution	(825,738)	(591,469)	(644,493)	(550,236)	(459,598)	(417,074)	(408,593)	(375,458)	(395,405)	(446,576)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,845,899	\$ 5,544,167	\$ 4,236,541	\$ 3,981,238	\$ 3,290,610	\$ 2,982,252	\$ 2,834,740	\$ 2,478,221	\$ 2,241,701	\$ 2,257,727
Contributions as a percentage of covered payroll	12.06%	10.67%	15.21%	13.82%	13.97%	13.99%	14.41%	15.15%	17.64%	19.78%

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ (1,583,332)	\$ (1,347,013)	\$ (1,287,836)	\$ (1,194,014)	\$ (1,185,926)	\$ (1,108,884)	\$ (1,182,916)	\$ (1,088,232)
Changes for the year:								
Service cost	(92,342)	(104,104)	(96,708)	(76,141)	(72,397)	(68,032)	(74,201)	(63,531)
Interest	(65,595)	(30,768)	(35,785)	(42,684)	(46,823)	(40,168)	(35,380)	(41,236)
Changes of benefit terms	-	-	-	-	-	(52,622)	-	-
Differences between expected and actual experience	(25,910)	(256,940)	31,834	21,274	37,583	(37,667)	46,615	-
Changes of assumptions or other inputs	(55,118)	62,585	(37,542)	(105,411)	(24,230)	23,388	45,411	(73,942)
Benefit payments	145,202	92,908	79,024	109,140	97,779	98,059	91,587	84,025
Net change in total OPEB liability	(93,763)	(236,319)	(59,177)	(93,822)	(8,088)	(77,042)	74,032	(94,684)
Total OPEB liability - ending	\$ (1,677,095)	\$ (1,583,332)	\$ (1,347,013)	\$ (1,287,836)	\$ (1,194,014)	\$ (1,185,926)	\$ (1,108,884)	\$ (1,182,916)
Covered-employee payroll	\$ 20,934,768	\$ 20,424,164	\$ 18,017,335	\$ 17,577,888	\$ 14,741,176	\$ 14,381,635	\$ 12,395,427	\$ 12,236,354
Total OPEB liability as a percentage of covered-employee payroll	8.0%	7.8%	7.5%	7.3%	8.1%	8.2%	8.9%	9.7%

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

Annual differences between expected and actual experience are due to changes in healthcare trend rates. Changes of assumptions or other inputs include changes in the discount rate and updated mortality tables. Changes of benefit terms for 2019 reflect an increase in the maximum number of days certain employees can convert from sick leave for health insurance, as well as an increase in the conversion rate earned for such days.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	8.0-4.5%	7.5%-4.5%	7.5%-4.5%	8.0%-4.5%	7.5%-4.5%	8.0%-4.5%	8.5%-5.0%	9.0%-5.09%
Inflation	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	1.3%	1.3%
Salary increases	1.84-12.31%	1.84%-12.31%	1.76%-10.0%	1.76%-10.0%	1.76%-10.0%	1.76%-10.0%	1.76%-10.0%	1.76%-10.0%
Discount rate	4.13%	4.09%	2.19%	2.66%	3.51%	3.87%	3.56%	2.92%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2015	MP-2015

Data prior to 2017 is unavailable.

SALAMANCA CITY 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, 2024

Original expenditure budget	\$ 51,211,707
Encumbrances carried over from prior year	742,973
Budget amendments:	
Voter-approved partial transfer of local share for capital project	<u>5,497,277</u>
Revised expenditure budget	<u>\$ 57,451,957</u>

* * *

Unrestricted Fund Balance

Committed	\$ 5,901,132
Assigned	3,611,421
Unassigned	<u>14,865,983</u>
	24,378,536
Encumbrances included in committed and assigned fund balance	(611,421)
Appropriated fund balance used for tax levy	<u>(3,000,000)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 20,767,115</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2025 expenditure budget (unaudited)	\$ 57,996,781
4% of budget	<u>2,319,871</u>
Actual percentage of 2025 expenditure budget	<u>35.8%</u>

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2024

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
2022 Capital Outlay Project	\$ 21,489,881	\$ 21,544,790	\$ 253,686	\$ 5,522,195	\$ 5,775,881	\$ 15,768,909
2019 Capital Outlay Project	34,788,000	41,639,310	30,274,022	11,195,453	41,469,475	169,835
2017 Capital Outlay Project	29,919,533	31,527,077	30,718,736	995	30,719,731	807,346
	<u>\$ 86,197,414</u>	<u>\$ 94,711,177</u>	<u>\$ 61,246,444</u>	<u>\$ 16,718,643</u>	<u>\$ 77,965,087</u>	<u>\$ 16,746,090</u>

SALAMANCA CITY CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
U.S. Department of Education:			
Indian Education Grants to Local Educational Agencies	84.060	S060A210485	\$ 325,259
Impact Aid	84.041	S041B-2021-7177	10,677,027
Total Direct Awards			11,002,286
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-24-0084	396,817
Special Education Preschool Grants	84.173	0033-24-0084	17,153
Total Special Education Cluster			413,970
Title I Grants to Local Educational Agencies	84.010	0016-23-0270	96
Title I Grants to Local Educational Agencies	84.010	0021-24-0270	688,699
Title I Grants to Local Educational Agencies	84.010	0021-23-0270	10,739
Rural Education	84.358	0006-24-0270	34,448
Rural Education	84.358	0006-23-0270	1,227
Supporting Effective Instruction State Grants	84.367	0147-24-0270	66,965
Supporting Effective Instruction State Grants	84.367	0147-23-0270	1,435
Title I School Improvement Grants	84.377A	0011-23-2180	5,616
Student Support and Academic Enrichment Program	84.424	0204-24-0270	46,436
Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-0270	150,689 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0270	218,456 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5884-21-0270	9,728 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5218-21-0270	5,670 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5883-21-0270	205,988 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5882-21-0270	13,655 ¹
Total U.S. Department of Education			12,876,103
U.S. Department of Agriculture:			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	228,193 ²
National School Lunch Program	10.555	N/A	767,595 ²
NSLP Equipment Assistance Grants	10.579	N/A	37,782
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	39,626 ²
Total U.S. Department of Agriculture			1,073,196
Total Expenditures of Federal Awards			\$ 13,949,299

¹ Total Education Stabilization Fund - \$604,186

² Total Child Nutrition Cluster - \$1,035,414

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Salamanca City 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, 2024, the District used \$39,626 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
Salamanca City Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAP) 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 Salamanca City Central School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 8, 2024.

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 "Lynden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 8, 2024

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
Salamanca City Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Salamanca City 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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

Symaden & McCormick, LLP

October 8, 2024

Schedule of Findings and Questioned Costs

For the year ended June 30, 2024

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
Impact Aid	84.041	<u>\$ 10,677,027</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.

MANAGEMENT LETTER

October 8, 2024

The Audit Committee, Board of Education,
and Management
Salamanca City Central School District

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the remaining fund information of Salamanca City Central School District (the District) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chances of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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 may exist that have not been identified.

OBSERVATIONS

General fund unassigned fund balance and reserves

The committed and unassigned fund balance in the general fund was \$20,767,000 at June 30, 2024, which represents 36% of the 2024-2025 budget. As you are aware, the legal limit imposed by New York State is 4% of the general fund's budget for the year ended 2025. Over the years, the District has established and funded reserves and committed available fund balance as a result of conservative budgeting and prudent spending.

UPDATE OF PRIOR YEAR RECOMMENDATIONS

Capital assets

In prior years, numerous discrepancies existed between the capital asset balances on the financial statements and the balances on the reports provided by the company maintaining the District's capital asset records. During 2024, significant improvements were made and the capital asset records now agree to the financial statements. We recommend that management continue to monitor the records at least quarterly to ensure additions and disposals are properly recorded and balances reconcile to the District's accounting software.

Extraclassroom activities

As a follow-up to recommendations made during our prior year audit, we continue to recommend that concession stand inventory is reconciled to sales and the reconciliations are reviewed for accuracy. We also continue to recommend that a second person review inventory counts periodically throughout the season and that management determine what to do with inventory remaining at the end of each season.

ACCOUNTING STANDARDS UPDATES

GASB Statement No. 101, *Compensated Absences*, is effective for the District's year ending June 30, 2025. This statement clarifies what is considered unused leave balances for employees. Under this statement, compensated absences should be recognized as liabilities on the government-wide statements for leave that has not been used and leave that has been used but not yet paid or settled.

GASB Statement No. 102, *Certain Risk Disclosures*, is effective for the District's year ending June 30, 2025. This statement requires disclosure of certain concentrations or constraints that may have significant negative effects on the District. Concentrations are defined as significant inflows or outflows of resources that lack diversity. Constraints include limitations imposed by external parties or by the Board of Education.

GASB Statement No. 103, *Financial Reporting Model Improvements*, is effective for the District's year ending June 30, 2026. This statement attempts to improve key components of the financial reporting model by limiting management's discussion and analysis to five specific topics, requiring separate presentation of unusual or infrequent items, and requiring that budgetary comparisons be presented as required supplementary information.

We have discussed these comments with District personnel and would be pleased to discuss them in further detail, perform any additional studies, or assist you in implementing the recommendations.

This communication is intended solely for the information and use of the District's management, Audit Committee, Board of Education, and others within the District; the NYS Education Department Office of Audit Services; and the Office of the NYS Comptroller, Division of Local Government and School Accountability. It is not intended to be, and should not be, used by anyone other than these specified parties.



**SALAMANCA CITY CENTRAL
SCHOOL DISTRICT**

EXTRACLASROOM ACTIVITY

June 30, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Education
Salamanca City Central School District

Qualified Opinion

We have audited the accompanying schedule of additions and deductions of Salamanca City Central School District (the District) Extraclassroom Activity for the year ended June 30, 2024, and the related notes to the schedule.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the schedule referred to in the first paragraph presents fairly, in all material respects, the additions and deductions of Salamanca City Central School District Extraclassroom Activity for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Qualified Opinion

Certain accounting records of Salamanca City Central School District Extraclassroom Activity accounts were not adequate for us to form an opinion regarding the completeness of additions in the accompanying schedule stated at \$157,827.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule 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 qualified audit opinion.

Responsibilities of Management for the Schedule

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

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, 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 schedule.
- 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 schedule.

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.



October 8, 2024

SALAMANCA CITY CENTRAL SCHOOL DISTRICT EXTRACURRICULAR ACTIVITY

Schedule of Additions and Deductions

For the year ended June 30, 2024

	July 1, 2023	Additions	Deductions	June 30, 2024
Class Clubs:				
Class of 2023	\$ 10,329	\$ -	\$ 10,329	\$ -
Class of 2024	373	1,675	2,048	-
Class of 2025	3,452	22,217	21,330	4,339
Class of 2026	484	4,562	3,581	1,465
Class of 2027	319	10,760	4,106	6,973
Class of 2028	248	-	-	248
Class of 2029	-	1,923	1,708	215
Business & Marketing HS Club	326	386	427	285
DECA Club	4,780	23,431	20,108	8,103
Drama Club	9,458	13,776	16,279	6,955
Forever/ACDC Club	2,641	-	468	2,173
Gay Straight Alliance (GSA) Club	928	-	146	782
Key Club	5,090	530	1,082	4,538
National Honor Society	435	2,187	2,329	293
Salamanca Student Government	2,371	-	197	2,174
Science Honor Society	138	-	-	138
Seneca Yearbook Club	7,812	5,630	6,893	6,549
Seneca Youth Council Club	9,154	4,794	10,131	3,817
Seneca Youth Dancers Club	677	1,047	716	1,008
Senior Class Trip	-	39,263	39,263	-
Spanish National Honor Society	150	-	-	150
Student Activist Club	947	-	133	814
Student Senate	7,120	25,544	29,432	3,232
Tri-M Music Honor Society	23	102	-	125
Warrior Adventures Club	100	-	-	100
Warrior Vision Club	195	-	195	-
	\$ 67,550	\$ 157,827	\$ 170,901	\$ 54,476

See accompanying notes.

Notes to the Schedule

1. Summary of Significant Accounting Policies

Financial Reporting Entity

Extraclassroom Activity accounts are those operated by and for the students. Proceeds are voluntarily collected by students and are spent by them, as they deem appropriate under established guidelines. The Extraclassroom Activity accounts are included in the financial statements of Salamanca City Central School District (the District) in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.