

BOARD MEETING: Regular Meeting
DATE: Wednesday, September 25, 2024
TIME: 6:00 p.m.
PLACE: Naples High School Library Conference Room

- I. Meeting Called to Order
- II. Roll Call
- III. Adopt the Agenda of the Regular Meeting of September 25, 2024 (Board Action)
- IV. Anticipated Executive Session
- V. Pledge of Allegiance
- VI. Public Comments:

The Board of Education invites you, the residents of our school community, to feel comfortable in sharing matters of interest or concern that you might have with us. The Board President will be happy to recognize those of you who wish to speak. We would ask that you come forward and please identify yourself before presenting your thoughts.

Those items brought to the attention of the Board during this time may be taken under consideration for future response or action. (*Individual comments will be limited to three minutes.*)

As a matter of courtesy, we ask that issues related to specific School District personnel or students be brought to the attention of the Superintendent of Schools privately. Thank you for this consideration.

Board Response: The Board of Education is committed to keeping communication open and transparent. The Board of Education President will be working with the Board and the Superintendent to make every effort to respond to public comments directed to the Board of Education at previous meetings, during the next scheduled meeting.

- VII. Points of Interest
- VIII. Superintendent Recognitions & Updates
 - 2023-2024 Independent Auditor's Report
 - Reserve Plan Update – Chad Hunt
 - Student Representative Update
 - Superintendent Update
 - Administrative Updates
 - Technology Presentation
- IX. Board Reports
 - Budget Committee
- X. 2023-2024 Independent Audit Report (Board Action)
- XI. Minutes (Board Action)
- XII. 2024-25 NYSSBA Resolutions
- XIII. Business (Board Action)
 - Official Bank Depositories
- XIV. Personnel (Board Action)
 - Resignations – Building Contract Teacher Substitutes
 - Appointments
 - Building Contract Teacher Substitutes
 - Cleaner
- XV. Consent Agenda Items (Board Action)
 - CSE Committee Recommendations
 - Substitutes
 - Teacher
 - Teacher Aide
 - Typist
 - Teacher Assistant
- XVI. Adjournment (Board Action)

Minutes of a Regular Meeting of the Board of Education of Naples Central School held on Wednesday, September 25, 2024 at 6:01 p.m. in the Naples High School Library Conference Room.

Roll Call Members Present: Robert Brautigam Steve Mark
Joseph Callaghan Gail Musnicki
Jacob Hall Angela Rischpater
Amie Levine Maura Sullivan

Members Absent: Kelley Louthan

Also Present: Kevin Swartz, Chad Hunt, Katherine Piedici, Michele Barkley, Christina Brautigam

Guests: Antone Olney, Melissa Duerr, Ben Pursell

A quorum being present, the Regular Meeting of September 25, 2024 was called to order at 6:01 p.m. by Board President Jacob Hall.

Motion: Robert Brautigam
2nd: Gail Musnicki

Resolved, that the Board of Education approves the agenda of the Regular Meeting of September 25, 2024 as presented.

Voting Yes: 8 Motion Carried
Voting No: 0

Motion: Gail Musnicki
2nd: Amie Levine

Resolved, that the Board of Education approves calling an executive session at 6:02 p.m. for the following purposes:

Medical and employment history of any particular persons;

Proposed acquisition of real property;

Collective negotiations pursuant to Civil Service Law Article 14 regarding a MOA.;

Voting Yes: 8 Motion Carried
Voting No: 0

Time out of Executive Session: 6:30 p.m.

Pledge of Allegiance

Public Comments – Boards Response – There were no Public Comments.

Points of Interest – Board Member Joseph Callaghan commented about the new bill that would require student representatives on the board, which NCS has been doing for a long time and it is a point of pride.

2023-24 Independent Auditor's Report

Melissa Duerr, from Mengel, Metzger, Barr & Co. LLP, presented information from the External Audit Report for the Year Ended June 30, 2024. Mrs. Duerr explained information regarding the General Fund Balance, Reserves, Expenses, Revenues and the surplus's generated this year as well as Other Funds and Other Items contained in the District's Entity-Wide Financial Statements. Mrs. Duerr noted the controls of the district are excellent, great checks and balances. The financial position of the district is strong, no material weaknesses, no deficiencies were found. An unqualified opinion was issued.

Reserve Plan Update

Assistant Superintendent for Business Chad Hunt stated that reserve funds are like savings plans and that the Reserve Plan Document is presented once a year to the Board. Mr. Hunt gave an overview and explained the Reserve Funds contained in the 2023-2024 Reserve Plan: Reserve for Encumbrances; Insurance Reserve; Property Loss and Liability Reserve; Employee Benefits Accrued Liability Reserve; Retirement Contributions Reserve; Unemployment Insurance Reserve; Capital Reserves (Bus Purchase; 2021; Technology); Workers Compensation; Debt Service; Appropriated Fund Balance; Unassigned Fund Balance. Following his presentation, a discussion ensued, focusing on the details and implications of the Reserve Plan as it relates to the district's financial security and how it relates to the district's goals and needs.

Board Reports – Budget Committee

Assistant Superintendent for Business Chad Hunt reported that the Budget Committee meeting primarily focused on reserves and the reserve plan previously discussed.

Superintendent Update

Superintendent Kevin Swartz shared that our Student Representative could not attend as she is on Civil Air Patrol. On behalf of the students, lots of positions with homecoming, games and the dance. Mr. Swartz appreciated the opportunity to have attend the NYSCOSS conference. He attended many sessions, including policy updates: Foundation Aid and the Rockefeller Institute Studies potential impact; EV Bus Mandate; Classroom Temperatures; and Student Cell Phone Usage.

Additionally, he updated the board on the ongoing construction project, outlining progress and next steps. He also presented insights from recent state testing data, reflecting on student performance and areas for improvement. Mr. Swartz also discussed the Portrait of a Graduate chart.

Administrative Update

Elementary Principal Katherine Piedici also spoke about the Portrait of a Graduate. Mrs. Piedici stated that Open House will take place on September 27, 2024. She discussed the recent shift in TOSA roles and responsibilities, with Cassie Montemarano as the TOSA this year, highlighting that they are now offering professional development, with the first session having occurred on September 24, 2024 on Student Engagement. Great feedback and excited about offering these nuggets of professional development. Additionally, Mrs. Montemarano has been able to help with coaching around our reading program, Reading Discovery at the 3rd grade level. Positive thing in a short period of time. Kudos to Cassie Montemarano. Mrs. Piedici also noted that they are working on closing the process of hiring a Social Worker and a Teacher Aide and should be filled soon.

Technology Department Update

Technology Coordinator Ben Pursell provided an insightful report on the achievements of the Technology Department over the past year. Mr. Pursell noted a significant increase in IT tickets, reflecting growing technology needs within the organization. He also emphasized the vital role Lew White plays in managing these requests, detailing the various responsibilities he handles to ensure smooth operations. Mr. Pursell provided updates on the following projects: Site-wide Wi-Fi upgrade (cloud controllers and new access points); Chromebook Migration Project; migrated social media internally; Viewboards in some of the foyers; and camera work. Looking forward, Mr. Pursell outlined plans to work on virtual server upgrades, Chromebook and Xerox printer device assessments for further enhancements in technology support and training, aiming to better equip staff and improve user experiences.

Motion: Maura Sullivan

2nd: Steven Mark

Resolved, that upon the recommendation of the Board of Education Audit Committee, the Board of Education approves the Draft Independent Auditor's Report for the year ending June 30, 2024.

Voting Yes: 8

Motion Carried

Voting No: 0

Motion: Gail Musnicki

2nd: Amie Levine

Resolved, that the Board of Education approves the minutes of the following meeting(s):

- Regular Meeting of September 11, 2024

Voting Yes: 8

Motion Carried

Voting No: 0

2024-2025 NYSSBA Resolutions

The Board of Education reviewed the thirty-seven proposals that will be voted on during the upcoming NYSSBA Annual Business Meeting. The discussion centered on the implications of each proposal and how they could impact the district and its policies. Board members expressed their views and strategized on their positions ahead of the vote.

Motion: Maura Sullivan

2nd: Joseph Callaghan

Resolved, that upon the recommendation of the Superintendent, the Naples Central School District Board of Education approves the following Business resolutions as presented:

- AND BE IT FURTHER RESOLVED, that any commercial bank and/or trust company, including but not limited to Five Star Bank, NYCLASS, and NYLAF are designated as the official depositories for the Naples Central School District funds during the 2024-2025 school year and that the maximum amount which may be kept on deposit in any one bank shall not exceed the District's annual general fund budget.

Voting Yes: 8

Motion Carried

Voting No: 0

Motion: Robert Brautigam

2nd: Joseph Callaghan

Resolved, that upon the recommendation of the Superintendent, the Naples Central School District Board of Education approves the following personnel item(s) as presented:

- Resolved, that the Board of Education approves the following Resignations, with regret:
 - Shane Taillon, Building Contract Substitute Teacher, effective, September 17, 2024
 - Michael Porter, Building Contract Substitute Teacher, effective, October 11, 2024
- Resolved, that upon the recommendation of the Superintendent, the Naples Central School District Board of Education approves the following substitute appointment, pending a successful background clearance report provided to the school as a result of the fingerprinting process:
 - Lisa Gould, 6086 Monks Rd, Canandaigua, NY 14424, as a Contractual Substitute Teacher, effective September 17, 2024, at the rate of \$120/day, as per Policy 6220: Temporary Personnel.
 - Michael Fowler, 132 N. Main St., Naples, NY 14512, as a Contractual Substitute Teacher, effective October 11, 2024, at the rate of \$120/day, as per Policy 6220: Temporary Personnel.
- Resolved, that upon the recommendation of the Superintendent, the Naples Central School District Board of Education approves the following Probationary appointment(s), pending a successful background clearance report provided to the school as a result of the fingerprinting process:
 - Brianna Murphy, 158 N. Main Street, Naples, NY 14512, as a Cleaner, effective September 30, 2024, at the rate of \$15.00/hour.

Voting Yes: 8

Motion Carried

Voting No: 0

Motion: Gail Musnicki

2nd: Robert Brautigam

Resolved, that the Board of Education, upon the recommendation of Superintendent Kevin Swartz, approves the Consent Agenda Items as presented:

- a. Resolved, that the Board of Education approves committee recommendations from the following meeting(s):
 - Committee on Special Education actions of 09/11/24; 9/11/24.
 - 504 Committee actions of 9/11/24; 9/11/24; 9/12/24; 9/12/24; 9/12/24.
- b. Resolved, that the Board of Education hereby approves the following Substitute Appointment, pending a successful background clearance report provided to the school as a result of the fingerprinting process:

<u>Name</u>	<u>Position</u>
Shane Taillon	Teacher Substitute, effective 09/17/2024
Michael Porter	Teacher Substitute, effective 10/11/2024
Rachel Kuras	Teacher Aide, effective 09/19/2024
Eaommon Clancy	Teacher Aide
Eaommon Clancy	Typist
Eaommon Clancy	Teacher Assistant

Voting Yes: 8

Motion Carried

Voting No: 0

Motion: Steven Mark
2nd: Joseph Callaghan

There being no further business, the Regular Meeting of September 25, 2024 is hereby adjourned at 8:56 p.m.

Voting Yes: 8 **Motion Carried**
Voting No: 0

Dated this 25th day of September, 2024

Michelle Barkley
District Clerk

NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2024



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
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AND CPAS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Naples Central School District, New York

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in District's total OPEB liability and related ratio, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4-13 and 48-52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Naples Central School District's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2024 on our consideration of Naples Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Naples Central School District's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 16, 2024

Naples Central School District, New York

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

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

Financial Highlights

At the close of the fiscal year, the total assets plus deferred outflows (what the district owns) exceeded its total liabilities plus deferred inflows (what the district owes) by \$5,445,530 (net position), which increased the net position by \$3,280,717.

General revenues, which include Property Taxes, State and Federal Aid, Investment Earnings, Compensation for Loss, and Miscellaneous accounted for \$22,955,889 or 91% of all revenues. Program specific revenues in the form of Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions, accounted for \$2,361,676 or 9% of total revenues.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$10,049,553, a decrease of \$4,449,756 in comparison with the prior year.

New York State Law limits the amount of unreserved fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$936,580 and this amount was within the statutory limit.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal 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 related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Miscellaneous Special Revenue Fund, Debt Service Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the capital projects fund, which are reported as major funds. Data for the special aid fund, school lunch fund, debt service fund, and the miscellaneous special revenue fund are aggregated into a single column and reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

<u>Major Feature of the District-Wide and Fund Financial Statements</u>			
	<u>Government-Wide Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education, scholarship programs, and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District As A Whole

Net Position

The District's net position was larger on June 30, 2024, than the year before, increasing to \$5,445,530 as shown in table below.

	<u>Governmental Activities</u>		<u>Total Variance</u>
<u>ASSETS:</u>	<u>2024</u>	<u>2023</u>	
Current and Other Assets	\$ 22,453,595	\$ 15,924,074	\$ 6,529,521
Capital Assets	40,985,998	34,314,770	6,671,228
Total Assets	\$ 63,439,593	\$ 50,238,844	\$ 13,200,749
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 5,202,890	\$ 6,777,860	\$ (1,574,970)
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 41,393,041	\$ 43,317,599	\$ (1,924,558)
Other Liabilities	12,394,320	1,402,638	10,991,682
Total Liabilities	\$ 53,787,361	\$ 44,720,237	\$ 9,067,124
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 9,409,592	\$ 10,131,654	\$ (722,062)
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 25,578,612	\$ 20,237,511	\$ 5,341,101
Restricted For,			
Reserve for ERS	1,539,746	1,461,392	78,354
Accrued Benefit Liability Reserve	1,272,386	1,207,637	64,749
Capital Reserve	6,889,117	5,010,085	1,879,032
Other Purposes	2,214,995	5,117,257	(2,902,262)
Unrestricted	(32,049,326)	(30,869,069)	(1,180,257)
Total Net Position	\$ 5,445,530	\$ 2,164,813	\$ 3,280,717

Key Variances

- Current and Other Assets increased \$6,529,521 as a result of primarily in cash and cash equivalents due to the issuance of BAN's for the capital project cash flow needs.
- Capital Assets increased \$6,671,228 as a result of capital outlay exceeding depreciation
- Other Liabilities increased \$10,991,682 as a result of the issuance of BAN's to finance the cash flow needs of the project.

The District's financial position is the product of many factors.

By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There are five restricted net asset balances, Reserve for ERS, Accrued Benefit Liability Reserve, and Other Purposes.

Changes in Net Position

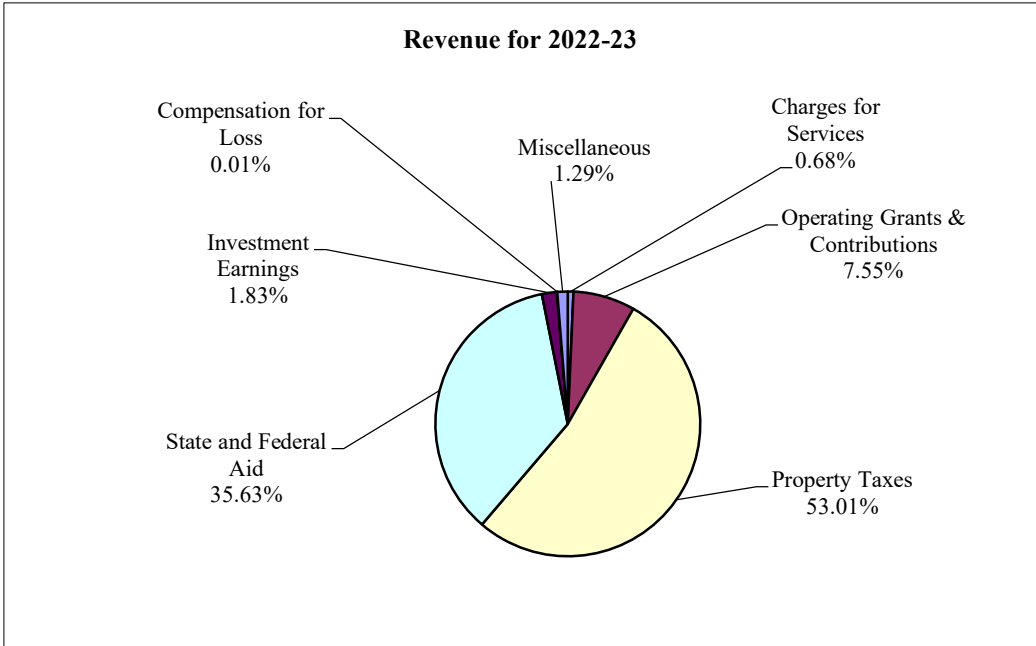
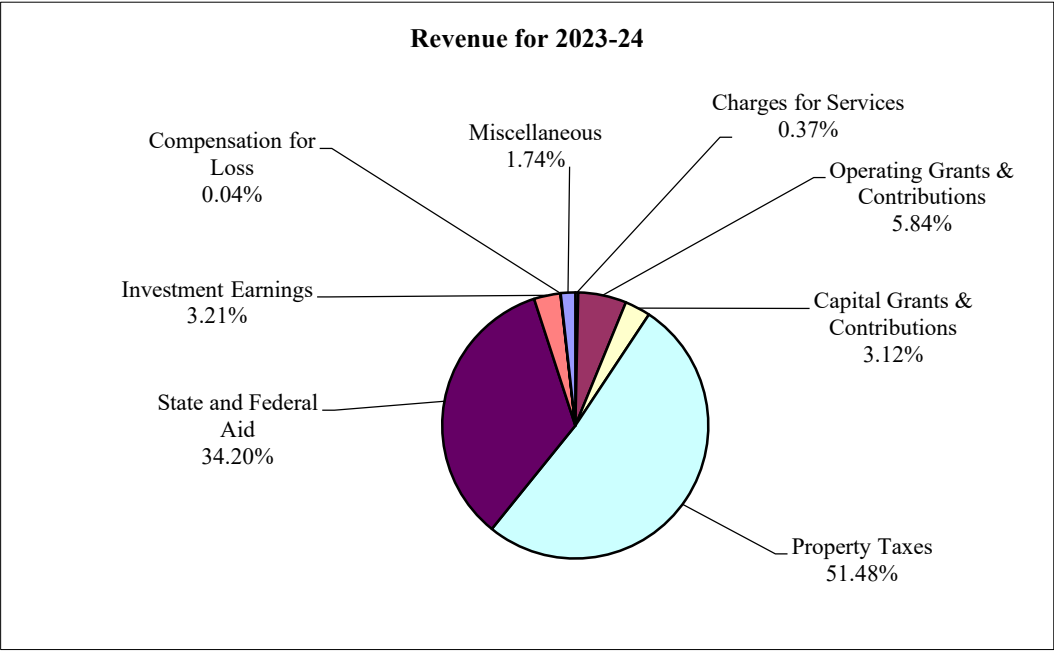
The District's total revenue increased 5% to \$25,317,565. State and federal aid 34% and property taxes 51% accounted for most of the District's revenue. The remaining 15% of the revenue comes from operating grants, capital grants, charges for services, investment earnings, compensation for loss, and miscellaneous revenues.

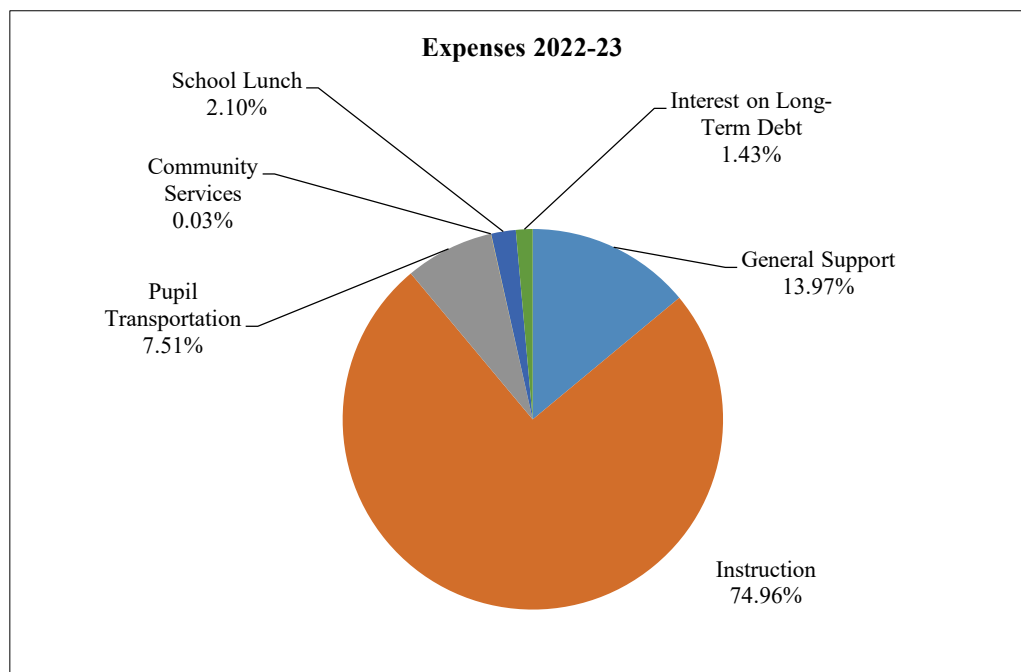
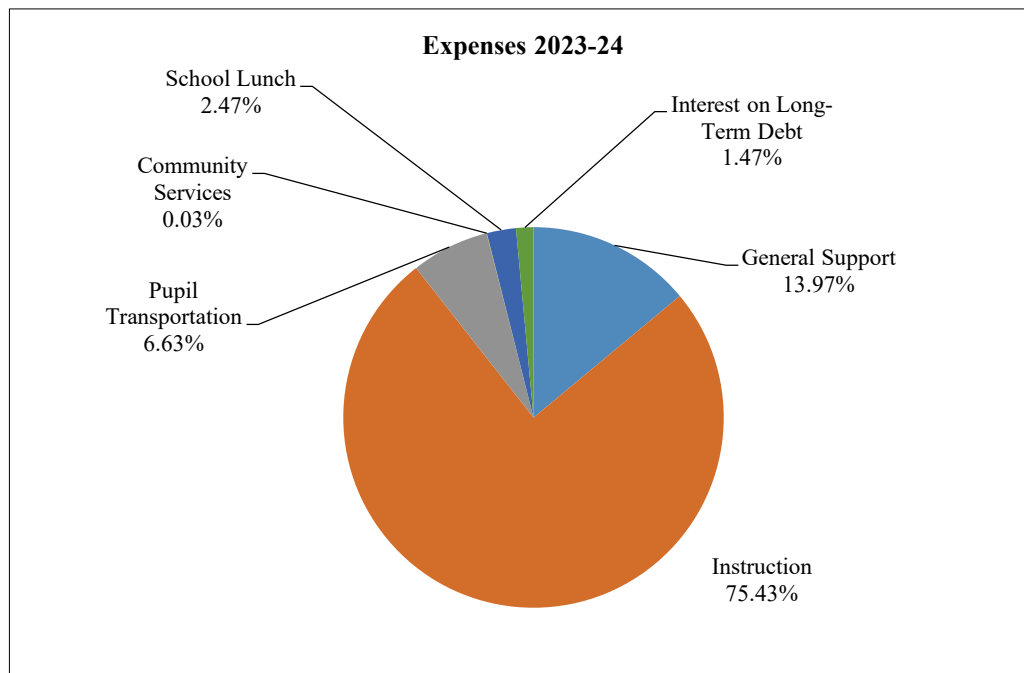
The total cost of all the programs and services increased 4% to \$22,036,848. The District's expenses are predominately related to education and caring for the students (Instruction) 75%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 14% of the total costs. See table below:

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2024</u>	<u>2023</u>	<u>Variance</u>
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 93,722	\$ 164,082	\$ (70,360)
Operating Grants & Contributions	1,477,954	1,820,779	(342,825)
Capital Grants & Contributions	790,000	-	790,000
Total Program	\$ 2,361,676	\$ 1,984,861	\$ 376,815
<u>General -</u>			
Property Taxes	\$ 13,033,579	\$ 12,788,515	\$ 245,064
State and Federal Aid	8,658,052	8,594,028	64,024
Investment Earnings	813,507	440,896	372,611
Compensation for Loss	9,353	3,150	6,203
Miscellaneous	441,398	311,684	129,714
Total General	\$ 22,955,889	\$ 22,138,273	\$ 817,616
TOTAL REVENUES	\$ 25,317,565	\$ 24,123,134	\$ 1,194,431
<u>EXPENSES:</u>			
General Support	\$ 3,077,712	\$ 3,123,664	\$ (45,952)
Instruction	16,622,996	15,793,638	829,358
Pupil Transportation	1,460,248	1,605,995	(145,747)
Community Services	7,488	6,332	1,156
School Lunch	545,200	449,909	95,291
Interest	323,204	304,074	19,130
TOTAL EXPENSES	\$ 22,036,848	\$ 21,283,612	\$ 753,236
CHANGE IN NET POSITION	\$ 3,280,717	\$ 2,839,522	
NET POSITION, BEGINNING OF YEAR	2,164,813	(674,709)	
NET POSITION, END OF YEAR	\$ 5,445,530	\$ 2,164,813	

Key Variances

- Capital Grants and Contributions increased \$790,000 as a result of the electric bus rebate program the District was awarded.
- Instruction increased \$829,358 as a result of budget increase to teaching and program with handicapped students.





Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$10,049,553, which is less than last year's ending fund balance of \$14,499,309.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$12,374,530. Fund balance for the General Fund increased by \$2,027,312 compared with the prior year. See table below:

<u>General Fund Balances:</u>	<u>2024</u>	<u>2023</u>	<u>Total Variance</u>
Restricted	\$ 11,238,482	\$ 8,831,766	\$ 2,406,716
Assigned	199,468	593,374	(393,906)
Unassigned	936,580	922,078	14,502
Total General Fund Balances	<u>\$ 12,374,530</u>	<u>\$ 10,347,218</u>	<u>\$ 2,027,312</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$109,832. This change is attributable to \$9,832 for prior year carryover encumbrances and \$100,000 for proposition for EV bus infrastructure.

The key factors for budget variances in the general fund are listed below along with explanations for each.

Expenditure Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Employee Benefits	(\$222,821)	When budgeting, the District utilizes estimated rate increases and bases those rate increases on our projected number of employees. We always ensure there are contingent funds in case our estimates are off. In this case, we reduced the estimated expenditure.

Revenue Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Use of Money and Property	\$762,461	This variance was due to increased interest rates that the District did not budget for. Moving forward, the District has adjusted estimates in this area.
Miscellaneous	\$236,631	This variance was due to federal funding that has now ended.
State Sources	(\$657,264)	This variance was due to an overestimation in Basic Formula aid.
Expenditure Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
General Support	\$275,499	The majority of this variance was due to struggles with staffing as the District budgeted for more employees than we were able to hire.
Instructional	\$769,581	The majority of this variance was due to contingent funds in Special Education. We never know when a family might move into the District and have children who require special services. We have to account for the possibility of placement due to needs of students. In addition, we still utilized federal funding to offset salary costs.
Pupil Transportation	\$161,037	The District was unable to fill all vacant positions which resulted in excess funds.
Employee Benefits	\$756,171	When budgeting, the District utilizes estimated rate increases and bases those rate increases on our projected number of employees. We always ensure there are contingent funds in case our estimates are off.
Debt Service-Interest	\$334,898	The District obtained interest estimates from our financial advisors. We used worst case scenario numbers to ensure we wouldn't be burdening the District.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2024 fiscal year, the District had invested \$40,398,200 in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2024</u>	<u>2023</u>
<u>Capital Assets:</u>		
Land	\$ 75,642	\$ 75,642
Work in Progress	8,069,300	1,098,254
Buildings and Improvements	30,094,659	31,216,741
Machinery and Equipment	2,158,599	1,344,717
Total Capital Assets	<u>\$ 40,398,200</u>	<u>\$ 33,735,354</u>
<u>Lease Assets:</u>		
Equipment	\$ 587,798	\$ 579,416
Grand Total	<u>\$ 40,985,998</u>	<u>\$ 34,314,770</u>

More detailed information can be found in the notes to the financial statements.

Long-Term Debt

At year end, the District had \$41,393,041 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2024</u>	<u>2023</u>
Serial Bonds	\$ 11,085,000	\$ 13,045,000
Lease Liability	13,578	19,851
Bond Premiums	791,946	1,012,408
Retainage Payable	282,529	-
OPEB	23,790,672	23,450,924
Net Pension Liability	1,376,976	1,887,882
Compensated Absences	4,052,340	3,901,534
Total Long-Term Obligations	<u>\$ 41,393,041</u>	<u>\$ 43,317,599</u>

More detailed information can be found in the notes to the financial statements.

Factors Bearing on the District's Future

The District is very concerned moving forward with the potential change in Foundation Aid. Naples was slated to lose \$1.2 million dollars over the next two years before the Governor reinstated aid last spring. With the looming study going on the District is trying to brace for the potential reduction in Foundation Aid and ensure we still meet our programming needs for our staff, students, and community. With this in mind, the District is going to be very cautious about expenditures moving forward and ensure our reserve plan is sound and will be able to assist in shortening the potential budget gap we may face in future years.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Naples Central School District
136 North Main Street
Naples, New York 14512

NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 21,348,734
Accounts receivable	1,086,957
Inventories	17,904
Capital Assets:	
Land	75,642
Work in progress	8,069,300
Other capital assets (net of depreciation)	32,841,056
TOTAL ASSETS	<u>\$ 63,439,593</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 5,202,890</u>
 LIABILITIES	
Accounts payable	\$ 267,987
Accrued liabilities	372,027
Unearned revenues	4,749
Due to other governments	48
Due to teachers' retirement system	714,940
Due to employees' retirement system	75,801
Bond anticipation notes payable	10,942,865
Other Liabilities	15,903
Long-Term Obligations:	
Due in one year	2,036,123
Due in more than one year	39,356,918
TOTAL LIABILITIES	<u>\$ 53,787,361</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 9,409,592</u>
 NET POSITION	
Net investment in capital assets	\$ 25,578,612
Restricted For:	
Reserve for employee retirement system	1,539,746
Accrued benefit liability reserve	1,272,386
Capital reserves	6,889,117
Other purposes	2,214,995
Unrestricted	(32,049,326)
TOTAL NET POSITION	<u><u>\$ 5,445,530</u></u>

(See accompanying notes to financial statements)

NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Activities
For The Year Ended June 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
<u>Primary Government</u> -					
General support	\$ 3,077,712	\$ -	\$ -	\$ -	\$ (3,077,712)
Instruction	16,622,996	36,384	970,826	790,000	(14,825,786)
Pupil transportation	1,460,248	-	-	-	(1,460,248)
Community services	7,488	-	-	-	(7,488)
School lunch	545,200	57,338	507,128	-	19,266
Interest	323,204	-	-	-	(323,204)
Total Primary Government	\$ 22,036,848	\$ 93,722	\$ 1,477,954	\$ 790,000	\$ (19,675,172)
General Revenues:					
Property taxes					\$ 13,033,579
State and federal aid					8,658,052
Investment earnings					813,507
Compensation for loss					9,353
Miscellaneous					441,398
Total General Revenues					\$ 22,955,889
Changes in Net Position					\$ 3,280,717
Net Position, Beginning of Year					2,164,813
Net Position, End of Year					\$ 5,445,530

NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2024

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 12,710,247	\$ 7,631,160	\$ 1,007,327	\$ 21,348,734
Receivables	706,205	-	380,752	1,086,957
Inventories	-	-	17,904	17,904
Due from other funds	639,130	158,125	77,470	874,725
TOTAL ASSETS	\$ 14,055,582	\$ 7,789,285	\$ 1,483,453	\$ 23,328,320
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ 258,203	\$ 6,616	\$ 3,168	\$ 267,987
Accrued liabilities	347,154	-	824	347,978
Notes payable - bond anticipation notes	-	10,942,865	-	10,942,865
Due to other funds	235,280	315	639,130	874,725
Due to other governments	-	-	48	48
Due to TRS	714,940	-	-	714,940
Due to ERS	75,801	-	-	75,801
Other liabilities	15,903	-	-	15,903
Compensated absences	33,771	-	-	33,771
Unearned revenue	-	-	4,749	4,749
TOTAL LIABILITIES	\$ 1,681,052	\$ 10,949,796	\$ 647,919	\$ 13,278,767
Fund Balances -				
Nonspendable	\$ -	\$ -	\$ 17,904	\$ 17,904
Restricted	11,238,482	-	603,940	11,842,422
Assigned	199,468	73,822	213,690	486,980
Unassigned	936,580	(3,234,333)	-	(2,297,753)
TOTAL FUND BALANCE	\$ 12,374,530	\$ (3,160,511)	\$ 835,534	\$ 10,049,553
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	\$ 14,055,582	\$ 7,789,285	\$ 1,483,453	

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

Capital assets/right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds. 40,985,998

Interest is accrued on outstanding bonds in the statement of net position but not in the funds. (24,049)

The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:

Serial bonds payable	(11,085,000)
Leases payable	(13,578)
Retainage	(282,529)
OPEB	(23,790,672)
Compensated absences	(4,018,569)
Unamortized bond premium	(791,946)
Deferred outflow - pension	3,663,626
Deferred outflow - OPEB	1,539,264
Net pension liability	(1,376,976)
Deferred inflow - pension	(756,022)
Deferred inflow - OPEB	(8,653,570)
Net Position of Governmental Activities	\$ 5,445,530

NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2024

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes and tax items	\$ 13,033,579	\$ -	\$ -	\$ 13,033,579
Charges for services	36,384	-	-	36,384
Use of money and property	782,461	-	31,046	813,507
Sale of property and compensation for loss	9,353	-	-	9,353
Miscellaneous	253,131	-	142,517	395,648
State sources	8,570,133	-	206,247	8,776,380
Federal sources	87,919	790,000	1,271,707	2,149,626
Sales	-	-	57,338	57,338
TOTAL REVENUES	<u>\$ 22,772,960</u>	<u>\$ 790,000</u>	<u>\$ 1,708,855</u>	<u>\$ 25,271,815</u>
EXPENDITURES				
General support	\$ 2,517,347	\$ -	\$ -	\$ 2,517,347
Instruction	9,618,317	-	1,109,550	10,727,867
Pupil transportation	1,114,999	750,000	14,700	1,879,699
Community services	4,589	-	-	4,589
Employee benefits	4,816,037	-	54,476	4,870,513
Debt service - principal	1,966,273	-	-	1,966,273
Debt service - interest	539,652	-	-	539,652
Cost of sales	-	-	276,660	276,660
Other expenses	-	-	220,329	220,329
Capital outlay	-	6,764,392	-	6,764,392
TOTAL EXPENDITURES	<u>\$ 20,577,214</u>	<u>\$ 7,514,392</u>	<u>\$ 1,675,715</u>	<u>\$ 29,767,321</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 2,195,746</u>	<u>\$ (6,724,392)</u>	<u>\$ 33,140</u>	<u>\$ (4,495,506)</u>
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ 75,000	\$ 200,000	\$ 43,434	\$ 318,434
Transfers - out	(243,434)	-	(75,000)	(318,434)
Premium on obligations issued	-	-	45,750	45,750
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (168,434)</u>	<u>\$ 200,000</u>	<u>\$ 14,184</u>	<u>\$ 45,750</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,027,312</u>	<u>\$ (6,524,392)</u>	<u>\$ 47,324</u>	<u>\$ (4,449,756)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>10,347,218</u>	<u>3,363,881</u>	<u>788,210</u>	<u>14,499,309</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 12,374,530</u></u>	<u><u>\$ (3,160,511)</u></u>	<u><u>\$ 835,534</u></u>	<u><u>\$ 10,049,553</u></u>

(See accompanying notes to financial statements)

NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2024

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS

\$ (4,449,756)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$ 6,764,392	
Additions to Assets, Net	1,451,351	
Depreciation and Amortization	<u>(1,544,515)</u>	
		6,671,228

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 1,966,273	
Unamortized Bond Premium	<u>220,462</u>	
		2,186,735

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (4,014)

The retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds (282,529)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. 11,164

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System	(524,207)
Employees' Retirement System	(168,707)

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences	<u>(159,197)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 3,280,717

NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2024

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ -
TOTAL ASSETS	\$ -
NET POSITION	
Restricted for individuals, organizations and other governments	\$ -
TOTAL NET POSITION	\$ -

Statement of Changes in Fiduciary Net Position

For The Year Ended June 30, 2024

	<u>Custodial Funds</u>
ADDITIONS	
Library taxes	252,409
TOTAL ADDITIONS	\$ 252,409
DEDUCTIONS	
Library taxes	\$ 252,409
TOTAL DEDUCTIONS	\$ 252,409
CHANGE IN NET POSITION	\$ -
NET POSITION, BEGINNING OF YEAR	-
NET POSITION, END OF YEAR	\$ -

NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2024

I. Summary of Significant Accounting Policies

The financial statements of the Naples Central School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (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.

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement 61, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Extraclassroom Activity Funds

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

(I.) (Continued)

B. Joint Venture

The District is a component of the Ontario, Seneca, Yates, Cayuga, and Wayne Counties Board of Cooperative Educational Services (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the District was billed \$2,526,085 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$692,974.

Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

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

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

(I.) (Continued)

2. **Fund Statements**

The fund statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

Capital Projects Fund - Used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

School Lunch Fund - Used to account for transactions of the District's lunch, breakfast and milk programs.

Special Aid Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Miscellaneous Special Revenue Fund – used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

c. **Fiduciary** - Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

Custodial Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for the public library.

(I.) (Continued)

D. Measurement Focus and Basis of Accounting

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

The District-wide 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 transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on June 21, 2023. Taxes are collected during the period September 1 through November 1, 2023.

Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

(I.) (Continued)

G. Interfund Transactions

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

In the District-wide statements, 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.

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

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

H. Estimates

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

I. Cash and Cash Equivalents

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

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

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

(I.) (Continued)

J. Receivables

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

In addition, the District will report a receivable relating to a lease arrangement. The receivable is recorded at the present value of the future payments and recognized over the life of the lease.

K. Inventory and Prepaid Items

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

A nonspendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Capital Assets

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives and capitalization threshold by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	SL	20-40 Years
Machinery and Equipment	\$ 5,000	SL	5-20 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

(I.) (Continued)

M. Right To Use Assets

The District-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 5 and 10 years based on the contract terms and/or estimated replacement of the assets.

N. Unearned Revenue

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

O. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

P. Vested Employee Benefits

1. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, employees may use unused accumulated sick leave to offset the cost of required co-pays for medical insurance or may receive a cash payment, based on compliance with certain contractual provisions of employment agreements.

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated vacation and sick leave is included in accrued liabilities and unused accumulated sick leave for retirees is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end. In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expended on a pay-as-you go basis.

(I.) (Continued)

Q. Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R. Short-Term Debt

The District may issue Bond Anticipation Notes (BAN's), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that a BAN issued for capital purposes be converted to long-term financing within five years after the original issue date.

S. Accrued Liabilities and Long-Term Obligations

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

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

T. Equity Classifications

1. District-Wide Statements

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

- a. Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- b. Restricted Net Position** - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

(I.) (Continued)

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<u>Total</u>
Workers' Compensation	\$ 299,080
Unemployment Costs	316,034
Retirement Contribution - TRS	679,310
Liability	117,322
Insurance	125,487
Capital Projects	73,822
Debt	243,272
Miscellaneous Special Revenue	<u>360,668</u>
Total Net Position - Restricted for Other Purposes	<u>\$ 2,214,995</u>

c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications . The reported deficit of \$32,049,326 at year end is the result of full implementation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

2. **Fund Statements**

In the fund basis statements there are five classifications of fund balance:

a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes \$17,904 as inventory in the School Lunch Fund.

b. **Restricted Fund Balances** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted fund balances:

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

<u>Name of Reserve</u>	<u>Maximum Funding</u>	<u>Total Funding Provided</u>	<u>Total Year to Date Balance</u>
2021 Capital Reserve	\$ 5,000,000	\$ 5,000,000	\$ 4,900,000
2021 Bus Purchase Reserve	\$ 750,000	\$ 750,000	\$ -
2022 Capital Technology Reserve	\$ 500,000	\$ 500,000	\$ 500,000
2024 Transportation Capital Reserve	\$ 2,500,000	\$ 1,470,165	\$ 1,489,117

(I.) (Continued)

In May 2024, the voters of the District approved the use of \$150,000 from the bus purchase reserve.

Reserve for Debt Service - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

Employee Benefit Accrued Liability Reserve - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Insurance Reserve - According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriation, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Teachers' Retirement Reserve - General Municipal Law §6-r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous years TRS salary.

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Tax Certiorari Reserve - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeding in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

(I.) (Continued)

Liability Reserve - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

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

Workers' Compensation Reserve - According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

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

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Workers' Compensation	\$ 299,080
Unemployment Costs	316,034
Retirement Contribution - ERS	1,539,746
Retirement Contribution - TRS	679,310
Insurance	125,487
Liability	117,322
Capital Reserves	6,889,117
Employee Benefit Accrued Liability	1,272,386
<u>Miscellaneous Special Revenue Fund -</u>	
Scholarships	177,915
Student Activities	182,753
<u>Debt Service Fund -</u>	
Debt Service	243,272
Total Restricted Fund Balance	<u>\$ 11,842,422</u>

(I.) (Continued)

The District appropriated and/or budgeted \$75,000 from the debt service reserve for the 2024-25 budget. In addition, the voters approved the use of \$150,000 from the bus purchase capital reserve.

c. **Assigned Fund Balance** – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District’s purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

Management has determined significant encumbrances for the General Fund to be \$34,000. There were no significant encumbrances at year end.

Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 7,345
General Fund - Appropriated for Taxes	192,123
Capital Fund	73,822
School Lunch Fund - Year End Equity	213,690
Total Assigned Fund Balance	<u>\$ 486,980</u>

d. **Unassigned Fund Balance** –Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District’s budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

3. **Order of Use of Fund Balance**

The District’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, the remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

(I.) (Continued)

U. New Accounting Standards

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

GASB has issued Statement No. 99, *Omnibus 2022 (financial guarantees and derivative instruments)*.

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*.

V. Future Changes in Accounting Standards

GASB has issued Statement No. 101, *Compensated Absences*, which will be effective for fiscal years beginning after December 15, 2023.

GASB has issued Statement No. 102, *Certain risk Disclosures*, which will be effective for fiscal years beginning after June 15, 2024.

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, which will be effective for fiscal years beginning after June 15, 2025.

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

II. Changes to or within the Financial Reporting Entity

For the year ended June 30, 2024, the District's presentation of the Special Aid Fund in the fund statements changed from major to nonmajor. The District's fund balance for the year ended June 30, 2024 was not impacted by this change.

III. Stewardship, Compliance and Accountability

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

(II.) (Continued)

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2023-24 fiscal year, the budget was increased \$9,832 for prior year carryover encumbrances, and \$100,000 for EV bus infrastructure.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital projects fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

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

C. Deficit Fund Balance - Capital Projects Fund

The Capital Projects Fund had a deficit fund balance of \$3,160,511 at June 30, 2024, which is a result of bond anticipation notes which are used as a temporary means of financing capital projects. These proceeds are not recognized as revenue but merely serve to provide cash to meet expenditures. This results in the creation of a fund deficit which will remain until the notes are replaced by permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations).

IV. Cash and Cash Equivalents

Credit Risk – In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations used by other municipalities and authorities with the State.

Concentration of Credit Risk – To promote competition in rates and service costs, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District's investment policy limits the amounts that may be deposited with any one financial institution.

(IV.) (Continued)

Interest Rate Risk – The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

The District’s aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$	-
Collateralized with Securities held by the Pledging Financial Institution		15,659,263
Total	\$	<u>15,659,263</u>

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes \$11,842,422 within the governmental funds.

V. **Investment Pool**

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year end are \$5,678,122, which consisted of \$932,348 in repurchase agreements, \$3,890,649 in U.S. Treasury Securities, \$111,291 in FDIC insured bank deposits, and \$743,834 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Amount</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
General	\$ 5,130,354	\$ 5,130,354	CLASS
Special Revenue	\$ 313,754	\$ 313,754	CLASS
Debt Service	\$ 234,014	\$ 234,014	CLASS

VI. **Receivables**

Receivables at June 30, 2024 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Accounts Receivable	\$ 660	\$ 109	\$ 769
Due From State and Federal	138,645	380,643	519,288
Due From Other Governments	566,900	-	566,900
Total Receivables	<u>\$ 706,205</u>	<u>\$ 380,752</u>	<u>\$ 1,086,957</u>

District management has deemed the amounts to be fully collectible.

VII. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2024 were as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 639,130	\$ 235,280	\$ 75,000	\$ 243,434
Capital Projects Fund	158,125	315	200,000	-
Nonmajor Funds	77,470	639,130	43,434	75,000
Total	\$ 874,725	\$ 874,725	\$ 318,434	\$ 318,434

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

VIII. Capital Assets and Lease Assets

A. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 75,642	\$ -	\$ -	\$ 75,642
Work in progress	1,098,254	7,046,921	75,875	8,069,300
<i>Total Nondepreciable</i>	\$ 1,173,896	\$ 7,046,921	\$ 75,875	\$ 8,144,942
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 46,221,256	\$ -	\$ -	\$ 46,221,256
Machinery and equipment	3,093,463	1,102,269	468,393	3,727,339
<i>Total Depreciated Assets</i>	\$ 49,314,719	\$ 1,102,269	\$ 468,393	\$ 49,948,595
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 15,004,515	\$ 1,122,082	\$ -	\$ 16,126,597
Machinery and equipment	1,748,746	252,284	432,290	1,568,740
<i>Total Accumulated Depreciation</i>	\$ 16,753,261	\$ 1,374,366	\$ 432,290	\$ 17,695,337
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	\$ 32,561,458	\$ (272,097)	\$ 36,103	\$ 32,253,258
Total Capital Assets	\$ 33,735,354	\$ 6,774,824	\$ 111,978	\$ 40,398,200

(VIII.) (Continued)

B. Lease Assets

A summary of the lease asset activity during the year ended June 30, 2024 is as follows:

<u>Type</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
<u>Lease Assets:</u>				
Equipment	\$ 1,058,266	\$ 178,531	\$ 31,295	\$ 1,205,502
<i>Total Lease Assets</i>	<u>\$ 1,058,266</u>	<u>\$ 178,531</u>	<u>\$ 31,295</u>	<u>\$ 1,205,502</u>
<u>Less Accumulated Amortization -</u>				
Equipment	\$ 478,850	\$ 170,149	\$ 31,295	\$ 617,704
<i>Total Accumulated Amortization</i>	<u>\$ 478,850</u>	<u>\$ 170,149</u>	<u>\$ 31,295</u>	<u>\$ 617,704</u>
<i>Total Lease Assets, Net</i>	<u><u>\$ 579,416</u></u>	<u><u>\$ 8,382</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 587,798</u></u>

C. Other capital assets (net of depreciation and amortization):

Depreciated Capital Assets, net	\$ 32,253,258
Amortized Lease Assets, net	587,798
Total Other Capital Assets, net	<u><u>\$ 32,841,056</u></u>

D. Depreciation/Amortization expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General Government Support	\$ 13,449	\$ -	\$ 13,449
Instruction	1,140,326	170,149	1,310,475
Pupil Transportation	218,117	-	218,117
School Lunch	2,474	-	2,474
Total Depreciation/ Amortization Expense	<u><u>\$ 1,374,366</u></u>	<u><u>\$ 170,149</u></u>	<u><u>\$ 1,544,515</u></u>

IX. Short-Term Debt

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
BAN	6/25/2024	3.75%	\$ -	\$ 4,500,000	\$ 4,500,000	\$ -
BAN	6/25/2025	4.25%	-	10,942,865	-	10,942,865
Total Short-Term Debt			<u><u>\$ -</u></u>	<u><u>\$ 15,442,865</u></u>	<u><u>\$ 4,500,000</u></u>	<u><u>\$ 10,942,865</u></u>

A summary of the short-term interest expense for the year is as follows:

Interest Paid	\$ 58,125
Plus: Interest Accrued in the Current Year	6,459
Total Short-Term Interest Expense	<u><u>\$ 64,584</u></u>

X. Long-Term Debt Obligations

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

	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>	<u>Due Within One Year</u>
Governmental Activities:					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 13,045,000	\$ -	\$ 1,960,000	\$ 11,085,000	\$ 1,525,000
Bond Premiums	1,012,408	-	220,462	791,946	189,105
Lease Liability	19,851	-	6,273	13,578	5,718
Total Bonds and Notes Payable	\$ 14,077,259	\$ -	\$ 2,186,735	\$ 11,890,524	\$ 1,719,823
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 1,887,882	\$ -	\$ 510,906	\$ 1,376,976	\$ -
OPEB	23,450,924	339,748	-	23,790,672	-
Retainage Payable	-	282,529	-	282,529	282,529
Compensated Absences	3,901,534	150,806	-	4,052,340	33,771
Total Other Liabilities	\$ 29,240,340	\$ 773,083	\$ 510,906	\$ 29,502,517	\$ 316,300
Total Long-Term Obligations	\$ 43,317,599	\$ 773,083	\$ 2,697,641	\$ 41,393,041	\$ 2,036,123

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

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2024</u>
<u>Serial Bonds</u>					
Construction	\$ 4,820,000	2021	2050	3%-5%	\$ 4,055,000
Refunding	\$ 3,980,000	2021	2029	1%-4%	1,495,000
Refunding	\$ 7,525,000	2022	2029	2%-4%	5,535,000
Total Serial Bonds					\$ 11,085,000
<u>Leases</u>					
Copier	\$ 6,130	2020	2025	0.79%	\$ 1,142
Copier	\$ 13,589	2023	2028	4.63%	10,480
Postage Meter	\$ 12,751	2019	2025	3.23%	1,956
Total Leases					\$ 13,578

The following is a summary of debt service requirements:

	<u>Serial Bonds</u>		<u>Leases</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,525,000	\$ 422,150	\$ 5,718	\$ 467
2026	1,580,000	368,950	2,743	306
2027	1,630,000	310,300	2,873	176
2028	1,640,000	243,350	2,244	44
2029	1,415,000	181,250	-	-
2030-34	770,000	544,000	-	-
2035-39	925,000	344,100	-	-
2040-44	735,000	196,050	-	-
2045-49	715,000	86,700	-	-
2050	150,000	4,500	-	-
Total	\$ 11,085,000	\$ 2,701,350	\$ 13,578	\$ 993

(X.) (Continued)

Interest on long-term debt for June 30, 2024 was composed of:

Interest Paid	\$ 481,527
Less: Interest Accrued in the Prior Year	(20,035)
Plus: Interest Accrued in the Current Year	17,590
Unamortized Bond Premium	(220,462)
Total Long-Term Interest Expense	\$ 258,620

XI. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 3,663,626	\$ 756,022
OPEB	1,539,264	8,653,570
Total	\$ 5,202,890	\$ 9,409,592

XII. Pension Plans

A. General Information

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

B. Provisions and Administration

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

(XII.) (Continued)

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year.

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2024:

<u>Contributions</u>		<u>ERS</u>		<u>TRS</u>
2024	\$	260,484	\$	714,940

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

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

(XII.) (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Net pension assets/(liability)	\$ (956,356)	\$ (420,620)
District's portion of the Plan's total net pension asset/(liability)	0.0064952%	0.036781%

For the year ended June 30, 2024, the District recognized pension expenses of \$440,478 for ERS and \$1,189,500 for TRS. At June 30, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 308,041	\$ 1,019,891	\$ 26,077	\$ 2,521
Changes of assumptions	361,577	905,582	-	197,367
Net difference between projected and actual earnings on pension plan investments	-	215,012	467,175	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	94,616	17,594	9,571	53,311
Subtotal	\$ 764,234	\$ 2,158,079	\$ 502,823	\$ 253,199
District's contributions subsequent to the measurement date	75,801	665,512	-	-
Grand Total	\$ 840,035	\$ 2,823,591	\$ 502,823	\$ 253,199

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ -	\$ 172,636
2025	(156,344)	(229,365)
2026	201,647	1,682,820
2027	299,496	120,976
2028	(83,388)	96,296
Thereafter	-	61,517
Total	\$ 261,411	\$ 1,904,880

E. Actuarial Assumptions

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

(XII.) (Continued)

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18%-1.95%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized as follows:

<u>Long Term Expected Rate of Return</u>		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
<u>Asset Type -</u>		
Domestic equity	4.00%	6.80%
International equity	6.65%	7.60%
Global equity	0.00%	7.20%
Private equity	7.25%	10.10%
Real estate	4.60%	6.30%
Opportunistic portfolios	5.25%	0.00%
Real assets	5.79%	0.00%
Global bonds	0.00%	1.60%
Cash	0.25%	0.30%
Private debt	0.00%	6.00%
Real estate debt	0.00%	3.20%
High-yield bonds	0.00%	4.40%
Domestic fixed income	0.00%	2.20%
Fixed income	1.50%	0.00%
Credit	5.40%	0.00%

(XII.) (Continued)

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

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (3,006,880)	\$ (956,356)	\$ 756,258
	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (6,406,253)	\$ (420,620)	\$ 4,613,556

(XII.) (Continued)

H. Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(In Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Employers' total pension liability	\$ 240,696,851	\$ 138,365,122
Plan net position	225,972,801	137,221,537
Employers' net pension asset/(liability)	<u>\$ (14,724,050)</u>	<u>\$ (1,143,585)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	93.88%	99.20%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$75,801.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$714,940.

XIII. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

(XIII.) (Continued)

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

Inactive employees or beneficiaries currently receiving benefit payments	90
Active Employees	165
Total	255

B. Total OPEB Liability

The District's total OPEB liability of \$23,790,672 was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

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

Inflation	2.40 percent
Salary Increases	2.40 percent, average, including inflation
Discount Rate	3.93 percent
Healthcare Cost Trend Rates	Initial rate of 6.40% decreasing to an ultimate rate of 3.80%
Retirees' Share of Benefit-Related Costs	Varies depending on contract

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 Headcount-Weighted Mortality Table generationally projected using the MP-2021 Ultimate Scale.

C. Changes in the Total OPEB Liability

Balance at June 30, 2023	\$ 23,450,924
<u>Changes for the Year -</u>	
Service cost	\$ 1,081,914
Interest	883,901
Changes in assumptions or other inputs	(987,580)
Benefit payments	(638,487)
Net Changes	\$ 339,748
Balance at June 30, 2024	\$ 23,790,672

(XIII.) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

	1% Decrease <u>(2.93%)</u>	Discount Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
Total OPEB Liability	\$ 27,609,936	\$ 23,790,672	\$ 20,699,305

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.4 percent decreasing to 2.80 percent) or 1-percentage-point higher (7.4 percent decreasing to 4.80 percent) than the current healthcare cost trend rate:

	1% Decrease (5.4% Decreasing <u>to 2.8%</u>)	Healthcare Cost Trend Rates (6.4% Decreasing <u>to 3.8%</u>)	1% Increase (7.4% Decreasing <u>to 4.8%</u>)
Total OPEB Liability	\$ 19,882,577	\$ 23,790,672	\$ 28,828,599

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$627,323. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,563	\$ 1,519,725
Changes of assumptions	1,532,701	7,133,845
Total	\$ 1,539,264	\$ 8,653,570

(XIII.) (Continued)

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

<u>Year</u>	
2025	\$ (1,339,218)
2026	(1,284,590)
2027	(1,597,166)
2028	(1,736,503)
2029	(783,613)
Thereafter	(373,216)
Total	\$ <u>(7,114,306)</u>

XIV. Risk Management

A. General Information

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

B. Workers' Compensation

The District incurs costs related to the Wayne-Finger Lakes Area School Workers' Compensation Plan (Plan) sponsored by the Ontario, Seneca, Yates, Cayuga and Wayne Counties Board of Cooperative Educational Services (BOCES) and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Ontario, Seneca, Yates, Cayuga and Wayne Counties BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of the BOCES and twenty-two districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims paid.

(XIV.) (Continued)

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2024, the Naples Central School District incurred premiums or contribution expenditures totaling \$50,460.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2023, revealed that the Plan is fully funded.

C. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. There were \$1,726 in claim and judgment expenditures of this program for the 2023-24 fiscal year. The balance of the fund at June 30, 2024 was \$316,034 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2024, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XV. Commitments and Contingencies

A. Litigation

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

B. Grants

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

XVI. Tax Abatement

The County of Steuben IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result, the district property tax revenue was reduced \$156,075. The District received payment in lieu of tax (PILOT) payment totaling \$20,973 to help offset the property tax reduction.

Required Supplementary Information
NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in District's Total OPEB Liability and Related Ratio
For The Year Ended June 30, 2024

	TOTAL OPEB LIABILITY						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,081,914	\$ 1,117,494	\$ 1,562,911	\$ 1,900,656	\$ 1,219,225	\$ 1,342,470	\$ 1,062,468
Interest	883,901	863,067	631,863	718,103	885,723	790,545	745,989
Differences between expected and actual experiences	-	(723,743)	-	(1,524,615)	-	(889,199)	57,586
Changes of assumptions or other inputs	(987,580)	(767,274)	(6,039,694)	(3,427,529)	5,016,111	(1,497,290)	-
Benefit payments	<u>(638,487)</u>	<u>(597,954)</u>	<u>(568,494)</u>	<u>(570,055)</u>	<u>(658,391)</u>	<u>(679,078)</u>	<u>(642,884)</u>
Net Change in Total OPEB Liability	\$ 339,748	\$ (108,410)	\$ (4,413,414)	\$ (2,903,440)	\$ 6,462,668	\$ (932,552)	\$ 1,223,159
Total OPEB Liability - Beginning	<u>\$ 23,450,924</u>	<u>\$ 23,559,334</u>	<u>\$ 27,972,748</u>	<u>\$ 30,876,188</u>	<u>\$ 24,413,520</u>	<u>\$ 25,346,072</u>	<u>\$ 24,122,913</u>
Total OPEB Liability - Ending	<u><u>\$ 23,790,672</u></u>	<u><u>\$ 23,450,924</u></u>	<u><u>\$ 23,559,334</u></u>	<u><u>\$ 27,972,748</u></u>	<u><u>\$ 30,876,188</u></u>	<u><u>\$ 24,413,520</u></u>	<u><u>\$ 25,346,072</u></u>
 Covered Employee Payroll	 \$ 8,215,718	 \$ 8,215,718	 \$ 7,434,015	 \$ 7,434,015	 \$ 7,251,885	 \$ 7,251,885	 \$ 6,023,825
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 289.58%	 285.44%	 316.91%	 376.28%	 425.77%	 336.65%	 420.76%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
For The Year Ended June 30, 2024

<u>NYSERS Pension Plan</u>									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.0064952%	0.0055335%	0.0054661%	0.0056838%	0.0057404%	0.0054624%	0.0057886%	0.0052860%	0.0055740%
Proportionate share of the net pension liability (assets)	\$ 956,356	\$ 1,186,607	\$ 446,828	\$ (5,660)	\$ (1,520,086)	\$ (287,030)	\$ (186,823)	\$ (473,158)	\$ (848,373)
Covered-employee payroll	\$ 2,175,797	\$ 1,844,763	\$ 1,691,270	\$ 1,782,787	\$ 1,785,181	\$ 1,704	\$ 1,819,586	\$ 1,641,273	\$ 1,545,152
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	43.954%	64.323%	26.420%	-0.317%	-85.150%	-16848.340%	-10.267%	-28.829%	-54.905%
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%
<u>NYSTRS Pension Plan</u>									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.036781%	0.036546%	0.036129%	0.035854%	0.035576%	0.035067%	0.036629%	0.035643%	0.036590%
Proportionate share of the net pension liability (assets)	\$ 420,620	\$ 701,275	\$ 6,260,821	\$ (990,746)	\$ 924,278	\$ 634,094	\$ 278,414	\$ (381,753)	\$ (3,800,575)
Covered-employee payroll	\$ 6,818,770	\$ 6,793,090	\$ 6,474,194	\$ 6,132,261	\$ 6,085,576	\$ 5,938,284	\$ 5,722,815	\$ 5,910,953	\$ 5,669,592
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	6.169%	10.323%	96.704%	-16.156%	15.188%	10.678%	4.865%	-6.458%	-67.034%
Plan fiduciary net position as a percentage of the total pension liability	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

(See Independent Auditors' Report)

Required Supplementary Information
NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
For The Year Ended June 30, 2024

NYSERS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 260,484	\$ 198,973	\$ 252,001	\$ 240,078	\$ 241,857	\$ 240,421	\$ 263,841	\$ 246,633	\$ 262,229	\$ 299,580
Contributions in relation to the contractually required contribution	<u>(260,484)</u>	<u>(198,973)</u>	<u>(252,001)</u>	<u>(240,078)</u>	<u>(241,857)</u>	<u>(240,421)</u>	<u>(263,841)</u>	<u>(246,633)</u>	<u>(262,229)</u>	<u>(299,580)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,175,797	\$ 1,844,763	\$ 1,691,270	\$ 1,782,787	\$ 1,785,181	\$ 1,703,610	\$ 1,819,586	\$ 1,641,273	\$ 1,545,152	\$ 1,648,596
Contributions as a percentage of covered-employee payroll	11.97%	10.79%	14.90%	13.47%	13.55%	14.11%	14.50%	15.03%	16.97%	18.17%
NYSTRS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 714,940	\$ 745,564	\$ 634,471	\$ 584,405	\$ 539,182	\$ 630,646	\$ 559,770	\$ 680,279	\$ 729,313	\$ 887,547
Contributions in relation to the contractually required contribution	<u>(714,940)</u>	<u>(745,564)</u>	<u>(634,471)</u>	<u>(584,405)</u>	<u>(539,182)</u>	<u>(630,646)</u>	<u>(559,770)</u>	<u>(680,279)</u>	<u>(729,313)</u>	<u>(887,547)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,818,770	\$ 6,793,090	\$ 6,474,194	\$ 6,132,261	\$ 6,085,576	\$ 5,938,284	\$ 5,722,815	\$ 5,910,953	\$ 5,669,592	\$ 5,461,828
Contributions as a percentage of covered-employee payroll	10.48%	10.98%	9.80%	9.53%	8.86%	10.62%	9.78%	11.51%	12.86%	16.25%

(See Independent Auditors' Report)

Required Supplementary Information
NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Revenues</u>	<u>Over (Under) Revised Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 12,984,907	\$ 12,323,020	\$ 12,323,020	\$ -
Real property tax items	38,605	700,492	710,559	10,067
Charges for services	31,000	31,000	36,384	5,384
Use of money and property	20,000	20,000	782,461	762,461
Sale of property and compensation for loss	-	-	9,353	9,353
Miscellaneous	16,500	16,500	253,131	236,631
State Sources -				
Basic formula	8,009,555	8,009,555	7,009,357	(1,000,198)
Lottery aid	575,545	575,545	823,849	248,304
BOCES	589,827	589,827	679,288	89,461
Textbooks	41,647	41,647	15,140	(26,507)
All Other Aid -				
Computer software	7,017	7,017	14,355	7,338
Library loan	3,806	3,806	3,681	(125)
Other aid	-	-	24,463	24,463
Federal Sources	75,000	75,000	87,919	12,919
TOTAL REVENUES	<u>\$ 22,393,409</u>	<u>\$ 22,393,409</u>	<u>\$ 22,772,960</u>	<u>\$ 379,551</u>
Other Sources -				
Transfer - in	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 22,468,409</u>	<u>\$ 22,468,409</u>	<u>\$ 22,847,960</u>	<u>\$ 379,551</u>
Appropriated reserves	\$ -	\$ 100,000		
Appropriated fund balance	\$ 583,542	\$ 583,542		
Prior year encumbrances	\$ 9,832	\$ 9,832		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u><u>\$ 23,061,783</u></u>	<u><u>\$ 23,161,783</u></u>		

Required Supplementary Information
NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2024

	<u>Original</u>	<u>Amended</u>	<u>Current</u>		<u>Unencumbered</u>
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Encumbrances</u>	<u>Balances</u>
EXPENDITURES			<u>Expenditures</u>		
General Support -					
Board of education	\$ 17,009	\$ 16,215	\$ 11,707	\$ -	\$ 4,508
Central administration	197,639	217,781	216,394	-	1,387
Finance	546,968	575,520	554,440	1,500	19,580
Staff	127,300	126,569	71,764	1,000	53,805
Central services	1,569,086	1,595,535	1,400,718	4,845	189,972
Special items	209,503	268,571	262,324	-	6,247
Instructional -					
Instruction, administration					
and improvement	727,110	787,547	705,593	-	81,954
Teaching - regular school	4,846,058	4,861,273	4,631,255	-	230,018
Programs for children with					
handicapping conditions	2,217,475	2,158,870	1,907,504	-	251,366
Occupational education	396,000	396,000	395,840	-	160
Teaching - special schools	63,692	75,092	17,578	-	57,514
Instructional media	959,884	986,931	916,019	-	70,912
Pupil services	1,075,376	1,122,185	1,044,528	-	77,657
Pupil Transportation	1,289,404	1,276,036	1,114,999	-	161,037
Community Services	3,400	4,600	4,589	-	11
Employee Benefits	5,795,029	5,572,208	4,816,037	-	756,171
Debt service - principal	1,960,000	1,966,300	1,966,273	-	27
Debt service - interest	880,850	874,550	539,652	-	334,898
TOTAL EXPENDITURES	<u>\$ 22,881,783</u>	<u>\$ 22,881,783</u>	<u>\$ 20,577,214</u>	<u>\$ 7,345</u>	<u>\$ 2,297,224</u>
Other Uses -					
Transfers - out	\$ 180,000	\$ 280,000	\$ 243,434	\$ -	\$ 36,566
TOTAL EXPENDITURES AND					
OTHER USES	<u>\$ 23,061,783</u>	<u>\$ 23,161,783</u>	<u>\$ 20,820,648</u>	<u>\$ 7,345</u>	<u>\$ 2,333,790</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,027,312</u>		
FUND BALANCE, BEGINNING					
OF YEAR	<u>10,347,218</u>	<u>10,347,218</u>	<u>10,347,218</u>		
FUND BALANCE, END OF YEAR	<u><u>\$ 10,347,218</u></u>	<u><u>\$ 10,347,218</u></u>	<u><u>\$ 12,374,530</u></u>		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Supplementary Information
NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Change From Adopted Budget To Final Budget
And The Real Property Tax Limit
For The Year Ended June 30, 2024

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	\$ 23,051,951
Prior year's encumbrances	<u>9,832</u>
Original Budget	\$ 23,061,783
Budget revisions -	
Proposition for EV Bus Infrastructure	<u>100,000</u>
FINAL BUDGET	<u><u>\$ 23,161,783</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2024-25 voter approved expenditure budget	\$ 23,414,489
<u>Unrestricted fund balance:</u>	
Assigned fund balance	\$ 199,468
Unassigned fund balance	<u>936,580</u>
Total Unrestricted fund balance	<u>\$ 1,136,048</u>
<u>Less adjustments:</u>	
Appropriated fund balance	\$ 192,123
Encumbrances included in assigned fund balance	<u>7,345</u>
Total adjustments	<u>\$ 199,468</u>
General fund fund balance subject to Section 1318 of	
Real Property Tax Law	<u>936,580</u>
ACTUAL PERCENTAGE	<u><u>4.00%</u></u>

Supplementary Information
NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
For The Year Ended June 30, 2024

<u>Project Title</u>	<u>Expenditures</u>					<u>Unexpended Balance</u>	<u>Methods of Financing</u>			<u>Fund Balance</u>
	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Local Sources</u>	<u>Federal Sources</u>	<u>Total</u>	
Capital Construction Project	\$ 16,320,000	\$ 16,320,000	\$ 1,098,254	\$ 6,598,214	\$ 7,696,468	\$ 8,623,532	\$ 4,462,135	\$ -	\$ 4,462,135	\$ (3,234,333)
2024 Capital Outlay	100,000	100,000	-	75,875	75,875	-	100,000	-	100,000	24,125
Electric Buses	750,000	750,000	-	750,000	750,000	-	-	750,000	750,000	-
Charging Infrastructure	140,000	140,000	-	90,303	90,303	49,697	100,000	40,000	140,000	49,697
TOTAL	\$ 17,310,000	\$ 17,310,000	\$ 1,098,254	\$ 7,514,392	\$ 8,612,646	\$ 8,673,229	\$ 4,662,135	\$ 790,000	\$ 5,452,135	\$ (3,160,511)

(See Independent Auditors' Report)

Supplementary Information
NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds				Total
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 222,244	\$ 181,458	\$ 360,668	\$ 242,957	\$ 1,007,327
Receivables	351,931	28,821	-	-	380,752
Inventories	-	17,904	-	-	17,904
Due from other funds	63,469	13,686	-	315	77,470
TOTAL ASSETS	\$ 637,644	\$ 241,869	\$ 360,668	\$ 243,272	\$ 1,483,453
LIABILITIES AND FUND BALANCES					
<u>Liabilities</u> -					
Accounts payable	\$ -	\$ 3,168	\$ -	\$ -	\$ 3,168
Accrued liabilities	-	824	-	-	824
Due to other funds	637,644	1,486	-	-	639,130
Due to other governments	-	48	-	-	48
Unearned revenue	-	4,749	-	-	4,749
TOTAL LIABILITIES	\$ 637,644	\$ 10,275	\$ -	\$ -	\$ 647,919
<u>Fund Balances</u> -					
Nonspendable	\$ -	\$ 17,904	\$ -	\$ -	\$ 17,904
Restricted	-	-	360,668	243,272	603,940
Assigned	-	213,690	-	-	213,690
TOTAL FUND BALANCE	\$ -	\$ 231,594	\$ 360,668	\$ 243,272	\$ 835,534
TOTAL LIABILITIES AND FUND BALANCES	\$ 637,644	\$ 241,869	\$ 360,668	\$ 243,272	\$ 1,483,453

Supplementary Information
NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2024

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund	Fund	
REVENUES					
Use of money and property	\$ -	\$ 57	\$ 9,404	\$ 21,585	\$ 31,046
Miscellaneous	-	13,980	128,537	-	142,517
State sources	99,524	106,723	-	-	206,247
Federal sources	871,302	400,405	-	-	1,271,707
Sales	-	57,338	-	-	57,338
TOTAL REVENUES	\$ 970,826	\$ 578,503	\$ 137,941	\$ 21,585	\$ 1,708,855
EXPENDITURES					
Instruction	999,560	\$ -	\$ 109,990	\$ -	\$ 1,109,550
Pupil transportation	14,700	-	-	-	14,700
Employee benefits	-	54,476	-	-	54,476
Cost of sales	-	276,660	-	-	276,660
Other expenses	-	203,259	17,070	-	220,329
TOTAL EXPENDITURES	\$ 1,014,260	\$ 534,395	\$ 127,060	\$ -	\$ 1,675,715
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (43,434)	\$ 44,108	\$ 10,881	\$ 21,585	\$ 33,140
OTHER FINANCING SOURCES (USES)					
Transfers - in	\$ 43,434	\$ -	\$ -	\$ -	\$ 43,434
Transfers - out	-	-	-	(75,000)	(75,000)
Premium on obligations issued	-	-	-	45,750	45,750
TOTAL OTHER FINANCING SOURCES (USES)	\$ 43,434	\$ -	\$ -	\$ (29,250)	\$ 14,184
NET CHANGE IN FUND BALANCE	\$ -	\$ 44,108	\$ 10,881	\$ (7,665)	\$ 47,324
FUND BALANCE, BEGINNING OF YEAR	-	187,486	349,787	250,937	788,210
FUND BALANCE, END OF YEAR	\$ -	\$ 231,594	\$ 360,668	\$ 243,272	\$ 835,534

Supplementary Information
NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets/ Right To Use Assets
For The Year Ended June 30, 2024

Capital assets/ right to use assets, net	\$ 40,985,998
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Deduct:

Bond payable	\$ 11,085,000
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Capital leases	13,578
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Retainage payable	282,529
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Unamortized bond premium	791,946
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Assets purchased with short-term financing	<u>3,234,333</u>
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<u>15,407,386</u>

Net Investment in Capital Assets/Right to Use Assets	<u><u>\$ 25,578,612</u></u>
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Supplementary Information
NAPLES CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2024

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Assistance</u> <u>Listing</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>			
Rural Education Achievement Program	84.358	S358A213044	\$ 20,885
<u>Passed Through NYS Education Department -</u>			
<u>Special Education Cluster IDEA -</u>			
Special Education - Grants to States (IDEA, Part B)	84.027	0032-24-0670	\$ 201,430
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-24-0670	5,793
<i>Total Special Education Cluster IDEA</i>			\$ 207,223
<u>Education Stabilization Fund -</u>			
CRRSA - ESSER 2 - COVID-19	84.425D	5891-21-2200	12,000
ARP - ESSER 3 - COVID-19	84.425U	5880-21-2200	404,182
<i>Total Education Stabilization fund</i>			\$ 416,182
Title IIA - Supporting Effective			
Instruction State Grant	84.367	0147-24-2200	\$ 16,438
Title IV - Student Support and Enrichment Program	84.424	0204-24-2200	14,285
Title I - Grants to Local Educational Agencies	84.010	0021-24-2200	196,289
Total U.S. Department of Education			\$ 871,302
<u>U.S. Department of Agriculture:</u>			
<u>Passed Through NYS Education Department (Child Nutrition Services) -</u>			
<u>Child Nutrition Cluster -</u>			
National School Lunch Program	10.555	651501060000	\$ 242,296
National School Lunch Program-Non-Cash			
Assistance (Commodities)	10.555	651501060000	36,500
National School Breakfast Program	10.553	651501060000	73,863
National School Snack Program	10.555	651501060000	8,174
Supply Chain Assistance - COVID-19	10.555	651501060000	35,623
<i>Total Child Nutrition Cluster</i>			\$ 396,456
Local Foods For Schools	10.185	651501060000	3,949
Total U.S. Department of Agriculture			\$ 400,405
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,271,707



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**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditors' Report

To the Board of Education
Naples Central School District, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Naples Central School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 16, 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 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 Naples Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 16, 2024

NAPLES CENTRAL SCHOOL DISTRICT

NEW YORK

LETTER OF COMMUNICATION

For Year Ended June 30, 2024



BUSINESS
ADVISORS
AND CPAS



BUSINESS
ADVISORS
AND CPAS

September 16, 2024

To the Board of Education
Naples Central School District, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Naples Central School District, New York (the District) for the year ended June 30, 2024, and have issued our report thereon dated September 16, 2024. Professional standards require that we provide you with the following information related to our audit.

A. Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 3, 2024, our responsibility, as described by professional standards, is to form and express an opinion 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. 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 the system 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 entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of 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 judgement, 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.

B. Planned Scope and Timing of the Audit

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

C. Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced person who reviews draft financial statements prior to issuance and accepts responsibility for them.

D. Significant Risks Identified

Professional standards require that we identify and assess risks and design and perform our audit procedures to assess those risks. The two risks which are always identified in an audit are management override of internal controls and revenue recognition. The identification of a risk does not mean that it has occurred, but rather it has the potential to impact the financial statements.

E. Qualitative Aspects of the Entity'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 is included in Note 1 to the financial statements. As described in the Notes to the financial statements, during the year, the District changed its method of accounting by adopting GASB Statement 99, *Omnibus 2022* and GASB Statement No. 100, *Accounting for Changes and Error Correction as-an Amendment of GASB Statement No. 62*. 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 Related Disclosures

Accounting estimates and related disclosures 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 judgements.

The most sensitive accounting estimates affecting the financial statements are as follows:

1. Management's estimate of the other postemployment benefits and related deferred inflows/outflows is based on an actuarial calculation provided by a third party.
2. Management's estimate of the net pension asset/liability and deferred outflows/inflows is based on actual assumptions provided by the individual state plans.

We evaluated the factors and assumptions used to develop the above noted estimates and determined that they are (it is) reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgement and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to the other post employment benefits and pension plans.

F. Significant Difficulties Encountered During the Audit

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

G. Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that 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 and each applicable opinion unit. Management has corrected all such misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

H. 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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

I. Representations Requested from Management

We have requested certain representations from management that are included in the management representation letter dated September 16, 2024.

J. Management 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.

K. 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, operating and regulatory conditions affecting the entity, and operational 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.

L. Other Matters

We applied certain limited procedures to the management's discussion and analysis, schedule of changes in District's total OPEB liability and related ratio, schedule of District's proportionate share of the net pension liability, schedule of District contributions, and budget comparisons, which are required supplementary information (RSI) that supplements the basic financial statements. 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 supplementary information accompanying the financial statements (as listed in the table of contents) but are 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 accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, 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.

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This report is intended solely for the use of the Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Rochester, New York
September 16, 2024

Mengel, Metzger, Barw & Co. LLP

NAPLES CENTRAL SCHOOL DISTRICT

NEW YORK

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT**

For Year Ended June 30, 2024



BUSINESS
ADVISORS
AND CPAS



BUSINESS
ADVISORS
AND CPAS

September 16, 2024

To the Board of Education
Naples Central School District, New York

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 16, 2024 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Prior Year Deficiency Pending Corrective Action:

School Lunch Fund –

Federal Regulation #7 CFR Part 210.14 recommends the School Lunch Fund assigned fund balance not exceed three months average expenditures. As of June 30, 2024, the District's School Lunch Fund assigned fund balance totaled \$213,690 and exceeded three months average expenditures in the amount of \$35,653.

We recommend the District continue to closely monitor the fund balance of the School Lunch program and make every effort to comply with the Federal Regulation.

Prior Year Recommendation:

We are pleased to report that the following prior year recommendation has been implemented to our satisfaction:

1. Bidding and quoting policies and procedures were properly followed for all applicable purchases that we examined.

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We believe that the implementation of these recommendations will provide Naples Central School District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 16, 2024



Naples Central School District – Reserve Plan 2023-2024



Board of Education Fund Balance and Financial Reserve Plan Document Fiscal Year July 1, 2023 – June 30, 2024

**Approved by the Board of Education on September 25, 2024, **

The Naples Central School District Board of Education believes that there is a strong correlation between the long-term financial health of the school district and its ability to provide students with the necessary services and facilities to meet its mission.

MISSION STATEMENT

The Naples Central School District challenges and supports all students to develop their diverse talents and abilities in a safe environment with rigorous opportunities. Students will graduate with the skills and confidence needed to excel in their chosen pursuits.



Naples Central School District – Reserve Plan 2023-2024

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Naples Central School District – Reserve Plan 2023-2024

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INTENDED USE OF RESERVES

Reserve funds, like other savings plans, are mechanisms for accumulating cash for future capital outlays and other allowable purposes. The practice of planning ahead and systematically saving for capital acquisitions and other contingencies is considered prudent management. Saving for future capital needs can reduce or eliminate interest and other costs associated with debt issuances. Similarly, certain reserve funds can be utilized to help protect the budget against known risks (a potential lawsuit) or unknown risks (a major ice storm).

Most reserve funds are established to provide resources for intended future use. An important concept to remember is that a reserve fund should be established with a clear intent or plan in mind regarding the future purpose, use and, when appropriate, replenishment of funds from the reserve. Reserve funds should not be merely a “parking lot” for excess cash or fund balance. Local governments and school districts should balance the desirability of accumulating reserves for future needs with the obligation to make sure taxpayers are not overburdened by these practices. There should be a clear purpose or intent for reserve funds that align with statutory authorizations.

Each statute that authorizes a reserve fund sets forth a particular purpose for the fund. For example, provisions of the General Municipal Law (the GML) and the Education Law allow municipalities and school districts, respectively, to establish capital reserves for future equipment purchases and capital improvements. The GML also authorizes the establishment of an employee benefit accrued liability reserve for the payment of the monetary value of accumulated, unused leave time to employees upon separation from service. Planning today and saving incrementally for expected future events can help mitigate the financial impact of major, nonrecurring, or unforeseen expenditures on your annual operating budget. Establishing and funding allowable reserve funds for a clear purpose can help smooth out spikes in the annual budget and in the real property tax levy.

Source: Office of the New York State Comptroller – Local Management Guide for Reserves
<http://www.osc.state.ny.us/localgov/pubs/lgmng/reservefunds.pdf>

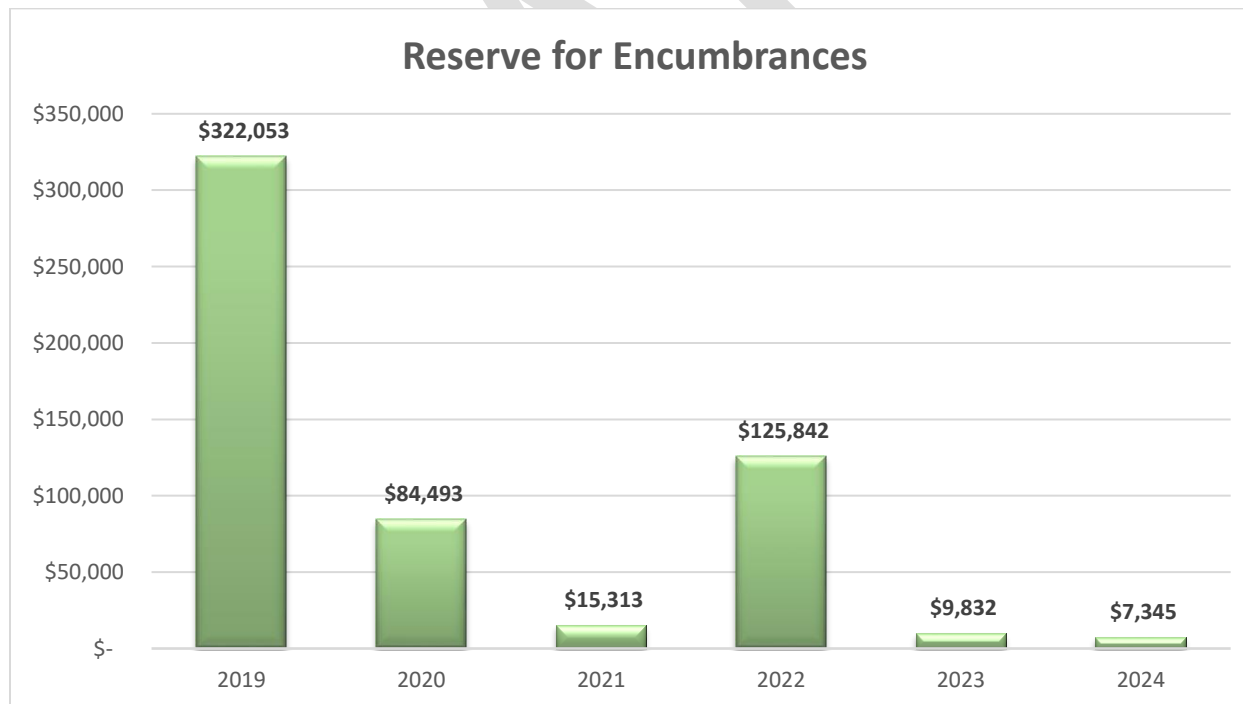


Naples Central School District – Reserve Plan 2023-2024

Reserve for Encumbrances

Overview

A “Reserve for Encumbrances” is not a “reserve” in the traditional sense of reserves. This reserve is utilized to hold funds that are committed towards purchases or services from the prior fiscal year for which no balance sheet liability exists as the goods or services have not been received or billed. This value will fluctuate from year to year depending on various factors like the regular ongoing purchasing cycle and the supplier’s ability to deliver products in a timely fashion. Significant additions or deletions to this reserve at year-end can cause large fluctuations in the overall fund balance. The District will try to minimize its use at year-end so that balances remain stable and consistent.





Insurance Reserve (GML Article 2 § 6-n)

Overview

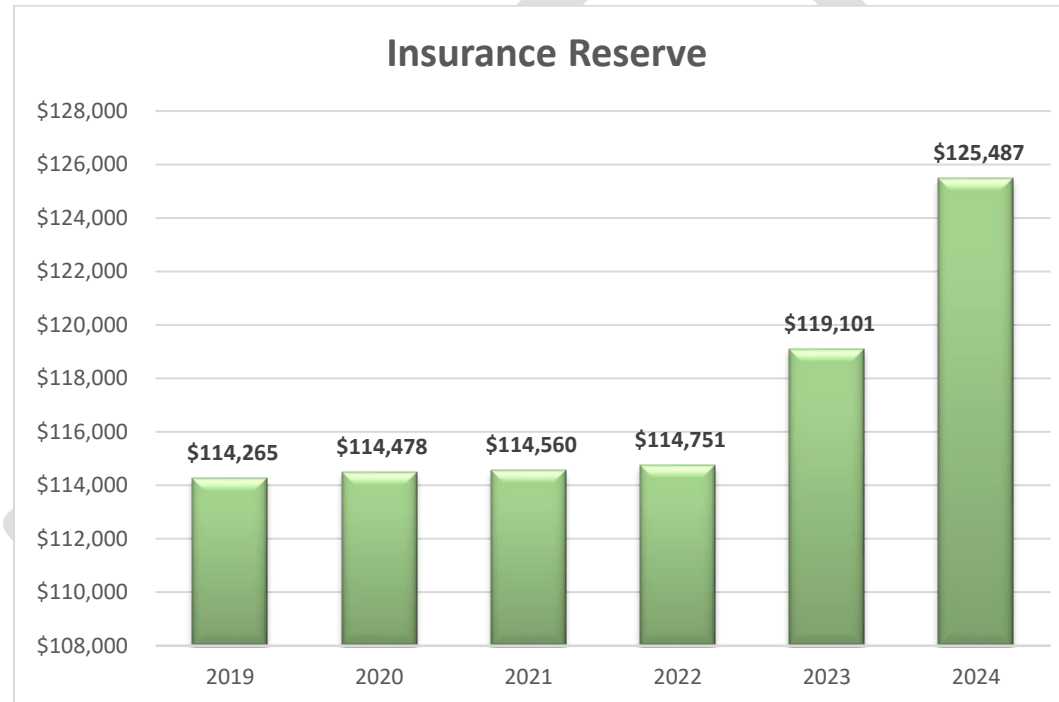
- Established by the Board of Education
- Funded by budgetary appropriations, transfers from other reserve funds as permitted by law, and such other funds as the school board may legally appropriate
- Contributions to the fund may not exceed 5 percent of the total budget for that year, or \$33,000, whichever is greater
- Voter approval is not needed to expend funds. Judicial approval is needed to pay settled or compromised claims exceeding \$25,000
- Upon determination that this fund is no longer needed the fund may be discontinued and transferred to another reserve fund as permitted by law



Naples Central School District – Reserve Plan 2023-2024

Analysis & Projected Needs

The District will hold this reserve to fund losses, claims, actions, or judgments as they arise for those claims that are either not covered by insurance or are denied coverage by the insurance company. At 5% of the budget, the current maximum amount that can be funded in this reserve is approximately \$1,152,598. However, there are no plans to increase this reserve at the present time.

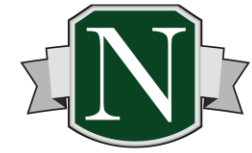




Property Loss and Liability Reserve [EDN Article 35 §1709 (8-c)]

Overview

- Established by Board of Education resolution
- May be established as separate funds
- Contributions to each fund may not exceed 3 percent of the annual budget or \$15,000 per year whichever is greater
- Once established funds may not be reduced below amounts needed to cover incurred but unsettled claims other than for payments for which the funds were established
- May be expended without voter approval unless the funds are expended for a purpose other than the one for which it was established
- Utilized to cover property loss and other liability claims



Naples Central School District – Reserve Plan 2023-2024

Analysis & Projected Needs

The District will hold this reserve to fund property loss claims that are either not covered by insurance or are denied coverage by the insurance company as they arise. At 3% of the budget, the current maximum amount that can be funded in this reserve is approximately \$691,559 annually. However, there are no plans to increase this reserve at the present time. In 2016, the Liability Reserve was eliminated and the remaining balance of \$20,627 was rolled into the Property Loss & Liability Reserve.





Employee Benefits Accrued Liability Reserve (GML Article 2 § 6-p)

Overview

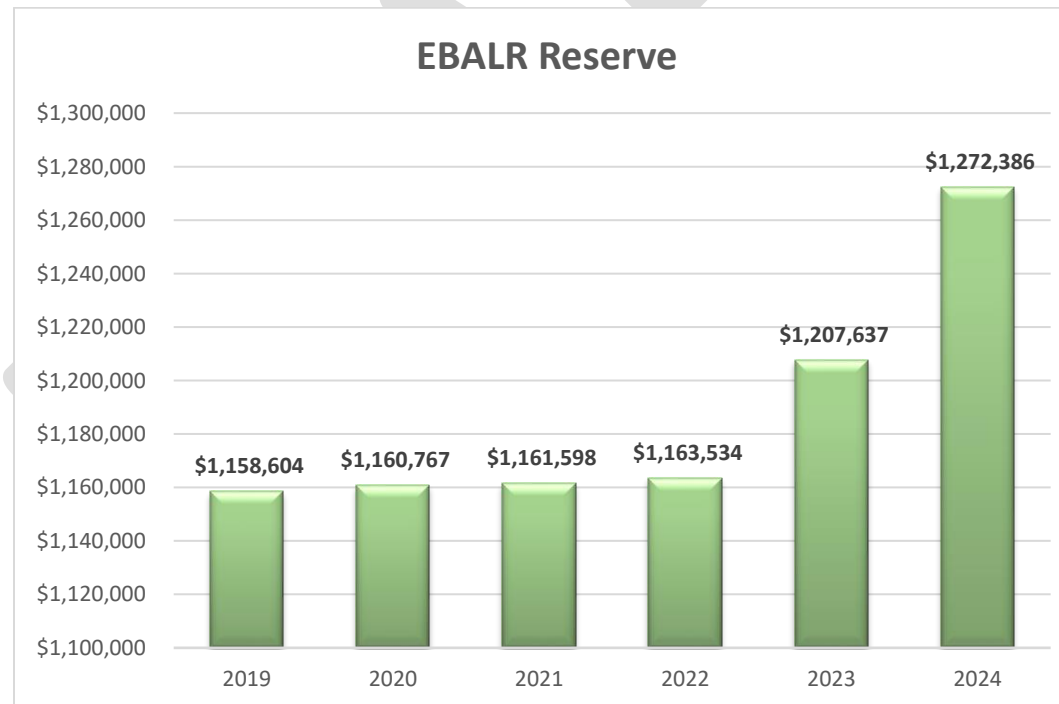
- Established by the Board of Education
- Funded by budgetary appropriations, transfers from other reserve funds as permitted by law, and other funds as the school board may legally appropriate
- Voter approval is not needed to expend funds
- Utilized to pay for accrued and accumulated but unused sick leave, personal leave, holiday leave, vacation time, and other benefits earned by employees and payable upon termination
- Upon determination that this fund is no longer needed the fund may be discontinued and funds may be transferred to another reserve fund as permitted by law
- Funds cannot be used to pay lump sum “retirement awards” calculated as a percent of an employee’s final salary and paid upon retirement under a collective bargaining agreement



Naples Central School District – Reserve Plan 2023-2024

Analysis & Projected Needs

According to the audited financial statements, as of June 30, 2024, the District had an estimated future liability of \$4,052,340 for benefits paid to its employees upon termination of employment (compensated absences). This liability is largely made up of accrued sick leave benefits payable to employees in the form of health insurance premiums, at their daily rate, upon retirement from the District. As this liability represents a significant portion of the District's long-term obligations, the District continues to monitor this reserve and consider further funding if needed. For the 2023-2024 school year, the District did not appropriate funds from this reserve to support retiree health insurance benefits. The District does not anticipate appropriating additional funds from this reserve in the 2024-2025 budget.





Retirement (ERS/TRS) Contributions Reserve (GML Article 2 § 6-r)

Overview

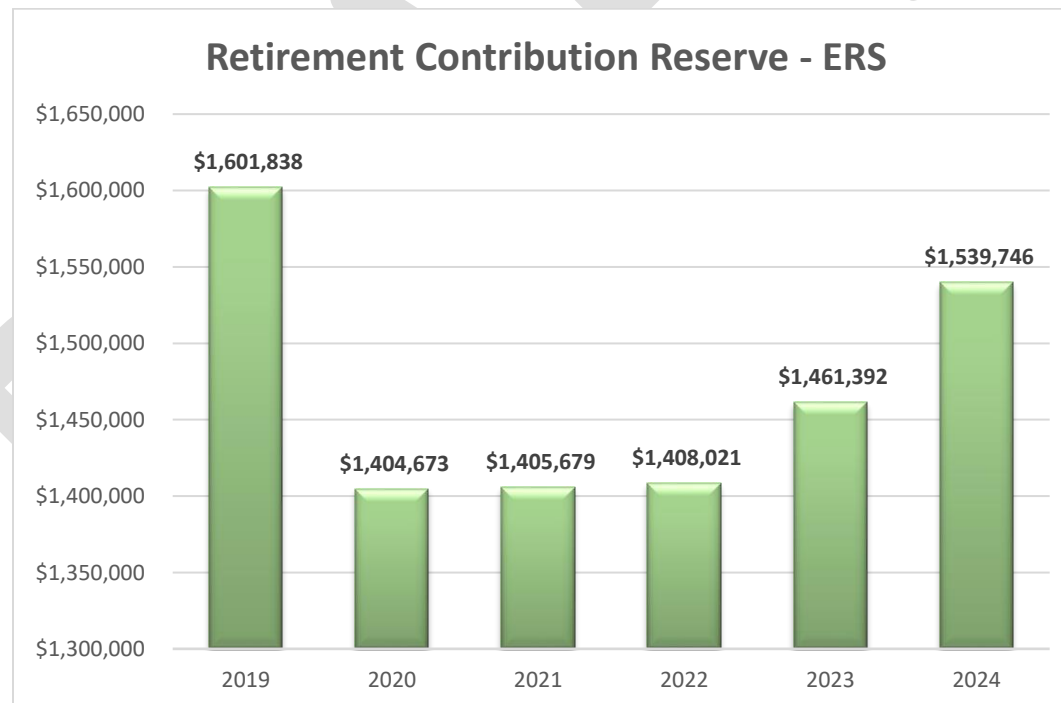
- Established by the Board of Education
- Funded by budgetary appropriations, revenues not required by law to be paid into other funds or accounts, transfers from other reserve funds as permitted by law, and such other funds as the board may legally appropriate
- Voter approval is not needed to expend funds
- A portion of the funds may be transferred to another reserve fund established pursuant to Education Law § 3651 following a public hearing conducted in the manner set forth by law



Naples Central School District – Reserve Plan 2023-2024

Analysis & Projected Needs

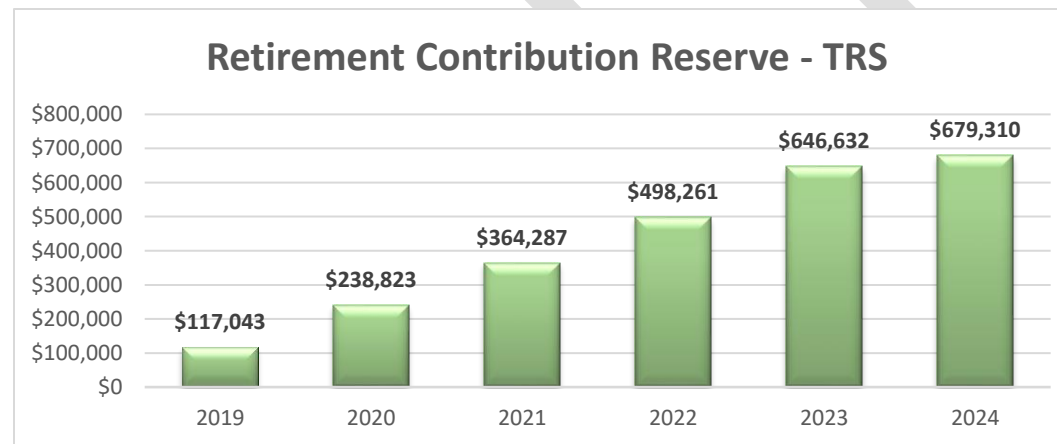
The ERS portion of the Reserve was established by the Board of Education in September 2009. In November of 2009, the Board resolved to place \$80,000, received by First Wind Energy, LLC, from the settlement of wind farm proceedings, in the ERS Reserve. In addition to this amount, the Board added \$220,000 on June 30, 2010, to further fund this reserve. Additional funding for this reserve can be viewed below. Because of the severe stock market declines in 2008, the NYSERS (New York State Employees' Retirement System) steadily increased the employer contribution to ERS. Current market conditions will potentially, negatively affect and impact district contribution rates. Therefore, it will be prudent to monitor balances in this reserve.





Naples Central School District – Reserve Plan 2023-2024

The TRS portion of this reserve was established on June 30, 2019, in the amount of \$117,043. This is a newly legalized reserve and became law on June 30, 2019. School districts may fund the reserve by 2% of the previous year's instructional salary and may not exceed 10% of the total compensation or salaries of teachers employed and who are members of the NYS teachers' retirement system paid during the prior fiscal school year. Current market conditions may negatively affect and impact district contribution rates. Therefore, it will be prudent to monitor balances in this reserve.





Unemployment Insurance Reserve (GML Article 2 § 6-m)

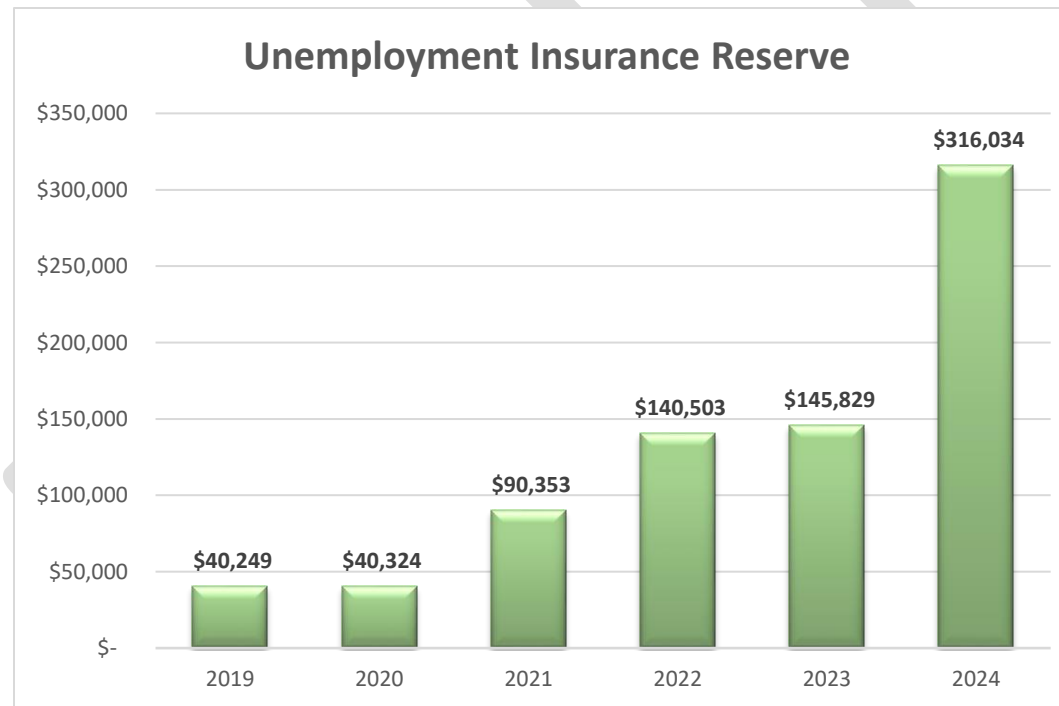
Overview

- Established by Board of Education resolution
- Funded by budgetary appropriations, amounts from any other fund authorized by this chapter by resolution subject to referendum, or other sums that may be legally appropriated
- Voter approval is not needed to expend funds
- Utilized to pay unemployment claims
- Excess funds may be transferred to other reserves authorized by General Municipal Law and Education Law sixty days before the end of the fiscal year



Analysis & Projected Needs

The District is obligated to pay 100% of all unemployment claims granted by the NYS Department of Labor. The District will continue to monitor and possibly increase this fund in future years as reductions in force may be necessary to balance future budgets. At the conclusion of the summer 2022 independent audit, it was determined to add money to this reserve given unprecedented unemployment rates and their potential effect on student enrollment. In 2024, the District appropriated \$162,386 into this reserve to protect against future liabilities.





Capital Reserve – Bus Purchase [EDN Article 74 § 3651 (1)]

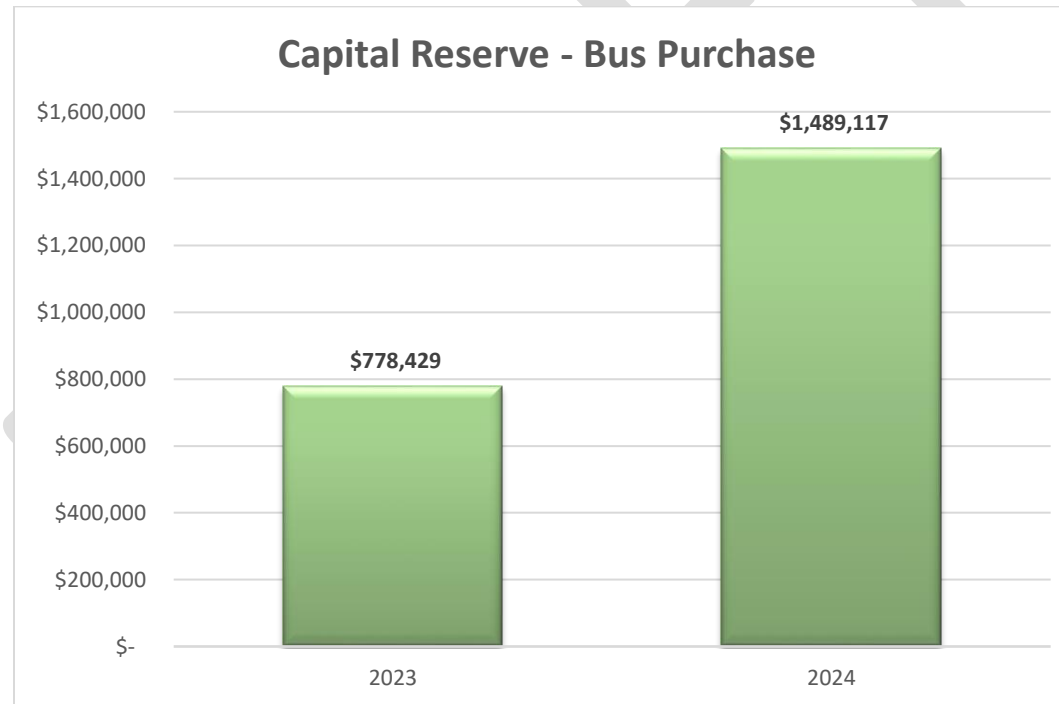
Overview

- Established by voter approval
- States the specific purpose of the fund, the amount, the term of the fund, and sources where the fund is obtained e.g. budgetary appropriations, unappropriated fund balance, and New York State aid
- Utilized to pay for any object or purpose for which a school district may issue bonds pursuant to Finance Law
- Expended only with voter approval and for the purpose for which the fund was established
- Transferred to other funds only by voter approval
- May be liquidated by approval of voters if the determined fund is no longer needed for the original purpose. Proceeds must be applied first to outstanding bond indebtedness than to tax levy



Analysis & Projected Needs

The capital reserve for bus purchase was established by a positive vote of the Naples CSD taxpayers on the 21st of May 2024. The reserve is authorized to be funded up to \$2,500,000 plus earnings thereon. The purpose of the reserve is to finance in whole or part the cost of the acquisition of transportation vehicles of any type, or related infrastructure costs to meet NYSED mandates. Over the next three to five years, the district intends to fund and use this reserve (upon voter approval) to pay for buses if the cost cannot be absorbed by the General Fund. In 2024, the District appropriated \$650,000 into this reserve for future use.





Capital Reserve - 2021 [EDN Article 74 § 3651 (1)]

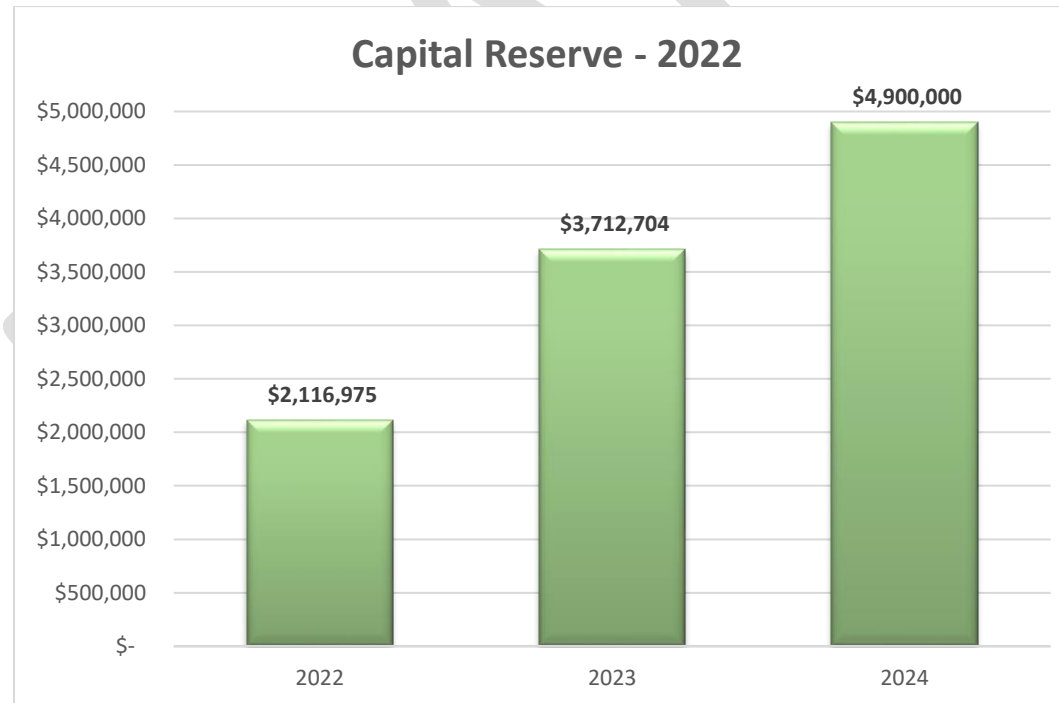
Overview

- Established by voter approval
- States the specific purpose of the fund, the amount, the term of the fund, and sources where the fund is obtained e.g. budgetary appropriations, unappropriated fund balance, and New York State aid
- Utilized to pay for any object or purpose for which a school district may issue bonds pursuant to Finance Law
- Expended only with voter approval and for the purpose for which the fund was established
- Transferred to other funds only by voter approval
- May be liquidated by approval of voters if the determined fund is no longer needed for the original purpose. Proceeds must be applied first to outstanding bond indebtedness than to tax levy



Analysis & Projected Needs

This capital reserve was established by a positive vote of the Naples CSD taxpayers on the 17th of May 2022. The reserve is authorized to be funded up to \$5,000,000 inclusive of accrued interest and other investment earnings. The purpose of the reserve is to fund site work, additions to, reconstruction, and equipping of its school buildings and facilities. Due to the overwhelming amount of capital construction that is needed and the low building aid ratio of 63.7% (2021-2022 aid ratio), the Board of Education feels that this reserve is critical to its mission, is necessary to maintain health and safety for students and staff, is necessary to preserve school buildings, and should be in place to protect taxpayer investment. As of June 30, 2024 this reserve is fully funded. The District will look to create a new reserve in the upcoming budget year.





Capital Reserve Technology - [EDN Article 74 § 3651 (1)]

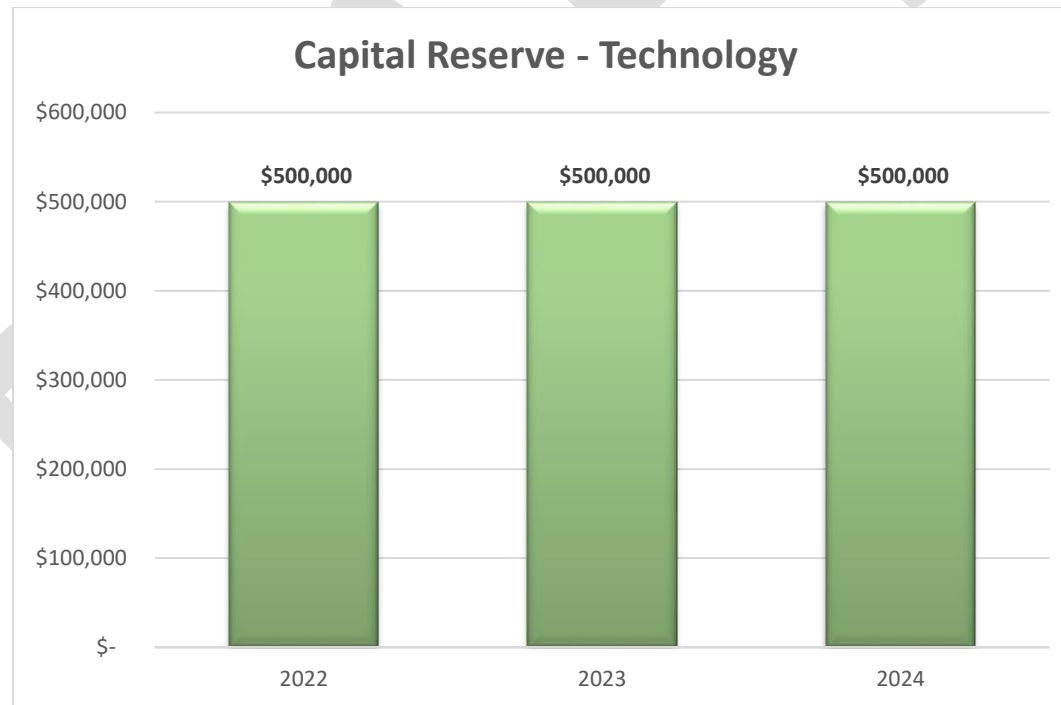
Overview

- Established by voter approval
- States the specific purpose of the fund, the amount, the term of the fund, and sources where the fund is obtained e.g. budgetary appropriations, unappropriated fund balance, and New York State aid
- Utilized to pay for any object or purpose for which a school district may issue bonds pursuant to Finance Law
- Expended only with voter approval and for the purpose for which the fund was established
- Transferred to other funds only by voter approval
- May be liquidated by approval of voters if the determined fund is no longer needed for the original purpose. Proceeds must be applied first to outstanding bond indebtedness than to tax levy



Analysis & Projected Needs

The Technology Capital Reserve Fund is to be used to finance in whole or part the cost of purchasing and replacing technology as needed, in accordance with Education Law section 3651, and in order to accomplish the same, the Board is hereby authorized to establish the ultimate amount of such reserve fund to Five Hundred Thousand Dollars (\$500,000) inclusive of accrued interest and other investment earnings, with a probable term of ten years. The Board of Education is hereby authorized to pay funds from the available fund balance, state aid reimbursement to the School District on account of capital projects, such other monies as the voters may direct, and/or other legally available funds of the School District to the such reserve fund in an amount determined by the Board of Education up to the maximum authorized amount.





Workers Compensation Reserve - (GML §6-j)

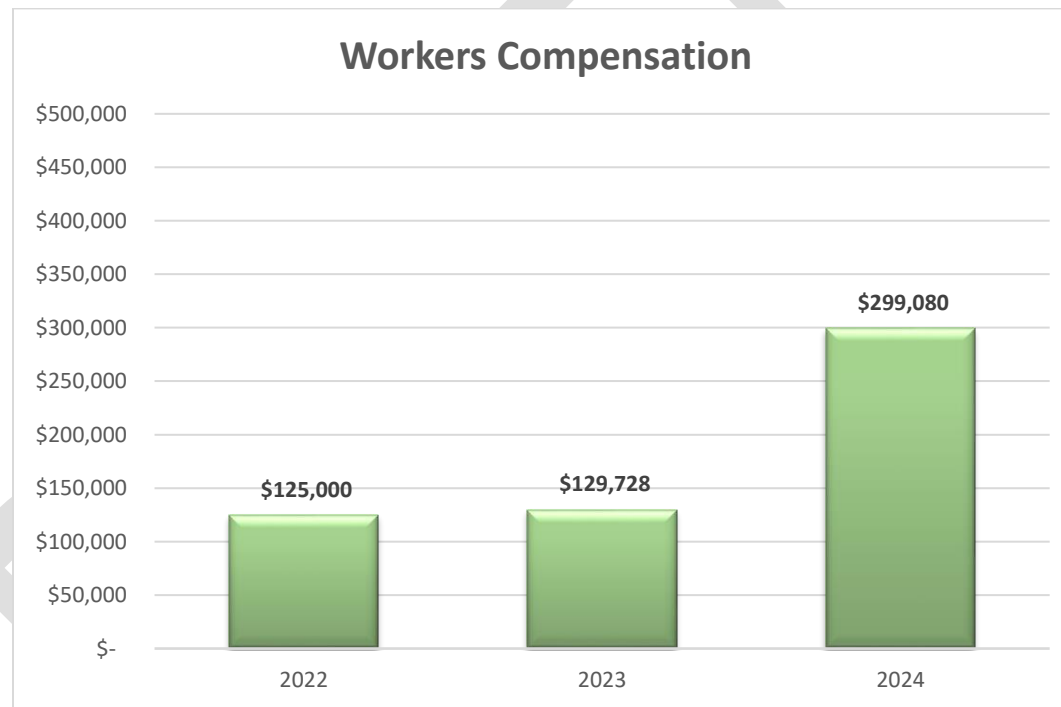
Overview

- Established by BOE Resolution
- To fund workers' compensation expenses, related medical expenses, and self-insurance administrative costs.
- Expended by BOE authorization unless included in the original budget



Analysis & Projected Needs

The Workers Compensation Reserve funds are authorized under Section 6-j of the GML to pay compensation and benefits for medical, hospital, or other expenses authorized by Article 2 of the Workers Compensation Law. This reserve was established via a Board of Education resolution with a maximum balance of \$500,000. In 2024, the District appropriated \$162,386 to protect against any potential future claims.





Debt Service Fund (GML §6-1)

Overview

According to the NYS Education Department:

(<http://www.p12.nysed.gov/mgtserv/budgeting/handbook/otherfunds.html>),

“The use of this fund by school districts is optional except where a mandatory reserve for debt service is required as a result of having sold school property on which there is outstanding debt, or where unexpended proceeds of borrowings, earned interest, bond premium, or accrued interest are being retained to offset future payments on principal and interest.”

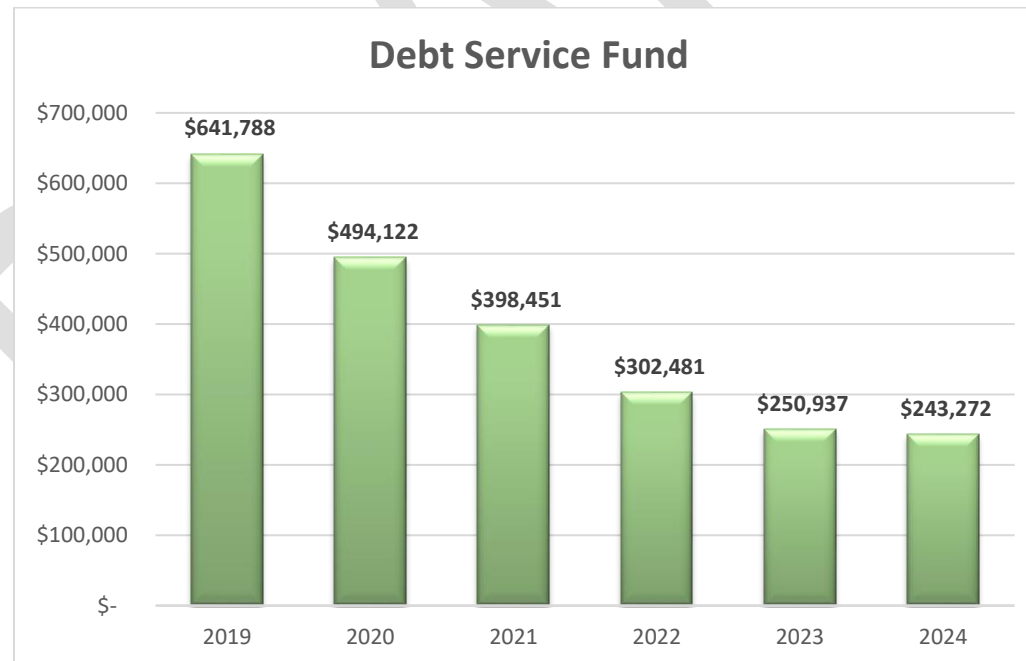


Naples Central School District – Reserve Plan 2023-2024

Analysis & Projected Needs

For the Naples Central School District, the Debt Service Fund is mandatory as the fund is used to account for “unexpended proceeds of borrowings, earned interest, bond premium, or accrued interest”. Over the years, the district has borrowed funds for various projects. At the end of every project, the district is required to take unexpended funds and use them to offset the cost of debt service principal and interest payments in the general fund.

For the 2023-2024 school year, the district plans to use \$75,000 to offset debt service payments through the general fund. The district will continue to expend monies from this fund in future years in an attempt to slowly work this fund down to zero while keeping in mind that this “general fund revenue source” will need to be replaced with other sources when it is spent down.





Assigned Fund Balance/Reserve for Subsequent Year/Designated for Expenditures

For the 2024-2025 school year, the District appropriated \$192,123 of the prior year's unassigned fund balance for its budget. This represented approximately 0.82% of the budget. The District expects to return this amount to the fund balance at the end of the fiscal year. The assigned fund balance will only be utilized as a last resort to meet expenditures if revenue does not cover expenses.

Unassigned Fund Balance

The District intends to retain unexpended funds in this reserve up to the legal limit of 4% of the upcoming year's budget (\$936,580).



Naples Central School District – Reserve Plan 2023-2024

SUMMARY OF FUND BALANCE ACCOUNTS

Naples CSD - Reserve Usage

	17/18	18/19	19/20	20-21	21-22	22-23	23-24
Fund Balance	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Reserved							
Reserved for Encumbrances	18,122	322,053	84,493	15,313	125,842	9,832	7,345
Tax Certiorari Reserve	220,742	193,821	193,821	193,821	193,821	-	-
Workers Compensation Reserve	-	-	-	-	125,000	129,728	299,080
Insurance Reserve	64,056	114,265	114,478	114,560	114,751	119,101	125,487
Property Loss Reserve & Liability Reserve	56,646	106,830	107,030	107,106	107,285	111,352	117,322
Employee Benefits Accrued Liability Reserve	1,304,626	1,158,604	1,160,767	1,161,598	1,163,534	1,207,637	1,272,386
Retirement Contributions Reserve	1,416,554	1,601,838	1,643,496	1,769,966	1,906,282	2,108,024	2,219,056
Unemployment Insurance Reserve	40,118	40,249	40,324	90,353	140,503	145,829	316,034
Capital Reserve	211,793	1,789,594	3,127,703	4,092,135	2,116,975	3,712,704	4,900,000
Capital Reserve - Technology	-	-	-	-	500,000	518,952	518,952
Capital Reserve - Buses	560,291	240,256	275,780	294,007	750,000	778,429	1,470,165
	3,892,948	5,567,510	6,747,892	7,838,859	7,243,993	8,841,588	11,245,827
Unreserved							



Naples Central School District – Reserve Plan 2023-2024



Designated for Expenditures (subsequent year)	550,000	350,000	436,390	356,037	256,037	593,374	192,123
Unassigned*	796,773	827,991	1,577,354	2,209,847	893,522	922,078	936,580
	1,346,773	1,177,991	2,013,744	2,565,884	1,149,559	1,515,452	1,128,703
Fund Balance & Reserves at 6/30	5,239,721	6,745,501	8,761,636	10,404,743	8,393,552	10,357,040	12,374,530
Debt Service Balance	1,083,309	641,788	494,122	398,451	302,481	250,937	243,272

NAPLES CSD RESERVE FUND STRATEGY

Over time, the District prefers to continue to use conservative budgeting practices which, under normal circumstances, generally result in revenues exceeding expenditures at the end of the fiscal year. The District wishes to avoid draconian cuts in programs in the midst of the current economic crisis. Through the management of its reserves and carrying an unassigned balance forward, the District hopes to achieve the following:

- Maintenance of educational programming
- Cash flow in all funds that will continue to prevent the need to issue Revenue Anticipation Notes in the event state or federal aid is not paid in a timely fashion
- Cash flow in all funds that will allow for increased investment earnings
- The ability to take advantage of opportunities as they arise, relevant to school district operations, that could result in better efficiencies, facilities/capital improvements, and instruction that are a savings to taxpayers in the long run



Naples Central School District – Reserve Plan 2023-2024



- Consistencies and improvements in its educational program
- A long-term plan for preserving its infrastructure and school buildings through long-term planning in conjunction with the school architect and financial planning teams without significantly impacting the tax levy
- The ability to maintain and/or improve its bond rating which will save taxpayers money at both the local and state level

In terms of its mission and responsibility to manage its fiscal affairs prudently the Board of Education considers all the goals above to be critical to its philosophy in managing reserves.



Long Term Plan for Use of Fund Balance 2024-2028

6/30/25

- Excess Revenue over Expenditures: \$450,000
- Transfer from Debt Service to General Fund: \$75,000
- Continue to fund reserves due to uncertainty in State Aid moving forward.

6/30/26

- Excess Revenue over Expenditures: \$450,000
- Transfer from Debt Service to General Fund: \$75,000
- Continue to fund reserves due to uncertainty in State Aid moving forward.

6/30/27

- Excess Revenue over Expenditures: \$450,000
- Transfer from Debt Service to General Fund: \$75,000
- Continue to fund reserves due to uncertainty in State Aid moving forward.

6/30/28

- Excess Revenue over Expenditures: \$450,000
- Transfer from Debt Service to General Fund: \$75,000
- Continue to fund reserves due to uncertainty in State Aid moving forward.