

**NEWFANE CENTRAL
SCHOOL DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Newfane Central School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

October 3, 2023

Management's Discussion and Analysis (unaudited)

June 30, 2023

Introduction

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

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

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

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

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

Condensed Statement of Net Position	2023	2022	Change	
			\$	%
Current and other assets	\$ 31,040,000	\$ 36,305,000	\$ (5,265,000)	(14.5%)
Capital assets	49,802,000	37,203,000	12,599,000	33.9%
Total assets	80,842,000	73,508,000	7,334,000	10.0%
Deferred outflows of resources	17,166,000	18,999,000	(1,833,000)	(9.6%)
Long-term liabilities	65,198,000	45,474,000	19,724,000	43.4%
Other liabilities	3,681,000	4,213,000	(532,000)	(12.6%)
Total liabilities	68,879,000	49,687,000	19,192,000	38.6%
Deferred inflows of resources	22,858,000	37,290,000	(14,432,000)	(38.7%)
Net position				
Net investment in capital assets	33,191,000	34,477,000	(1,286,000)	(3.7%)
Restricted	4,185,000	3,488,000	697,000	20.0%
Unrestricted	(31,105,000)	(32,435,000)	1,330,000	(4.1%)
Total net position	\$ 6,271,000	\$ 5,530,000	\$ 741,000	13.4%

The District's net position at June 30, 2023 and 2022 was \$6,270,000 and \$5,530,000, respectively. A significant portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire or lease those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. This balance is offset by the District's deficit unrestricted net position. This deficit is a result of the recognition of other postemployment benefits (OPEB) offered by the District to employees upon retirement.

The District's net position also includes resources that are subject to external restrictions on how they may be used, which includes scholarships held for the benefit of students and reserves set aside for specific purposes governed by statutory law and regulations. Such reserves include the capital reserve, which is used for the acquisition or construction of capital facilities; the debt service reserve, which is used for the repayment of bonds issued to finance capital projects; the retirement contribution reserve, used to fund required District contributions to the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS); a reserve for unemployment insurance, which is restricted for unemployment claims; and a workers' compensation reserve, for payment of related claims.

Total assets increased by \$7,334,000 (\$14,204,000 or 24.0% increase in 2022). Current and other assets decreased \$5,265,000 (\$8,397,000 or 30.1% increase in 2022) primarily as a result of the District's proportionate share of the TRS and ERS net pension positions resulting in a liability of \$3,184,000 compared to an asset of \$12,249,000 in 2022. This was offset by an increase of \$6,446,000 (\$4,626,000 or 17.6% decrease in 2022) in cash, cash equivalents, and investments as a result of unspent proceeds from the current year bond issuance to fund the District's 2020-21 capital improvements project. Capital assets increased \$12,599,000 (\$5,807,000 or 18.5% increase in 2022) due to current year additions in excess of depreciation and amortization expense.

Long-term liabilities increased by \$19,724,000 (decrease of \$17,764,000 or 28.1% in 2022) as a result of the bond issuance of \$18,225,000 as well as the \$3,184,000 TRS and ERS net pension liability. This was offset by a decrease of \$3,947,000 in the other postemployment benefits (OPEB) liability as a result of the actuarial valuation. The decrease in other liabilities of \$532,000 (increase of \$1,774,000 or 72.7% in 2022) is due to a decrease in accounts payable primarily as a result of the timing of payments on the ongoing capital project.

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

Condensed Statement of Activities	2023	2022	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 636,000	\$ 589,000	\$ 47,000	8.0%
Operating and capital grants and contributions	3,495,000	3,493,000	2,000	0.1%
General revenues				
Property taxes	13,930,000	13,849,000	81,000	0.6%
State aid	19,686,000	18,999,000	687,000	3.6%
Other	837,000	393,000	444,000	113.0%
Total revenues	38,584,000	37,323,000	1,261,000	3.4%
Expenses				
Instruction	27,608,000	24,885,000	2,723,000	10.9%
Support services				
General support	5,030,000	3,893,000	1,137,000	29.2%
Pupil transportation	3,776,000	3,291,000	485,000	14.7%
Food service and other	838,000	747,000	91,000	12.2%
Interest	591,000	60,000	531,000	885.0%
Total expenses	37,843,000	32,876,000	4,967,000	15.1%
Change in net position	741,000	4,447,000	(3,706,000)	(83.3%)
Net position – beginning	5,530,000	1,083,000	4,447,000	410.6%
Net position – ending	\$ 6,271,000	\$ 5,530,000	\$ 741,000	13.4%

District revenues increased \$1,261,000 (increase of \$3,208,000 or 9.4% in 2022). The increase in state aid of \$687,000 (\$1,476,000 or 8.4% increase in 2022) was primarily due to an increase in general aid of \$311,000 and transportation aid of \$185,000. The increase in other revenue of \$444,000 (\$106,000 or 21.2% decrease in 2022) was primarily due to increases in interest earned on cash and investments as well as premiums on the current year bond issuances.

Total expenses increased \$4,967,000 (\$3,004,000 or 8.4% decrease in 2022) mainly as a result of pension expense of \$2,392,000 in 2023 as compared to pension income of \$542,000 in 2022. This increase was a result of differences between projected versus actual investment earnings. In addition, there was an increase in District-wide salaries of \$1,034,000 or 6.7% due to contractual increases and new hires. BOCES services increased \$484,000 or 11.6% due to additional special education and other services.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from \$19,849,000 to \$26,977,000 as described below:

- Total fund revenue increased \$1,273,000 or 3.4% (increase of \$3,208,000 or 9.4% in 2022) mainly due to an increase in State aid and interest earnings, as noted previously.
- Total fund expenditures increased \$9,904,000 or 23.1% (increase of \$7,251,000 or 20.3% in 2022) due to increases in instruction and general support and a \$6,945,000 increase in capital outlay expenditures for the 2020-21 capital project.
- The general fund experienced a decrease in fund balance of \$415,000 during 2023 compared to an increase of \$1,027,000 during 2022. This decrease was primarily the result of increases in salaries and BOCES services, as mentioned previously, as well as increases in tuition, textbook purchases, and transportation costs.

General Fund Budgetary Highlights

Total revenue of \$34,803,000 was more than budgeted revenue by \$645,000 due to a higher BOCES refund than expected and additional state aid.

Actual expenditures and carryover encumbrances were less than the final amended budget by \$1,319,000. The difference is attributable to many factors and unknown items when the budget was prepared. The District was able to generate savings in central services and instruction.

Capital Assets

	2023	2022
Land	\$ 453,000	\$ 453,000
Construction in progress	21,376,000	8,033,000
Land improvements	1,015,000	1,015,000
Buildings and improvements	52,163,000	52,163,000
Furniture and equipment	8,315,000	8,023,000
Vehicles	392,000	337,000
	83,714,000	70,024,000
Accumulated depreciation	(34,052,000)	(32,937,000)
	49,662,000	37,087,000
Right-to-use leased equipment, net	140,000	116,000
	\$ 49,802,000	\$ 37,203,000

Current year additions of \$13,788,000 were offset by depreciation, amortization and disposals of \$1,189,000.

Debt

At June 30, 2023, the District had \$20,435,000 in bonds outstanding, with \$1,405,000 due within one year (\$2,360,000 of bonds outstanding at June 30, 2022).

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

Current Financial Issues and Concerns

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact Kevin Klumpp, Treasurer, Newfane Central School District, 6273 Charlotteville Road, Newfane, New York 14108.

NEWFANE CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

(With comparative totals as of June 30, 2022)

	2023	2022
Assets		
Cash and cash equivalents	\$ 27,839,704	\$ 21,644,009
Due from other governments	1,689,754	1,416,408
State and federal aid receivable	808,694	979,648
Leases receivable	435,102	-
Investments	249,852	-
Inventory	16,422	16,023
Net pension asset	-	12,249,378
Capital assets (Note 5)	84,011,664	70,299,750
Accumulated depreciation and amortization	(34,209,423)	(33,097,174)
Total assets	80,841,769	73,508,042
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	8,374,845	8,378,757
Deferred outflows of resources related to OPEB	8,790,704	10,620,427
Total deferred outflows of resources	17,165,549	18,999,184
Liabilities		
Accounts payable	1,031,756	2,382,703
Accrued liabilities	1,220,192	503,324
Due to retirement systems	1,426,690	1,291,258
Unearned revenue	2,032	35,198
Long-term liabilities		
Bonds due within one year	1,405,000	150,000
Due beyond one year:		
Bonds and related premiums	21,807,757	2,576,051
Net pension liability	3,184,316	-
Total OPEB liability	38,800,945	42,748,435
Total liabilities	68,878,688	49,686,969
Deferred Inflows of Resources		
Deferred inflows of resources related to leases	435,102	-
Deferred inflows of resources related to pensions	697,173	15,395,727
Deferred inflows of resources related to OPEB	21,725,603	21,894,679
Total deferred inflows of resources	22,857,878	37,290,406
Net Position		
Net investment in capital assets	33,191,396	34,476,525
Restricted	4,184,365	3,487,874
Unrestricted deficit	(31,105,009)	(32,434,548)
Total net position	\$ 6,270,752	\$ 5,529,851

See accompanying notes.

NEWFANE CENTRAL SCHOOL DISTRICT

Statement of Activities

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2023	2022
Governmental activities						
General support	\$ 5,030,371	\$ 274,500	\$ -	\$ 49,778	\$ (4,706,093)	\$ (3,547,578)
Instruction	27,608,102	136,202	2,798,200	-	(24,673,700)	(22,170,891)
Community service	32,739	-	-	-	(32,739)	-
Pupil transportation	3,775,751	-	-	-	(3,775,751)	(3,290,552)
Interest expense	590,855	-	-	-	(590,855)	(60,609)
School food service	804,783	224,961	647,257	-	67,435	275,559
	<u>\$ 37,842,601</u>	<u>\$ 635,663</u>	<u>\$ 3,445,457</u>	<u>\$ 49,778</u>	<u>(33,711,703)</u>	<u>(28,794,071)</u>
General revenues						
					13,929,909	13,848,741
Real property taxes					836,801	392,944
Miscellaneous					19,685,894	18,999,099
State aid					<u>34,452,604</u>	<u>33,240,784</u>
Total general revenues						
					740,901	4,446,713
Change in net position						
					5,529,851	1,083,138
Net position - beginning					<u>\$ 6,270,752</u>	<u>\$ 5,529,851</u>
Net position - ending						

NEWFANE CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2023

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

	General	Capital Projects	Special Aid	Food Service	Debt Service	Miscellaneous Special Revenue	Total Governmental Funds	
							2023	2022
Assets								
Cash and cash equivalents	\$ 18,636,188	\$ 7,892,187	\$ 815,332	\$ 374,059	\$ 3,904	\$ 118,034	\$ 27,839,704	\$ 21,644,009
Due from other governments	632,523	-	1,055,640	1,591	-	-	1,689,754	1,416,408
State and federal aid receivable	769,668	-	-	39,026	-	-	808,694	979,648
Due from other funds, net	1,940,477	-	-	-	-	-	1,940,477	1,779,203
Leases receivable	435,102	-	-	-	-	-	435,102	-
Investments	249,852	-	-	-	-	-	249,852	-
Inventory	-	-	-	16,422	-	-	16,422	16,023
Total assets	\$ 22,663,810	\$ 7,892,187	\$ 1,870,972	\$ 431,098	\$ 3,904	\$ 118,034	\$ 32,980,005	\$ 25,835,291
Liabilities								
Accounts payable	\$ 579,823	\$ 363,388	\$ 87,841	\$ 704	\$ -	\$ -	\$ 1,031,756	\$ 2,382,703
Accrued liabilities	315,211	833,780	1,729	15,547	-	925	1,167,192	498,324
Due to retirement systems	1,426,690	-	-	-	-	-	1,426,690	1,291,258
Due to other funds, net	-	93,107	1,781,402	65,968	-	-	1,940,477	1,779,203
Unearned revenue	-	-	-	2,032	-	-	2,032	35,198
Total liabilities	2,321,724	1,290,275	1,870,972	84,251	-	925	5,568,147	\$ 5,986,686
Deferred Inflows of Resources								
Leases	435,102	-	-	-	-	-	435,102	-
Fund Balances								
Nonspendable	-	-	-	16,422	-	-	16,422	16,023
Restricted	14,611,623	6,601,912	-	-	3,904	117,109	21,334,548	14,862,093
Assigned	2,217,213	-	-	330,425	-	-	2,547,638	2,032,624
Unassigned	3,078,148	-	-	-	-	-	3,078,148	2,937,865
Total fund balances	19,906,984	6,601,912	-	346,847	3,904	117,109	26,976,756	19,848,605
Total liabilities, deferred inflows, and fund balances	\$ 22,663,810	\$ 7,892,187	\$ 1,870,972	\$ 431,098	\$ 3,904	\$ 118,034	\$ 32,980,005	\$ 25,835,291

See accompanying notes.

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

June 30, 2023

Total fund balances - governmental funds \$ 26,976,756

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. 49,802,241

The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred outflows of resources related to pensions	8,374,845	
Net pension liability	(3,184,316)	
Deferred inflows of resources related to pensions	<u>(697,173)</u>	4,493,356

The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred outflows of resources related to OPEB	8,790,704	
Total OPEB liability	(38,800,945)	
Deferred inflows of resources related to OPEB	<u>(21,725,603)</u>	(51,735,844)

Certain liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds. These liabilities are:

Accrued interest	(53,000)	
Bonds and related premiums	<u>(23,212,757)</u>	<u>(23,265,757)</u>

Net position - governmental activities \$ 6,270,752

NEWFANE CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2023

(With summarized comparative totals for June 30, 2022)

	General	Capital Projects	Special Aid	Food Service	Debt Service	Miscellaneous Special Revenue	Total Governmental Funds	
							2023	2022
Revenues								
Real property taxes	\$ 11,923,572	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,923,572	\$ 11,508,786
Real property tax items	2,006,337	-	-	-	-	-	2,006,337	2,339,955
Charges for services	136,202	-	-	-	-	-	136,202	280,896
Use of money and property	486,431	-	-	274	158,051	-	644,756	273,494
Sale of property and compensation for loss	21,899	-	-	-	-	-	21,899	25,601
Miscellaneous	450,435	-	-	3,121	-	2,754	456,310	354,599
State sources	19,685,894	49,778	596,683	16,142	-	-	20,348,497	19,612,339
Federal sources	92,285	-	2,109,232	631,115	-	-	2,832,632	2,879,941
Sales	-	-	-	224,961	-	-	224,961	46,994
Total revenues	34,803,055	49,778	2,705,915	875,613	158,051	2,754	38,595,166	37,322,605
Expenditures								
General support	3,741,172	-	241,793	437,503	237,210	5,000	4,662,678	3,875,927
Instruction	19,175,011	-	1,767,437	-	-	-	20,942,448	19,252,168
Pupil transportation	3,244,449	-	513,178	-	-	-	3,757,627	3,257,140
Community service	32,739	-	-	-	-	-	32,739	-
Employee benefits	7,727,115	-	265,126	90,434	-	-	8,082,675	7,673,530
Debt service								
Principal	870,000	-	-	-	-	-	870,000	1,750,000
Interest	573,359	-	-	-	-	-	573,359	148,638
Cost of sales	-	-	-	271,278	-	-	271,278	276,609
Capital outlay	-	13,571,650	-	89,771	-	-	13,661,421	6,716,665
Total expenditures	35,363,845	13,571,650	2,787,534	888,986	237,210	5,000	52,854,225	42,950,677
Excess revenues (expenditures)	(560,790)	(13,521,872)	(81,619)	(13,373)	(79,159)	(2,246)	(14,259,059)	(5,628,072)
Other financing sources (uses)								
BANs redeemed from appropriations	-	720,000	-	-	-	-	720,000	-
Proceeds from issuance of bonds	-	18,225,000	-	-	-	-	18,225,000	-
Bond premiums	-	2,205,000	-	-	237,210	-	2,442,210	-
Operating transfers, net	146,190	48,175	81,619	(24,000)	(251,984)	-	-	-
Total other financing sources (uses)	146,190	21,198,175	81,619	(24,000)	(14,774)	-	21,387,210	-
Net change in fund balances	(414,600)	7,676,303	-	(37,373)	(93,933)	(2,246)	7,128,151	(5,628,072)
Fund balances (deficit) - beginning	20,321,584	(1,074,391)	-	384,220	97,837	119,355	19,848,605	25,476,677
Fund balances - ending	\$ 19,906,984	\$ 6,601,912	\$ -	\$ 346,847	\$ 3,904	\$ 117,109	\$ 26,976,756	\$ 19,848,605

See accompanying notes.

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

For the year ended June 30, 2023

Total net change in fund balances - governmental funds \$ 7,128,151

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

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation and amortization expense. 12,599,665

Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:

2023 TRS and ERS contributions	1,628,798	
2023 ERS accrued contribution	114,595	
2022 ERS accrued contribution	(90,821)	
2023 TRS pension expense	(1,620,349)	
2023 ERS pension expense	<u>(771,275)</u>	(739,052)

OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. 2,286,843

Bond proceeds and related premiums are recognized as other financing sources in the year the bonds are issued. In the government-wide statements, the debt and related premiums are reflected as long-term liabilities. (20,667,210)

Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position. 150,000

In the statement of activities, certain expenses are measured by the amounts earned during the year.

In the governmental funds these expenditures are reported when paid. These differences are:

Amortization of bond premiums	30,504	
Interest	<u>(48,000)</u>	(17,496)

Change in net position - governmental activities \$ 740,901

NEWFANE CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 13,890,973	\$ 11,923,572	\$ 11,923,572		\$ -
Real property tax items	37,000	2,004,401	2,006,337		1,936
Charges for services	19,000	19,000	136,202		117,202
Use of money and property	379,000	379,000	486,431		107,431
Sale of property and compensation for loss	1,000	1,000	21,899		20,899
Miscellaneous	255,000	255,000	450,435		195,435
State sources	19,501,382	19,501,382	19,685,894		184,512
Federal sources	75,000	75,000	92,285		17,285
Total revenues	34,158,355	34,158,355	34,803,055		644,700
Expenditures					
General support					
Board of education	93,928	99,730	89,993	-	(9,737)
Central administration	255,062	256,232	251,368	-	(4,864)
Finance	283,571	305,976	282,587	-	(23,389)
Staff	160,608	99,657	88,183	6,633	(4,841)
Central services	3,160,588	3,175,120	2,661,873	411,689	(101,558)
Special items	535,600	395,998	367,168	-	(28,830)
Instruction					
Instruction, administration, and improvement	1,163,045	1,208,526	1,114,379	670	(93,477)
Teaching - regular school	9,551,043	9,518,033	8,977,277	27,612	(513,144)
Programs for children with handicapping conditions	5,354,754	5,842,235	5,692,047	9,210	(140,978)
Occupational education	1,015,200	1,015,200	1,015,200	-	-
Teaching - special schools	109,938	19,438	14,728	-	(4,710)
Instructional media	866,916	877,808	800,364	610	(76,834)
Pupil services	1,714,711	1,716,730	1,561,016	2,757	(152,957)
Pupil transportation	3,140,745	3,315,547	3,244,449	406	(70,692)
Community service	4,341	33,413	32,739	410	(264)
Employee benefits	8,425,436	7,819,915	7,727,115	-	(92,800)
Debt service					
Principal	594,000	870,000	870,000	-	-
Interest	698,225	573,359	573,359	-	-
Total expenditures	37,127,711	37,142,917	35,363,845	459,997	(1,319,075)
Excess revenues (expenditures)	(2,969,356)	(2,984,562)	(560,790)	(459,997)	1,963,775
Other financing sources (uses)					
Operating transfers in	1,081,732	1,081,732	275,984		(805,748)
Operating transfers out	(145,000)	(129,794)	(129,794)		-
Appropriated fund balance and carryover encumbrances	2,032,624	2,032,624	-		(2,032,624)
Total other financing sources (uses)	2,969,356	2,984,562	146,190		(2,838,372)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ (414,600)	\$ (459,997)	\$ (874,597)

See accompanying notes.

NEWFANE CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2023

Assets

Cash \$ 92,429

Net Position

Extraclassroom activity balances \$ 92,429

* * *

NEWFANE CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2023

Additions

Property taxes collected for Newfane Public Library \$ 125,000
Student activity additions 123,846
248,846

Deductions

Property taxes distributed to Newfane Public Library 125,000
Student activity deductions 115,994
240,994

Change in net position 7,852

Net position - beginning 84,577

Net position - ending \$ 92,429

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Joint Venture

The District is one of 13 participating school districts in the Orleans/Niagara Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

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

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

During the year ended June 30, 2023, the District was billed \$4,668,000 for BOCES administrative and program costs, recognized \$369,000 as a refund from prior year expenditures paid to BOCES, and received \$234,000 in rental income (Note 5). Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the Orleans/Niagara School Health Plan and the Niagara County Mutual Self-Insurance Plan, which are public entity risk pools. These plans are designed to provide health insurance and workers' compensation coverage for participating entities. These activities are further discussed in Note 9.

Basis of Presentation

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

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

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

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

The District reports the following major funds:

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

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

- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest. Financial resources accumulated for future principal and interest payments are also included in this fund.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

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

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

Basis of Accounting and Measurement Focus

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

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

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

Estimates

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

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2023, the tax lien was issued on August 9, 2022 for collection from September 1 through November 1, 2022. Thereafter, uncollected amounts became the responsibility of Niagara County and were submitted to the District by April 1st of the following year as required by law.

Budget Process, Amendments, and Encumbrances

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

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

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

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

Cash Equivalents

Cash equivalents include U.S. Treasury Bills with original maturities of three months or less and are recorded at fair value on a recurring basis as determined by quoted prices in active markets.

Investments

Investments include U.S. Treasury Bills with original maturities in excess of three months recorded at fair value.

Inventory

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

Capital Assets

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

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

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

Bond Premiums

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

Pensions

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

Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense of the District's defined benefit healthcare plan (Note 8) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Equity Classifications

Government-Wide Statements

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

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

Governmental Fund Statements

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

Fund balance is categorized as follows:

Nonspendable:		
Inventory	\$	16,422
Restricted:		
Capital		9,123,725
Debt service		3,904
Employee benefit accrued liability		10,548,271
Retirement contribution		1,203,594
Unemployment insurance		153,738
Workers' compensation		184,207
Scholarships		117,109
Assigned:		
Designated for subsequent year		1,757,216
Encumbrances		459,997
Food service		330,425
Unassigned		3,078,148
	\$	<u>26,976,756</u>

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

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

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

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. During 2022 and 2023, three capital reserves were approved by District voters with a combined funding limit of \$8,000,000; \$2,500,000 has been funded in the general fund as of June 30, 2023 plus interest of \$21,813.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond and BAN premiums), and remaining bond proceeds not needed for their original purpose as required under §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10% of eligible salaries. At June 30, 2023, the retirement contribution reserve includes \$629,487 for TRS and \$574,107 for ERS.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Workers' compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this program.

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

Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Significant outstanding encumbrances included within assigned fund balance in the general fund as of June 30, 2023 include open purchase orders for supplies, equipment, and contractual services.

Interfund Balances

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

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

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

2. Stewardship and Compliance

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

3. Cash and Cash Equivalents

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

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

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. There is the prospect of a loss should those securities be sold prior to maturity. The District uses the specific identification method to identify the maturity for each investment and evaluate risk accordingly.

4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 1,978,466	\$ 37,989	\$ 275,984	\$ 129,794
Capital projects	104,074	197,181	48,175	-
Special aid	12,295	1,793,697	81,619	-
Food service	349,284	415,252	-	24,000
Debt service	-	-	-	251,984
	<u>\$ 2,444,119</u>	<u>\$ 2,444,119</u>	<u>\$ 405,778</u>	<u>\$ 405,778</u>

The District’s general fund provides cash flow to the various other funds; these amounts are repaid in the subsequent year when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program and to the capital projects fund for project costs. The food service fund made permanent transfers to the general fund for the use of facilities and utilities. The debt service fund made a permanent transfer to the general fund for required principal payments on debt.

5. Capital Assets

	July 1, 2022	Increases	Retirements/ Reclassifications	June 30, 2023
Non-depreciable and non-amortizable capital assets:				
Land	\$ 453,300	\$ -	\$ -	\$ 453,300
Construction in progress	8,033,215	13,342,734	-	21,375,949
Total non-depreciable and non-amortizable assets	8,486,515	13,342,734	-	21,829,249
Depreciable capital assets:				
Land improvements	1,014,749	-	-	1,014,749
Buildings and improvements	52,163,275	-	-	52,163,275
Furniture and equipment	8,022,586	292,258	-	8,314,844
Vehicles	336,211	73,638	(18,000)	391,849
Total depreciable assets	61,536,821	365,896	(18,000)	61,884,717
Accumulated depreciation:				
Land improvements	(1,014,749)	-	-	(1,014,749)
Buildings and improvements	(24,540,603)	(853,838)	-	(25,394,441)
Furniture and equipment	(7,153,539)	(248,042)	-	(7,401,581)
Vehicles	(227,964)	(31,387)	18,000	(241,351)
Total accumulated depreciation	(32,936,855)	(1,133,267)	18,000	(34,052,122)
Total depreciable assets, net	28,599,966	(767,371)	-	27,832,595
Right-to-use lease assets:				
Equipment	276,414	79,588	(58,304)	297,698
Accumulated amortization	(160,319)	(43,622)	46,640	(157,301)
Total right-to-use assets, net	116,095	35,966	(11,664)	140,397
	\$ 37,202,576	\$ 12,611,329	\$ (11,664)	\$ 49,802,241

Depreciation and amortization expense has been allocated to the following functions: general support \$176,809, instruction \$994,251, pupil transportation \$413, and school food service \$5,416.

Through June 30, 2025, the District leases certain classrooms to BOCES for \$234,000 annually with interest at 5% and is required to recognize a lease receivable and deferred inflow of resources. For the year ended June 30, 2023, the District recognized lease revenue of \$201,102 and interest revenue of \$32,898. The outstanding lease receivable amounted to \$435,102 at June 30, 2023.

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

Capital assets, net of accumulated depreciation	\$ 49,802,241
Bonds and related premiums, net of unspent proceeds	(16,610,845)
	<u>\$ 33,191,396</u>

6. Long-Term Liabilities

	July 1, 2022	Increases	Decreases	June 30, 2023	Amount Due in One Year
Bonds	\$ 2,360,000	\$ 18,225,000	\$ 150,000	\$ 20,435,000	\$ 1,405,000
Unamortized premiums					
2019 bonds	366,051	-	30,504	335,547	-
2023 bonds	-	2,442,210	-	2,442,210	-
	<u>\$ 2,726,051</u>	<u>\$ 20,667,210</u>	<u>\$ 180,504</u>	<u>\$ 23,212,757</u>	<u>\$ 1,405,000</u>

Existing Obligations

Description	Maturity	Rate	Balance
DASNY Bond - 2019	June 2034	5.00%	\$ 2,210,000
DASNY Bond - 2023	June 2038	5.00%	11,055,000
DASNY Bond - 2023	June 2038	5.00%	7,170,000
			<u>\$ 20,435,000</u>

Debt Service Requirements

Years ending June 30,	Principal	Interest
2024	\$ 1,405,000	\$ 1,281,062
2025	1,030,000	942,500
2026	1,085,000	891,000
2027	1,135,000	836,750
2028	1,195,000	780,000
2029-2033	6,915,000	2,955,900
2034-2038	7,670,000	1,406,500
	<u>\$ 20,435,000</u>	<u>\$ 9,093,712</u>

7. Pension Plans

Plan Descriptions

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

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

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

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 10.29% for 2023. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2023, these rates ranged from 8.30% - 13.10%.

The amount outstanding and payable to TRS for the year ended June 30, 2023 was \$1,255,209. A liability to ERS of \$114,595 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$1,266,423 for its proportionate share of the TRS net pension position and a liability of \$1,917,893 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the **June 30, 2022** measurement date was determined by an actuarial valuation as of **June 30, 2021**, with update procedures applied to roll forward the total pension liability to June 30, 2022. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At **June 30, 2022**, the District's proportion was 0.065998%, a decrease of 0.000569 from its proportion measured as of **June 30, 2021**.

The ERS total pension liability at the March 31, 2023 measurement date was determined by an actuarial valuation as of April 1, 2022, with update procedures applied to roll forward the total pension liability to March 31, 2023. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At March 31, 2023, the District's proportion was 0.0089437%, an increase of 0.0002099 from its proportion measured as of March 31, 2022.

For the year ended June 30, 2023, the District recognized net pension expense of \$2,391,624 on the government-wide statements (TRS expense of \$1,620,349 and ERS expense of \$771,275). At June 30, 2023, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,327,051	\$ (25,377)	\$ 204,271	\$ (53,862)
Changes of assumptions	2,456,647	(510,151)	931,453	(10,294)
Net difference between projected and actual earnings on pension plan investments	1,636,339	-	-	(11,268)
Changes in proportion and differences between contributions and proportionate share of contributions	235,670	(67,917)	213,610	(18,304)
District contributions subsequent to the measurement date	1,255,209	-	114,595	-
	<u>\$ 6,910,916</u>	<u>\$ (603,445)</u>	<u>\$ 1,463,929</u>	<u>\$ (93,728)</u>

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

Years ending June 30,	TRS	ERS
2024	\$ 951,611	\$ 319,484
2025	545,963	(40,186)
2026	(155,831)	436,537
2027	3,262,046	539,771
2028	425,974	-
Thereafter	22,499	-
	<u>\$ 5,052,262</u>	<u>\$ 1,255,606</u>

Actuarial Assumptions

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

Inflation – 2.4%

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

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

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

Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis

Discount rate – 6.95%

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

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

Inflation – 2.9%

Salary increases – 4.4%

COLA – 1.5% annually

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

Mortality – Society of Actuaries' Scale MP-2021

Discount rate – 5.9%

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

Investment Asset Allocation

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

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

Discount Rate

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

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

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District’s proportionate share of the TRS net pension asset (liability)	\$ (11,677,017)	\$ (1,266,423)	\$ 7,488,818
District’s proportionate share of the ERS net pension asset (liability)	\$ (4,634,725)	\$ (1,917,893)	\$ 352,336

8. OPEB

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for varying years of medical benefits to eligible District retirees and spouses dependent upon accumulated sick time earned during employment and remaining at retirement. At present, the plan covers virtually all retired and current employees. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. Eligibility is based on covered employees who retire from the District with five or more years of service and are eligible to retire under TRS or ERS. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2021, employees covered by the Plan include:

Active employees	197
Inactive employees or beneficiaries currently receiving benefits	90
Inactive employees entitled to but not yet receiving benefits	-
	<u>287</u>

Total OPEB Liability

Plan Description

The District’s total OPEB liability of \$38,800,945 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021, rolled forward through an interim valuation to June 30, 2023.

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

- Healthcare cost trend rates* – based on national trend survey data and updated long-term rates based on the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Model v2022_f4, initially 6.75% for pre-65, 4.4% for post-65, 6.75% for prescription drug, and 5.75% for Medicare Part B, reduced to an ultimate rate of 3.78% after 2075
- Salary increases* – 3.5%
- Mortality* – Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy annuitants, adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a fully generational basis
- Discount rate* – 3.69% based on the Fidelity Municipal GO 20-Year Bond rate as of the measurement date
- Inflation rate* – 2.25%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 42,748,435</u>
Changes for the year:	
Service cost	1,598,544
Interest	835,007
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(4,666,937)
Benefit payments	<u>(1,714,104)</u>
Net changes	<u>(3,947,490)</u>
Balance at June 30, 2023	<u>\$ 38,800,945</u>

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

	1.0% Decrease (2.69%)	Discount Rate (3.69%)	1.0% Increase (4.69%)
Total OPEB liability	<u>\$ (42,682,348)</u>	<u>\$ (38,800,945)</u>	<u>\$ (35,382,303)</u>

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

	1.0% Decrease (5.75% to 2.78%)	Healthcare Cost Trend Rate (6.75% to 3.78%)	1.0% Increase (7.75% to 4.78%)
Total OPEB liability	<u>\$ (34,352,700)</u>	<u>\$ (38,800,945)</u>	<u>\$ (44,142,224)</u>

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2023, the District recognized OPEB income of \$538,975. At June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 419,713	\$ (15,875,038)
Changes of assumptions or other inputs	6,623,123	(5,850,565)
Benefit payments subsequent to the measurement date	1,747,868	-
	<u>\$ 8,790,704</u>	<u>\$ (21,725,603)</u>

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

Years ending June 30,	
2024	\$ (2,972,526)
2025	(2,972,526)
2026	(2,542,485)
2027	(2,453,041)
2028	(2,837,933)
Thereafter	<u>(904,256)</u>
	<u>\$ (14,682,767)</u>

9. Risk Management

General Liability

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

Health Insurance

The District administers and participates in the Orleans/Niagara School Health Plan (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the nine participating members as of June 30, 2022 (the most recent information available).

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. No such assessments were required in the past three years.

The Plan has published its own financial report for the year ended June 30, 2022, which can be obtained from Orleans/Niagara BOCES, 4232 Shelby Basin Road, Medina, New York 14103.

Workers' Compensation

The District also participates in the Niagara County Mutual Self-Insurance Plan (the Plan) pursuant to Article 5 of the Workers' Compensation law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes 20 governmental entities as of December 31, 2022 (the most recent information available). The pool is funded through annual assessments for each participating entity based on payroll.

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. No such assessments were required in the past three years.

The Plan has established its own financial report for the year ended December 31, 2022, which can be obtained from Niagara County Risk Management and Insurance Services, 111 Main Street, Suite 102, Lockport, New York 14094.

10. Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

The District has received voter approval and plans to spend up to \$30,569,000 for the construction of various building improvements and modifications. As of June 30, 2023, numerous contracts have been awarded and \$21,343,000 has been expended on this project.

NEWFANE CENTRAL SCHOOL DISTRICT

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

As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.065998%	0.066567%	0.067650%	0.071267%	0.072028%	0.072702%	0.066520%	0.067047%	0.070327%	0.073722%
District's proportionate share of the net pension asset (liability)	\$ (1,266,423)	\$ 11,535,428	\$ (1,869,364)	\$ 1,851,514	\$ 1,302,459	\$ 552,610	\$ (712,456)	\$ 6,964,079	\$ 7,834,018	\$ 485,280
District's covered payroll	\$ 11,694,357	\$ 11,298,562	\$ 11,482,415	\$ 11,895,574	\$ 11,732,582	\$ 11,520,922	\$ 10,264,691	\$ 10,071,415	\$ 10,388,431	\$ 10,798,733
District's proportionate share of the net pension position as a percentage of its covered payroll	10.83%	102.10%	16.28%	15.56%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

The following is a summary of changes of assumptions:

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

NEWFANE CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,255,209	\$ 1,146,047	\$ 1,076,753	\$ 1,017,342	\$ 1,263,310	\$ 1,149,793	\$ 1,350,252	\$ 1,361,098	\$ 1,765,519	\$ 1,688,120
Contribution in relation to the contractually required contribution	(1,255,209)	(1,146,047)	(1,076,753)	(1,017,342)	(1,263,310)	(1,149,793)	(1,350,252)	(1,361,098)	(1,765,519)	(1,688,120)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 12,198,338	\$ 11,694,357	\$ 11,298,562	\$ 11,482,415	\$ 11,895,574	\$ 11,732,582	\$ 11,520,922	\$ 10,264,691	\$ 10,071,415	\$ 10,388,431
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

NEWFANE CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0089437%	0.0087338%	0.0085154%	0.0086714%	0.0095798%	0.0083006%	0.0096049%	0.0095880%	0.0097381%
District's proportionate share of the net pension asset (liability)	\$ (1,917,893)	\$ 713,950	\$ (8,479)	\$ (2,296,225)	\$ (678,761)	\$ (267,896)	\$ (902,501)	\$ (1,538,899)	\$ (328,976)
District's covered payroll	\$ 3,163,961	\$ 3,065,918	\$ 2,982,818	\$ 2,868,107	\$ 3,038,743	\$ 2,500,783	\$ 2,655,012	\$ 2,589,937	\$ 2,559,042
District's proportionate share of the net pension position as a percentage of its covered payroll	60.62%	23.29%	0.28%	80.06%	22.34%	10.71%	33.99%	59.42%	12.86%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

The following is a summary of changes of assumptions:

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

Data prior to 2015 is unavailable.

NEWFANE CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 373,589	\$ 509,674	\$ 448,475	\$ 429,112	\$ 462,189	\$ 388,340	\$ 415,895	\$ 483,250	\$ 489,415	\$ 549,577
Contribution in relation to the contractually required contribution	(373,589)	(509,674)	(448,475)	(429,112)	(462,189)	(388,340)	(415,895)	(483,250)	(489,415)	(549,577)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,163,961	\$ 3,065,918	\$ 2,982,818	\$ 2,868,107	\$ 3,038,743	\$ 2,500,783	\$ 2,655,012	\$ 2,589,937	\$ 2,559,042	\$ 2,610,111
Contributions as a percentage of covered payroll	11.81%	16.62%	15.04%	14.96%	15.21%	15.53%	15.66%	18.66%	19.12%	21.06%

NEWFANE CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 42,748,435	\$ 56,798,536	\$ 52,955,998	\$ 49,216,757	\$ 48,108,178	\$ 49,764,252
Changes for the year:						
Service cost	1,598,544	2,170,453	1,892,962	1,982,854	1,988,605	2,098,638
Interest	835,007	1,420,403	1,688,208	1,823,907	1,800,351	1,494,035
Changes of benefit terms	-	-	(96,950)	-	-	-
Differences between expected and actual experience	-	(17,132,612)	(1,688,490)	(5,540,593)	1,245,918	-
Changes of assumptions or other inputs	(4,666,937)	1,478,379	3,871,984	7,103,950	(2,384,203)	(3,854,156)
Benefit payments	(1,714,104)	(1,986,724)	(1,825,176)	(1,630,877)	(1,542,092)	(1,394,591)
Net change in total OPEB liability	(3,947,490)	(14,050,101)	3,842,538	3,739,241	1,108,579	(1,656,074)
Total OPEB liability - ending	\$ 38,800,945	\$ 42,748,435	\$ 56,798,536	\$ 52,955,998	\$ 49,216,757	\$ 48,108,178
Covered-employee payroll	\$ 15,486,028	\$ 15,214,803	\$ 15,015,266	\$ 14,401,270	\$ 15,532,088	\$ 15,042,991
Total OPEB liability as a percentage of covered-employee payroll	250.6%	281.0%	378.3%	367.7%	316.9%	319.8%

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

Differences between expected and actual experience in 2022 were due to less than expected increases in claims costs, less than expected increases in premiums, demographic changes different than those assumed, revised assumptions, and reduction in election percentages for certain employee groups. Such differences were due to healthcare trend rates and repeal of the Affordable Care Act's "Cadillac Tax" on high cost plans for 2021, less than expected increases in claims costs and healthcare trend rates in 2020, and demographic changes different than those assumed for 2019. Changes of benefit terms for 2021 reflect a plan change to move retirees from certain unions into a new health plan.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	6.75% - 3.78%	6.75% - 3.78%	6.5% - 3.78%	6.75% - 3.78%	7.0% - 3.89%	7.0% - 3.89%
Inflation	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Salary increases	3.5%	3.5%	3.5%	3.5%	5.0%	5.0%
Discount rate	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2017

Data prior to 2018 is unavailable.

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

For the year ended June 30, 2023

Original expenditure budget	\$ 36,720,516
Encumbrances carried over from prior year	<u>552,195</u>
Revised expenditure budget	<u>\$ 37,272,711</u>

* * *

Unrestricted Fund Balance

Assigned	\$ 2,217,213
Unassigned	<u>3,078,148</u>
	5,295,361
Encumbrances included in assigned fund balance	(459,997)
Appropriated fund balance used for tax levy	<u>(1,757,216)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 3,078,148</u>

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

2024 expenditure budget (unaudited)	\$ 39,792,133
4% of budget	<u>1,591,685</u>
Actual percentage of 2024 expenditure budget	<u>7.7%</u>

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2023

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
2022-23 capital outlay	\$ 100,000	\$ 100,000	\$ -	\$ 48,175	\$ 48,175	\$ 51,825
Smart Schools Bond Act	905,500	1,394,860	863,262	213,644	1,076,906	317,954
2020-21 capital improvements	30,569,000	30,569,000	8,033,215	13,309,831	21,343,046	9,225,954
	<u>\$ 31,574,500</u>	<u>\$ 32,063,860</u>	<u>\$ 8,896,477</u>	<u>\$ 13,571,650</u>	<u>\$ 22,468,127</u>	<u>\$ 9,595,733</u>

NEWFANE CENTRAL SCHOOL DISTRICT

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

June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
U.S. Department of Education:			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-23-0606	\$ 376,875
Special Education Grants to States	84.027	0032-22-0606	60,788
Special Education Preschool Grants	84.173	0033-23-0606	21,196
Special Education Preschool Grants	84.173	0033-22-0606	7,243
Total Special Education Cluster			466,102
Title I Grants to Local Educational Agencies	84.010	0021-23-1955	281,018
Title I Grants to Local Educational Agencies	84.010	0021-22-1955	1,300
Supporting Effective Instruction State Grants	84.367	0147-22-1955	43,804
Student Support and Academic Enrichment Program	84.424	0196-23-1589	8,065
Student Support and Academic Enrichment Program	84.424	0196-22-1589	19,297
Education Stabilization Fund:			
Governor's Emergency Education Relief Fund	84.425C	5895-21-1955	27,391
Governor's Emergency Education Relief Fund	84.425C	5896-21-1955	48,891
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-1955	732,436
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-1955	-
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-1995	341,626
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5883-21-1955	37,116
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5884-21-1955	123,656
American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	5218-21-1995	5,921
Total Education Stabilization Fund			1,317,037
Total U.S. Department of Education			2,136,623
U.S. Department of Agriculture:			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	140,727 ¹
National School Lunch Program	10.555	N/A	423,277 ¹
Summer Food Service Program for Children	10.559	N/A	11,406 ¹
Pandemic EBT Administrative Costs	10.649	N/A	2,512
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	53,193 ¹
Total U.S. Department of Agriculture			631,115
Total Expenditures of Federal Awards			\$ 2,767,738

¹ Total Child Nutrition Cluster - \$628,603

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

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

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

Indirect Costs

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

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a “non-monetary program.” During the year ended June 30, 2023, the District used \$53,193 worth of commodities under the National School Lunch Program (CFDA Number 10.555).

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

The Board of Education
Newfane Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Newfane Central School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 3, 2023.

Report on Internal Control over Financial Reporting

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

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

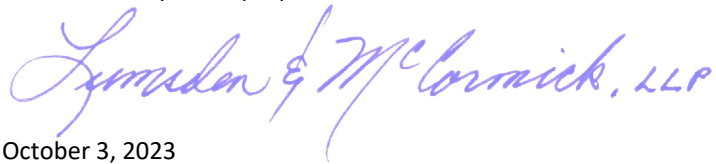
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

October 3, 2023

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

The Board of Education
Newfane Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Suzanne & McCormick, LLP

October 3, 2023

Schedule of Findings and Questioned Costs

For the year ended June 30, 2023

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Education Stabilization Fund	84.425	\$ 1,317,037

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

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.