

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

***WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS***

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

2024 FINANCIAL STATEMENTS

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-9
Government-wide Financial Statements		
Statement of Net Position	1	10
Statement of Activities	2	11
Fund Financial Statements		
Combined Balance Sheet - Governmental Funds.....	3	12
Combined Statement of Revenue, Expenditures and Changes in Fund Equity - Governmental Funds	4	13
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	5	14
Reconciliation of Governmental Funds Revenue, Expenditures and Changes in Fund Equity to the Statement of Activities.....	6	15
Notes to Financial Statements		16-34
Supplementary Information		
Combining Schedule of Revenue, Expenditures and Changes In Fund Equity - Budget and Actual - Governmental Funds.....	SS1&SS1A	35-36
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit.....	SS2	37
Schedule of Project Expenditures - Projects Fund.....	SS3	38
Budget Comparison Statement for State and Other Grant Programs - Special Aid and Food Service Funds	SS4A	39
Schedule of Expenditures of Federal Awards	SS4B	40
Schedule of Major Federal Programs Tested.....	SS4C	40
Schedule of Net Investment in Capital and Right-to-Use Assets	SS5	41
Schedule of Changes in the District's Net OPEB Liability and Related Ratios.....	SS6	42
Schedule of District Contributions - OPEB.....	SS7	43
Schedule of District Contributions - New York State Teachers' Retirement System (NYSTRS) and New York State and Local Employees' Retirement System (NYSLERS).....	SS8	44
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability - New York State Teachers' Retirement System (NYSTRS) and District's Proportionate Share of the Net Pension Liability - New York State and Local Employees' Retirement System (NYSLERS).....	SS9	45
Independent Auditor's 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"		46-47
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance		48-49
Schedule of Findings and Questioned Costs		50-52
Schedule of Prior Audit Findings		53



INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Cuba-Rushford Central School District
Cuba, New York**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of *Cuba-Rushford Central School District* as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise *Cuba-Rushford Central School District's* basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Report on Summarized Comparative Information

We have previously audited the *Cuba-Rushford Central School District's* June 30, 2023 financial statements, and our report dated December 5, 2023, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-9) and budgetary comparison information (pages 34-35) schedule of changes in District's net OPEB liability and related ratios (page 41), schedule of District contributions – OPEB (page 42), schedule of the District contributions for defined benefit pension plans (page 43) and the schedule of the District's proportionate share of the net pension asset/liability (page 44) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of the **Cuba-Rushford Central School District's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Cuba-Rushford Central School District's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Cuba-Rushford Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
October 10, 2024

I. Discussion and Analysis

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

II. Financial Highlights

The following items are the financial highlights experienced by the **Cuba-Rushford Central School District** during the fiscal year ended June 30, 2024:

- Overall net position from operations of the District increased during the current year in the amount of \$909,000 as compared to an increase of \$982,000 during the prior fiscal year.
- The District's total revenue increased 9% from \$25,679,000 for the year ended June 30, 2023 to \$27,998,000 for the year ended June 30, 2024. During the current year, the District had increases in pandemic related grant funding and state aid.
- The District's total expenses increased approximately 10% from \$24,697,000 during the year ended June 30, 2023 to \$27,089,000 during the year ended June 30, 2024. This increase was primarily the result of increases in pension expense and other post-employment benefit (OPEB) expense related to actuarial updates, along with increases in BOCES expense and depreciation.
- The District's had capital outlays during the current year in the amount of approximately \$3,845,000, which was primarily related to the costs associated with the District's capital projects, improvements purchased through Federal grants and right-to-use technology equipment.

III. Overview of the Financial Statements

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

**III. Overview of the Financial Statements
(continued)**

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 10) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements):

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently the governmental funds

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements) (continued):

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

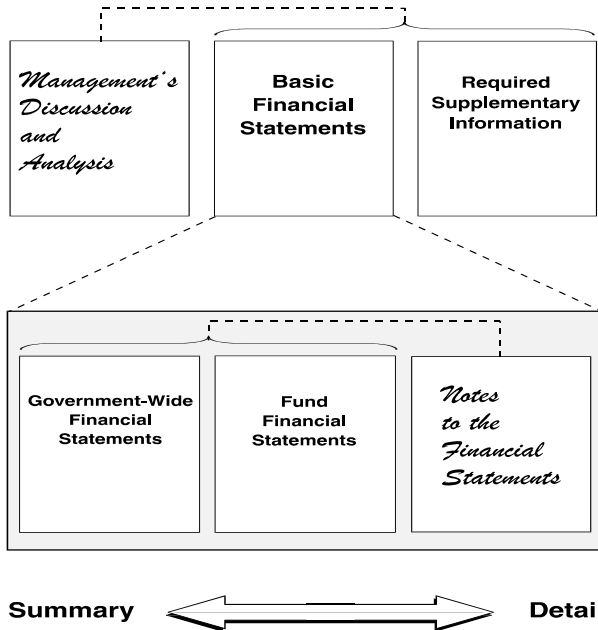
2. Fiduciary Funds

The District do not have activities that qualify for reporting as a fiduciary fund.

Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Funds used to account for resources held for the benefit of parties outside the District
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital or right-to-use assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital and right-to-use assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$32,745,000. The components of net position include: net investment in capital and right to use assets, of \$24,526,000; restricted net position of \$5,260,000; and unrestricted net position of \$2,959,000 as of June 30, 2024.

Changes in Net Position

The District's total government-wide revenue increased by 9% to \$27,998,000. Approximately 22%, 14% and 58% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 6% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

IV. Financial Analysis of the School District as a Whole (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 10% to \$27,089,000. The District's expenses cover a range of services, with 71% related to instruction and 18% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased 9% while total expenses increased 10%. The District's total net position increased from operations approximately \$909,000 during the fiscal year ended June 30, 2024.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$27,998,000 for the fiscal year ended June 30, 2024. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 22% of the District's total revenue for governmental activities decreased approximately 1% during the year ended June 30, 2024.
- The District's most significant revenue is state sources which represent \$16,471,000 or 58% of total governmental revenue. The District's state sources increased 4%, primarily related to an increase in state aid, including BOCES aid.
- During the year ended June 30, 2024, the District saw an increase in program revenue in the amount of \$1,563,000. This increase was primarily related to operating grants and contributions increased approximately \$1,482,000 as compared with the prior year revenue, and charges for services increased \$81,000. The increase in operating grants and contributions was related to an increase in Pandemic related Federal grants.

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$27,089,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$231,000 or 5% as a result of an increase in pension and OPEB expense resulting from actuarial updates, along with increases in BOCES expenses.
- The District's instruction costs increased by approximately \$2,004,000 or 11%, which was primarily the result of increases in pension and OPEB expense due to actuarial updates, along with increases in BOCES expenses, depreciation and salaries.
- Debt service of the District did not change during the year ended June 30, 2024 as compared with the prior year.
- Transportation costs of the District increased 8% or \$121,000 during the year ended June 30, 2024 primarily related to increases in pension and OPEB expense resulting from actuarial updates, along with an increase in salaries and BOCES expenses.
- The District's cost of sales (food service fund) totaled \$656,000 during the current year as compared to \$620,000 during the fiscal year ended June 30, 2023. This increase was related to an increase in salaries and benefits.
- The District received approximately \$4,043,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$23.0 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Position

<i>Cuba-Rushford Central School District Condensed Statement of Net Position (in thousands of dollars)</i>			
	Governmental Activities and Total District-wide		
	2024	2023	% Change
Assets			
Current and other assets	\$ 15,820	\$ 16,639	-5%
Capital and Right-to-use assets	36,386	34,735	5%
Total assets	52,206	51,374	2%
Deferred Outflows of Resources			
Deferred outflows - pensions and OPEB	5,707	6,395	-11%
Deferred outflows of resources and assets	\$ 57,913	\$ 57,769	0%
Liabilities			
Other liabilities	\$ 1,867	\$ 1,758	6%
Long-term liabilities	21,000	22,018	-5%
Total liabilities	22,867	23,776	-4%
Deferred Inflows of Resources			
Deferred inflows - pensions and OPEB	2,301	2,157	7%
Deferred inflows of resources and liabilities	25,168	25,933	-3%
Net Position			
Net investment in capital and right-to-use assets	24,526	22,372	10%
Restricted	5,260	5,205	1%
Unrestricted	2,959	4,259	-31%
Total net position	32,745	31,836	3%
Total liabilities, deferred inflows of resources and net position	\$ 57,913	\$ 57,769	0%

Figure A-4 – Changes in Net Position

<i>Cuba-Rushford Central School District Changes in Net Position from Operating Results (in thousands of Dollars)</i>			
	Governmental Activities and Total District-wide		
	2024	2023	% Change
Revenue			
Program revenue			
Charges for services	\$ 227	\$ 146	56%
Operating grants and contributions	3,816	2,334	64%
General revenue			
Real property taxes	6,322	6,405	-1%
Use of money & property	426	316	35%
Sale of property & comp for loss	54	1	5292%
State sources	16,471	15,894	4%
Federal sources	153	183	-16%
Miscellaneous	529	400	32%
Total revenue	27,998	25,679	9%
Expenses			
General support	4,874	4,643	5%
Instruction	19,439	17,435	11%
Transportation	1,665	1,544	8%
Debt service - interest	455	455	0%
Cost of sales	656	620	6%
Total expenses	27,089	24,697	10%
Change in net position	\$ 909	\$ 982	

Figure A-5 – Sources of Revenue

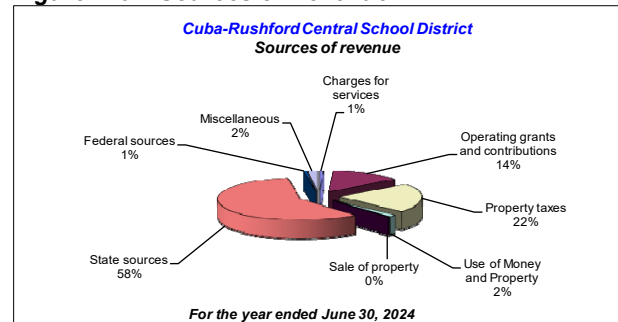


Figure A-6 – Expenses

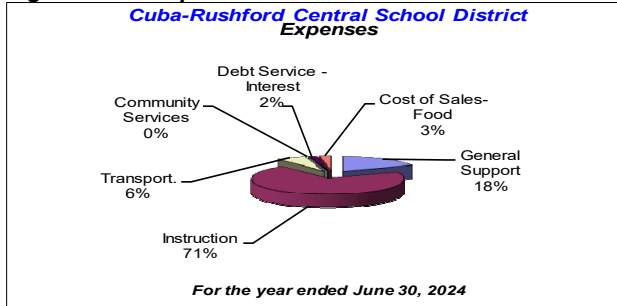


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District			
	2024		2023	
Expenditures supported with general revenue (from taxes & other sources)	\$ 23,046	85%	\$ 22,217	90%
Expenditures supported with program revenue	4,043	15%	2,480	10%
Total expenditures related to governmental activities	\$ 27,089	100%	\$ 24,697	100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2024	2023	Change	2024	2023	Change
General support	\$ 4,874	\$ 4,643	\$ 231	\$ 4,874	\$ 4,643	\$ 231
Instruction	19,439	17,435	2,004	16,119	15,562	557
Transportation	1,665	1,544	121	1,665	1,544	121
Debt service - interest	455	455	0	455	455	0
Cost of sales - food	656	620	36	(67)	13	(80)
Total	\$ 27,089	\$ 24,697	\$ 2,392	\$ 23,046	\$ 22,217	\$ 829

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds.

V. Financial Analysis of the School District's Funds

Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund expenditures and other uses exceeded revenue and other sources by approximately \$242,000.
- The District's general fund unassigned fund balance equated to approximately \$4,398,000 as of June 30, 2024.
- The District maintained many fund balance reserves during the year ended June 30, 2024, and had a total restricted fund balance of approximately \$4,292,000.
- The District's total assets decreased approximately \$272,000 as of June 30, 2024 primarily due to a decrease in cash, which was partially offset by an increase in due from other funds. The District's liabilities decreased approximately \$30,000, related to a decrease in accounts payable, which was partially offset by an increase in due to other funds.
- Total revenue in the District's general fund increased \$607,000, which was primarily related to an increase in State aid and interest earned. Total expenditures in the District's general fund increased \$1,302,000 as a result of increases in operating transfer out, along with increases health insurance costs and BOCES expenditures.

Food Service Fund

- The District's food service fund experienced a \$45,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$722,000 during 2024 as compared with \$608,000 in 2023. Expenditures increased approximately \$58,000. In the current and prior year, the District participated in the Community Eligibility Provision (CEP) program, where students eat breakfast and lunches at no charge. In the current year, the NYS reimbursed schools for meals not reimbursed by the Federal government under the CEP program.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$1,307,000 primarily related to an increase in Pandemic related Federal grants.

Capital Projects Fund

- The District had expenditures of approximately \$1,977,000 in capital projects during the year ended June 30, 2024, which was primarily related to costs associated with the 2023 capital improvement project, capital outlay project and energy project.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$3,298,000 below the revised budget. The most significant positive variances were in the area of instruction and employee benefits which totaled approximately \$1,396,000 and \$1,301,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$328,000 above the final budgeted amount. Significant positive variances existed in local sources and State sources which totaled approximately \$263,000 and \$112,000, above that budgeted.

Figure A-9 – Budget vs. Actual Comparison

<i>Cuba-Rushford Central School District</i>				
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>				
	Revised Budget	Actual	Difference	%
Revenue				
Local sources	\$ 7,037	\$ 7,300	\$ 263	4%
State sources	16,221	16,333	112	1%
Federal sources	200	153	(47)	-23%
Other sources	-	-	-	n/a
Total revenue	\$ 23,458	\$ 23,786	\$ 328	1%
Expenditures				
General support	\$ 4,069	\$ 3,977	\$ 92	2%
Instruction	13,015	11,619	1,396	11%
Transportation	1,418	1,175	243	17%
Employee benefits	5,758	4,457	1,301	23%
Debt service	1,904	1,720	184	10%
Operating transfers	1,163	1,081	82	7%
Total expenditures	\$ 27,327	\$ 24,029	\$ 3,298	12%

VII. Capital and Right-to-Use Assets and Debt Administration

Capital and Right-to-Use Assets

As depicted in Figure A-10, as of June 30, 2024, the District had invested approximately \$36,386,000 in a broad range of capital and right-to-use assets, including reconstruction projects and other equipment. Capital additions made during the year ended June 30, 2024, totaled approximately \$3,845,000 and consisted primarily of costs associated with the District's capital projects, improvements purchased through Federal grants and right-to-use technology equipment. More detailed information about the District's capital assets is presented in the notes of the financial statements.

VII. Capital and Right-to-Use Assets and Debt Administration (continued)

Long-term Debt

As depicted in Figure A-11, as of June 30, 2024, the District had approximately \$20,999,000 in bonds, lease, net pension liabilities, retirement incentive, compensated absences and other post-employment benefits, a decrease of approximately 5% as compared with the previous year. The change in bonds payable was a result of the District making regularly scheduled principal payments on existing bonds. Other post-employment benefit liability increased during the current year resulting from an actuarial update. The District's net pension liability to NYS Employees' Retirement System and NYS Teacher's Retirement System both decreased in the current year as the result of actuarial updates.

Figure A-10 – Capital and Right-to-Use Assets

<i>Cuba-Rushford Central School District</i>			
<i>Capital and Right-to-use Assets (net of depreciation/amortization)</i>			
	Governmental Activities & Total District-wide		
	2024	2023	Change
Land	\$ 132,268	\$ 132,268	0%
Buildings	48,440,521	47,482,128	2%
Construction in progress	3,897,255	1,920,681	103%
Equipment	11,023,929	10,542,606	5%
Accumulated depreciation/amortization	(27,107,484)	(25,343,074)	7%
Total Capital and Right-to-Use Assets, net	\$ 36,386,489	\$ 34,734,609	5%

Figure A-11 – Outstanding Long-term Debt

<i>Cuba-Rushford Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2024	2023	Change
Bonds payable	\$ 12,797,178	\$ 14,023,194	-9%
Net pension liabilities	1,589,506	2,156,334	-26%
Lease liability	28,391	55,532	-49%
Other post-employment benefits	6,189,524	5,391,527	15%
Compensated absences	394,288	391,716	1%
Total Long-Term Debt	\$ 20,998,887	\$ 22,018,303	-5%

VIII. Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District is uncertain as to the level of State funding as it moves out of the Pandemic.
- The 2024-25 New York State budget calls for the Rockefeller Institute to conduct a study to assess the State's Foundation Aid educational funding formula. Modifications to the formula could have an impact on future state aid that is distributed to the District

IX. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Cuba-Rushford Central School District
Attention: Administrative Office
5476 Route 305
Cuba, New York 14727

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

Schedule 1

Page 10

	<u>2024</u>	<u>2023</u>
Assets		
Cash		
Unrestricted	\$ 4,024,565	\$ 4,932,952
Restricted	5,259,625	5,204,660
Receivables		
State and federal aid	3,292,736	1,261,342
Other receivables	62,360	42,498
Due from other governments	2,028,040	2,065,725
Inventories	18,344	12,900
Cash to be used towards capital projects	1,133,435	3,119,020
Capital and right-to-use assets, net	36,386,489	34,734,609
Total assets	<u>52,205,594</u>	<u>51,373,706</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	4,058,895	4,922,957
Deferred outflows related to OPEB	1,648,188	1,472,119
Total assets and deferred outflows of resources	<u>\$ 57,912,677</u>	<u>\$ 57,768,782</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 593,521	\$ 564,004
Accrued liabilities	206,523	207,053
Accrued interest	21,000	33,000
Due to other governments	2,384	2,459
Due to retirement systems	930,228	925,924
Unearned revenue	113,786	24,891
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	975,000	1,015,000
Lease liability	28,391	27,141
Portion due or payable after one year		
Bonds payable	11,822,178	13,008,194
Lease liability	-	28,391
Net pension liability - NYS Employees' Retirement System	1,135,594	1,416,953
Net pension liability - NYS Teachers' Retirement System	453,912	739,381
Other post-employment benefits	6,189,524	5,391,527
Compensated absences	394,288	391,716
Total liabilities	<u>22,866,329</u>	<u>23,775,634</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	895,840	406,722
Deferred inflows related to OPEB	1,405,272	1,749,941
Total liabilities and deferred inflows of resources	<u>25,167,441</u>	<u>25,932,297</u>
Net Position		
Net investment in capital and right-to-use assets	24,526,071	22,372,364
Restricted	5,259,625	5,204,660
Unrestricted	2,959,540	4,259,461
Total net position	<u>32,745,236</u>	<u>31,836,485</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 57,912,677</u>	<u>\$ 57,768,782</u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 2

Page 11

			Program Revenues		2024	2023
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	\$ 4,612,939	\$ 260,785	\$ -	\$ -	\$ (4,873,724)	\$ (4,642,926)
Instruction	17,819,013	1,619,969	160,144	3,160,786	(16,118,052)	(15,563,260)
Pupil transportation	1,309,432	356,047	-	-	(1,665,479)	(1,543,595)
Debt service	455,019	-	-	-	(455,019)	(454,873)
Food service program	655,640	-	66,997	655,476	66,833	(12,509)
Depreciation/amortization	2,236,801	(2,236,801)	-	-	-	-
Total functions and programs	<u>\$ 27,088,844</u>	<u>\$ -</u>	<u>\$ 227,141</u>	<u>\$ 3,816,262</u>	<u>(23,045,441)</u>	<u>(22,217,163)</u>
General Revenues						
Real property taxes					6,321,569	6,405,141
Use of money and property					426,072	315,627
Sale of property and compensation for gain (loss)					53,918	518
Miscellaneous					527,778	401,101
State sources					16,471,413	15,893,779
Federal sources					153,442	182,605
Total general revenues					<u>23,954,192</u>	<u>23,198,771</u>
Change in net position					908,751	981,608
Net position - beginning of year					<u>31,836,485</u>	<u>30,854,877</u>
Net position - end of year					<u>\$ 32,745,236</u>	<u>\$ 31,836,485</u>

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024**

Schedule 3

Page 12

	Governmental Funds						2024	2023
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Assets								
Unrestricted cash	\$ 4,170,557	\$ 51,633	\$ 452,573	\$ -	\$ -	\$ 56,217	\$ 4,730,980	\$ 5,625,942
Restricted cash	4,291,891	-	-	255,948	1,133,435	5,371	5,686,645	7,630,690
Due from other funds	2,782,717	179,515	11,448	215	1,947,862	70	4,921,827	3,598,355
State and federal aid receivable	647,352	2,610,900	34,484	-	-	-	3,292,736	1,261,342
Other receivables	59,144	-	3,216	-	-	-	62,360	42,498
Due from other governments	2,028,040	-	-	-	-	-	2,028,040	2,065,725
Inventories	-	-	18,344	-	-	-	18,344	12,900
Total assets	<u>\$ 13,979,701</u>	<u>\$ 2,842,048</u>	<u>\$ 520,065</u>	<u>\$ 256,163</u>	<u>\$ 3,081,297</u>	<u>\$ 61,658</u>	<u>\$ 20,740,932</u>	<u>\$ 20,237,452</u>
Liabilities and Fund Equity								
Liabilities								
Accounts payable	\$ 141,068	\$ 80,508	\$ 12	\$ -	\$ 371,091	\$ 842	\$ 593,521	\$ 564,004
Accrued liabilities	204,704	1,000	819	-	-	-	206,523	207,053
Due to other funds	1,058,244	2,717,899	179,935	-	965,749	-	4,921,827	3,598,355
Unearned revenue	-	40,488	1,993	-	71,305	-	113,786	24,891
Due to other governments	-	2,153	34	-	-	197	2,384	2,459
Due to Teachers' Retirement System	843,563	-	-	-	-	-	843,563	853,396
Due to Employees' Retirement System	61,784	-	24,881	-	-	-	86,665	72,528
Total liabilities	<u>2,309,363</u>	<u>2,842,048</u>	<u>207,674</u>	<u>-</u>	<u>1,408,145</u>	<u>1,039</u>	<u>6,768,269</u>	<u>5,322,686</u>
Fund Equity								
Nonspendable	-	-	18,344	-	-	-	18,344	12,900
Restricted	4,291,891	-	-	256,163	708,001	3,570	5,259,625	5,204,660
Committed	-	-	-	-	-	57,049	57,049	50,434
Assigned	2,980,059	-	294,047	-	965,151	-	4,239,257	4,639,996
Unassigned	4,398,388	-	-	-	-	-	4,398,388	5,006,776
Total fund equity	<u>11,670,338</u>	<u>-</u>	<u>312,391</u>	<u>256,163</u>	<u>1,673,152</u>	<u>60,619</u>	<u>13,972,663</u>	<u>14,914,766</u>
Total liabilities and fund equity	<u>\$ 13,979,701</u>	<u>\$ 2,842,048</u>	<u>\$ 520,065</u>	<u>\$ 256,163</u>	<u>\$ 3,081,297</u>	<u>\$ 61,658</u>	<u>\$ 20,740,932</u>	<u>\$ 20,237,452</u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 4

Page 13

	Governmental Funds						2024	2023
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Revenue								
Real property taxes	\$ 6,321,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,321,569	\$ 6,405,141
Charges for services	160,144	-	-	-	-	-	160,144	94,554
Use of money and property	414,623	-	9,229	1,250	10,122	77	435,301	315,976
Sale of property compensation for loss	10,427	-	-	-	-	-	10,427	1,627
Miscellaneous	393,603	-	899	-	-	134,175	528,677	1,631,871
State sources	16,332,540	346,426	82,589	-	138,873	-	16,900,428	16,133,266
Federal sources	153,442	2,965,517	529,770	-	-	-	3,648,729	2,444,328
Surplus food	-	-	43,117	-	-	-	43,117	46,759
Sales (school food service)	-	-	56,869	-	-	-	56,869	46,210
Total revenue	23,786,348	3,311,943	722,473	1,250	148,995	134,252	28,105,261	27,119,732
Expenditures								
General support	3,977,363	-	231,885	-	-	-	4,209,248	3,940,693
Instruction	11,618,685	3,160,786	-	-	-	-	14,779,471	13,328,352
Pupil transportation	1,174,627	-	-	-	-	-	1,174,627	1,186,824
Employee benefits	4,456,879	151,157	139,447	-	-	-	4,747,483	4,533,576
Debt service								
Principal	1,042,141	-	-	-	-	-	1,042,141	1,415,347
Interest	678,035	-	-	-	-	-	678,035	436,400
Capital outlay	-	-	-	-	1,976,574	-	1,976,574	744,015
Cost of sales	-	-	243,707	-	-	-	243,707	249,571
Other expenses	-	-	62,766	-	-	133,312	196,078	287,930
Total expenditures	22,947,730	3,311,943	677,805	-	1,976,574	133,312	29,047,364	26,122,708
Excess (deficiency) of revenue over expenditures	838,618	-	44,668	1,250	(1,827,579)	940	(942,103)	997,024
Other sources and uses								
Proceeds from the issuance of bonds	-	-	-	-	-	-	-	8,985,000
BANS redeemed from appropriations	-	-	-	-	-	-	-	984,400
Operating transfers in	-	-	-	-	1,080,985	-	1,080,985	334,976
Operating transfers out	(1,080,985)	-	-	-	-	-	(1,080,985)	(334,976)
Total other sources (uses)	(1,080,985)	-	-	-	1,080,985	-	-	9,969,400
Excess (deficiency) of revenue and other sources over expenditures and other uses	(242,367)	-	44,668	1,250	(746,594)	940	(942,103)	10,966,424
Fund equity, beginning of year	11,912,705	-	267,723	254,913	2,419,746	59,679	14,914,766	3,948,342
Fund equity, end of year	\$ 11,670,338	\$ -	\$ 312,391	\$ 256,163	\$ 1,673,152	\$ 60,619	\$ 13,972,663	\$ 14,914,766

See accompanying independent auditor's report and notes to financial statements.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

Total fund balances - governmental funds \$ 13,972,663

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

Capital and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital and right-to-use assets consist of the following at year-end:

Cost of the assets	\$ 63,493,973	
Accumulated depreciation/amortization	<u>(27,107,484)</u>	36,386,489

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(21,000)
--	----------

Deferred inflows/outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions.	3,163,055
---	-----------

Deferred inflows/outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds OPEB expense is based on required contributions.	242,916
---	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Bonds payable	(12,797,178)	
Lease liability	(28,391)	
Net pension liability - ERS	(1,135,594)	
Net pension liability - TRS	(453,912)	
Other post-employment benefits	(6,189,524)	
Compensated absences	<u>(394,288)</u>	<u>(20,998,887)</u>

Total net position - governmental activities \$ 32,745,236

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 10,417,625	\$ -	\$ -	\$ (1,133,435)	\$ 9,284,190
Due from other funds	4,921,827	-	-	(4,921,827)	-
State and federal aid receivable	3,292,736	-	-	-	3,292,736
Other receivables	62,360	-	-	-	62,360
Due from other governments	2,028,040	-	-	-	2,028,040
Inventories	18,344	-	-	-	18,344
Cash to be used towards capital projects	-	-	-	1,133,435	1,133,435
Capital and right-to-use assets, net	-	36,386,489	-	-	36,386,489
Total assets	20,740,932	36,386,489	-	(4,921,827)	52,205,594
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	4,058,895	-	-	4,058,895
Deferred outflows related to OPEB	-	1,648,188	-	-	1,648,188
Total assets and deferred outflows of resources	\$ 20,740,932	\$ 42,093,572	\$ -	\$ (4,921,827)	\$ 57,912,677
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 593,521	\$ -	\$ -	\$ -	\$ 593,521
Accrued liabilities	206,523	-	-	-	206,523
Accrued interest	-	-	21,000	-	21,000
Due to other funds	4,921,827	-	-	(4,921,827)	-
Unearned revenue	113,786	-	-	-	113,786
Due to other governments	2,384	-	-	-	2,384
Due to retirement systems	930,228	-	-	-	930,228
Bonds payable	-	-	12,797,178	-	12,797,178
Net pension liabilities	-	-	1,589,506	-	1,589,506
Lease liability	-	-	28,391	-	28,391
Other post-employment benefits	-	-	6,189,524	-	6,189,524
Compensated absences	-	-	394,288	-	394,288
Total liabilities	6,768,269	-	21,019,887	(4,921,827)	22,866,329
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	895,840	-	895,840
Deferred inflows related to OPEB	-	-	1,405,272	-	1,405,272
Total liabilities and deferred inflows of resources	6,768,269	-	23,320,999	(4,921,827)	25,167,441
Fund equity and net position					
Total liabilities, deferred inflows of resources and fund equity/net position	13,972,663	42,093,572	(23,320,999)	-	32,745,236
	\$ 20,740,932	\$ 42,093,572	\$ -	\$ (4,921,827)	\$ 57,912,677

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Total net change in fund balances - governmental funds \$ (942,103)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 3,845,190	
Depreciation/amortization expense	<u>(2,236,801)</u>	1,608,389

Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities a gain or loss on sale is reported. 43,491

Repayment of bond principal (including refundings), lease principal and bond anticipation notes principal is an expenditure the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,042,141

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, premiums on bond anticipation notes and on bonds are recognized as revenue in the governmental funds, whereas in the statement of activities, premiums are amortized into interest expense. 223,016

District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans. (786,352)

District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to the OPEB plan. (277,259)

In the statement of activities, certain operating expenses, compensated absences and special termination benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid). This year, compensated absences changed by this amount. (2,572)

Change in net position of governmental activities \$ 908,751

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Asset and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 6,321,569	\$ -	\$ -	\$ -	\$ 6,321,569
Charges for services	160,144	-	-	(160,144)	-
Use of money and property	435,301	-	-	(9,229)	426,072
Sale of property compensation for loss	10,427	43,491	-	-	53,918
Miscellaneous	528,677	-	-	(899)	527,778
State sources	16,900,428	-	-	(429,015)	16,471,413
Federal sources	3,648,729	-	-	(3,495,287)	153,442
Surplus food	43,117	-	-	(43,117)	-
Sales (school food service)	56,869	-	-	(56,869)	-
Total revenue	28,105,261	43,491	-	(4,194,560)	23,954,192
Expenditures					
General support	4,209,248	190,660	-	473,816	4,873,724
Instruction	14,779,471	23,244	279,831	1,035,506	16,118,052
Pupil transportation	1,174,627	176,446	-	314,406	1,665,479
Employee benefits	4,747,483	-	786,352	(5,533,835)	-
Debt service	1,720,176	-	(1,265,157)	-	455,019
Capital outlay	1,976,574	(1,976,574)	-	-	-
Cost of sales	243,707	-	-	(310,540)	(66,833)
Other expenses	196,078	(22,165)	-	(173,913)	-
Total expenditures	29,047,364	(1,608,389)	(198,974)	(4,194,560)	23,045,441
Excess (deficiency) of revenue over expenditures	(942,103)	1,651,880	198,974	-	908,751
Other sources and uses					
Operating transfers in	1,080,985	-	-	(1,080,985)	-
Operating transfers out	(1,080,985)	-	-	1,080,985	-
Total other sources (uses)	-	-	-	-	-
Net change for year	\$ (942,103)	\$ 1,651,880	\$ 198,974	\$ -	\$ 908,751

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

The accompanying financial statements of the **Cuba-Rushford Central School District** have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. Extraclassroom Activity Funds

The extraclassroom activity fund of the **Cuba-Rushford Central School District** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds and has adopted the guidance prescribed by the New York State Education Department for safeguarding, accounting and auditing of extraclassroom activity funds. As a result, these funds do not meet the criteria required to be reported as fiduciary funds and are reported in a governmental fund. The cash and investment balances as well as revenues and expenditures are reported in a miscellaneous special revenue fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The **Cuba-Rushford Central School District** is one of 22 component school districts in the Cattaraugus-Allegany Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Venture (continued)

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed approximately \$5,227,000 for BOCES administration and program costs. The District's share of BOCES aid, refunds and rentals amounted to approximately \$2,730,000 for the year ended June 30, 2024. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

C. Basis of Presentation

1. District-wide Statements

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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

2. Fund Financial Statements

The fund 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 fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants, which are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service - is used to account for all revenue and expenditures pertaining to the cafeteria operations.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Debt Service - is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

Miscellaneous Special Revenue - is used to account for and report those revenues that are restricted and committed to expenditures for scholarships and student activities.

Fiduciary Fund Types - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are not included in the District-wide financial statements because their resources do not belong to the District, and are not available to be used. The District does not have any activities that qualify for reporting as a fiduciary.

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2010. For assets acquired to June 30, 2010, estimated historical costs, based on appraisals conducted by independent third-party professionals was used. Donated assets are reported at estimated fair market value at the time received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (continued)

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 2,500	Straight-line	40 years
Land improvements	2,500	Straight-line	25-30 years
Furniture and equipment	2,500	Straight-line	5-20 years
Transportation vehicles	2,500	Straight-line	8 years

I. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represents amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

J. Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and other employees expected to become eligible in the future to receive such payments are included. The District has recorded an estimated liability in the District-wide financial statement amounting to \$394,288 to recognize the cost of the incentive benefits for those employees eligible to receive such a benefit. The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the district-wide Statement of Net Position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statements of Net Position. This represents the actuarial differences that are deferred and amortized and benefits paid subsequent to measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category. The first is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS and TRS Systems) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized.

L. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Unearned Revenue (continued)

Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

M. Post-Employment Benefits

In addition to the retirement benefits described in Note 3VA, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. These benefits are provided in lieu of a lump sum payment of compensated absences. The contracts provide the option of converting accumulated sick pay to purchase health care and require various years of service and age limits. The District accrues for future compensated absences in the government-wide financial statements.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the Food Service Fund.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Unemployment Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either transferred to another reserve or the excess applied to the appropriations of the next fiscal year's budget. If the District elects to convert to tax basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is recorded in the General Fund.

2. Reserve for Retirement

The purpose of this reserve is to reserve funds to finance the cost of future retirement contributions. This reserve fund may be established by a majority vote of the board of education. This reserve is recorded in the General Fund.

3. Teachers' Retirement System Reserve

This reserve is used to accumulate funds for TRS contributions and has limits of 2% annually and 10% in total of teacher retirement salaries. This reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

4. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

5. Insurance Reserve

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law. The reserve may be established by board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

6. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. This reserve is accounted for in the Debt Service Fund.

7. Capital and Transportation Reserve

These reserves are used to accumulate funds to finance all or a portion of future capital projects and bus purchases for which bonds may be issued. Voter authorization is required for both the establishment of the reserves and payments from the reserves. These reserves are accounted for in the Capital Projects Fund.

8. Liability and Property Loss Reserve

This reserve is used to accumulate funds to pay liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

9. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

10. Worker's Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next fiscal year's budget. This reserve is accounted for in the General Fund

11. Repair Reserve

This reserve is used to accumulate funds to finance future costs of major repairs to capital improvements or equipment. Voter authorization is required to fund the reserve. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public heard with approval of two-thirds of the Board of Education. The emergency expenditures must be repaid within the next two succeeding years. This reserve is accounted for in the General Fund.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the fund balance of the extraclassroom activities as committed fund balance as of June 30, 2024.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer have been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned (continued)

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances totaled \$100,412 as of June 30, 2024.

2. General Fund

The amount of \$2,879,647 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2025 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide Financial Statements

A. Net Investment in Capital and Right-to-Use Assets

This designation of net position is used to accumulate the capital and right-to-use asset balance in the statement of net position less accumulated depreciation, amortization and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had supplemental appropriations during the year ended June 30, 2024 in the amount of \$1,000,000 related to a transfer to the capital project related to the 2023 capital improvement project.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Budgetary Procedures and Budgetary Accounting (continued)

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

P. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 31.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County, in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

Q. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Deferred Compensation Plan

Cuba-Rushford Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

1. Long-term Revenue Differences

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

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital and right-to-use items in the governmental fund statements and depreciation/amortization expense on those items as recorded in the Statement of Activities.

3. Long-term Debt Transaction Differences

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

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN GOVERNMENTAL FUND STATEMENTS
AND DISTRICT-WIDE STATEMENTS (CONTINUED)**

**B. Statement of Revenues, Expenditures and
Changes in Fund Balance vs. Statement of
Activities (Continued)**

4. Pension Differences

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

5. OPEB Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

The *Cuba-Rushford Central School District's* investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits.

The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2024, the District's bank deposits were fully collateralized.

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.

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

I. Cash (Continued)

- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or

- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2024 per the bank were approximately \$10,558,000. Included in cash is a six month certificate deposit of \$1,022,225 dated June 6, 2024. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 750,000	\$ 9,808,000	\$ -	\$10,558,000

II. Interfund Transactions

Interfund balances as of June 30, 2024 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 2,782,717	\$ 1,058,244
School Lunch Fund	11,448	179,935
Special Aid Fund	179,515	2,717,899
Misc. Special Revenue Fund	70	-
Debt Service Fund	215	-
Capital Projects Fund	1,947,862	965,749
Total	\$ 4,921,827	\$ 4,921,827

Interfund transactions for the year ended June 30, 2024 are as follows:

	Interfund Revenue	Interfund Expenditures
General Fund	\$ -	\$ 1,080,985
Capital Projects Fund	1,080,985	-
School Lunch Fund	-	-
Debt Service Fund	-	-
Special Aid Fund	-	-
Total	\$ 1,080,985	\$ 1,080,985

During the year ended June 30, 2024, the District transferred \$1,080,985 from the General Fund to the Capital Projects Fund towards the 2023 capital improvement project (\$1,000,000) and capital outlay project (\$80,985).

III. Receivables

Receivables at June 30, 2024 are as follows, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

Fund	Description	Amount
Special Aid	State and Federal Aid	\$ 2,610,900
General	State and Federal Aid	647,352
Food Service	State and Federal Aid	34,484
Capital Projects	State and Federal Aid	-
General	Due from Other Governments	2,028,040
Food Service	Other Receivables	3,216
General	Other Receivables	59,144
		\$ 5,383,136

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

IV. Capital and Right-to-use Assets

A. Capital Assets

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

	<u>Beginning Balance 06/30/23</u>	<u>Net Additions (Disposals)</u>	<u>Ending Balance 06/30/24</u>
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 132,268	\$ -	\$ 132,268
Construction-in-progress	1,920,681	1,976,574	3,897,255
Capital assets that are depreciated:			
Buildings and improvements	47,482,128	958,393	48,440,521
Furniture and equipment	<u>7,529,151</u>	<u>545,716</u>	<u>8,074,867</u>
Total historical cost	<u>57,064,228</u>	<u>3,480,683</u>	<u>60,544,911</u>
Less accumulated depreciation:			
Buildings and improvements	19,308,639	1,143,402	20,452,041
Furniture and equipment	<u>5,202,120</u>	<u>463,840</u>	<u>5,665,960</u>
Total accumulated depreciation	<u>24,510,759</u>	<u>\$ 1,607,242</u>	<u>26,118,001</u>
Total net book value	<u>\$ 32,553,469</u>		<u>\$ 34,401,623</u>

B. Depreciation and Amortization

Depreciation/amortization expense was charged to governmental functions as follows:

General support	\$ 260,785
Instruction	1,619,969
Pupil transportation	356,047
	<u>\$ 2,236,801</u>

C. Right-to-Use Assets

The District reported right-to-use assets net of amortization as of June 30, 2024 and 2023 in the amount of \$1,984,866 and \$2,181,140, respectively. More information related to the right-to-use assets is disclosed in Note 5.

D. Capital Additions

During the fiscal year ended June 30, 2024 the District had capital additions, including right-to-use assets, in the amount of \$3,845,190.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

b. Employees' Retirement System (ERS)

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

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL).

Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS) (continued)

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

2. Contributions

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

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

<u>Year</u>	<u>TRS</u>	<u>ERS</u>
2024	\$ 734,000	\$ 290,000
2023	754,000	243,000
2022	669,000	305,000

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

<u>Measurement date</u>	<u>ERS 3/31/2024</u>	<u>TRS 6/30/2023</u>
Net pension asset (liability)	\$ (1,135,594)	\$ (453,912)
District's portion of the Plan's total net Pension asset (liability)	.0077125%	.039692%

For the year ended June 30, 2024, the District's recognized pension expense of \$540,717 for ERS and \$1,284,601 for TRS. At June 30, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 365,774	\$ 1,100,616	\$ 30,965	\$ 2,720
Changes of assumptions	429,342	977,259	-	212,988
Net difference between projected and actual earnings on pension plan investments	-	232,031	554,732	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	127,658	5,997	10,093	84,342
District's contributions subsequent to the measurement date	86,665	733,553	-	-
Total	\$ 1,009,439	\$ 3,049,456	\$ 595,790	\$ 300,050

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, along with contributions subsequent to the measurement date, will be recognized in pension expense as follows:

	ERS	TRS
Year ending:		
2025	\$ (166,523)	\$ 171,713
2026	244,919	(247,230)
2027	352,156	1,811,821
2028	(103,568)	122,982
2029	-	95,375
Thereafter	-	61,192

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/24	6/30/23
Actuarial valuation date	4/1/23	6/30/22
Interest rate	5.9%	6.95%
Salary scale	4.4% average 4/1/15 – 3/31/20	1.95% - 5.18% 7/1/15 – 6/30/20
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.9%	2.4%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2021. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

Measurement date Asset Type:	ERS 3/31/24	Expected Rate of Return	TRS 6/30/22	Expected Rate of Return
	Domestic equity	32%	4.00%	33%
International equity	15%	6.65%	15%	7.70%
Global equity	-	-	4%	7.20%
Private equity	10%	7.25%	9%	10.10%
Real Estate	9%	4.60%	11%	6.30%
Opportunistic/ARS portfolio	3%	5.25%	-	-
Credit	4%	5.40%	-	-
Real assets	3%	5.79%	-	-
Domestic fixed income	-	-	16%	2.20%
Global Bonds	-	-	2%	1.60%
Real estate debt	-	-	6%	3.20%
Private debt	-	-	2%	6.00%
High-yield fixed income	-	-	1%	4.40%
Fixed Income	23%	1.50%	-	-
Cash	1%	.25%	1%	.30%
Total:	<u>100%</u>		<u>100%</u>	

5. Discount Rate

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

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

6. Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1- percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (3,570,423)	\$ (1,135,594)	\$ 897,994
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (6,913,310)	\$ (453,912)	\$ 4,978,721

7. Pension Plan Fiduciary Net Position

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

Measurement date	(Dollars in Thousands)	
	ERS 3/31/24	TRS 6/30/23
Employers' total pension liability	\$ 240,696,851	\$ 138,365,122
Plan net position	\$ 225,972,801	\$ 137,221,537
Employers' net pension asset (liability)	\$ (14,724,050)	\$ (1,143,585)
Ratio of plan net position to be Employers' total pension asset (liability)	93.88%	99.20%

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$86,665.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$843,563 (employer contribution \$733,553 and employee contributions of \$110,010).

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2024 the plan had total active employees of 160 and retirees of 32.

Total OPEB Liability

The District's total OPEB liability of \$6,189,524 was measured as of July 1, 2023 and was determined by an actuarial valuation as of July 1, 2022.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year Based on NYSERS and NYSTRS valuation as of March 31, 2020 and June 30, 2021, respectively
Salary increases	4.13%
Discount rate	2024 – 8.0% reduced to an ultimate trend rates rate of 4.5% after 2029.
Healthcare cost trend rates	
Retirees' share of benefit-related costs	Varies based on employment contract

The discount rate was based on a yield for 20 year tax-exempt general obligation municipal bonds.

Mortality rates were based on the Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the year ended June 30, 2023.

Changes in the Total OPEB Liability

Service cost	\$ 338,620
Interest	230,175
Change in Benefit Terms	-
Differences between expected and actual experience	135,045
Changes in assumptions	301,040
Benefit payments	(206,883)
Net changes	797,997
Net OPEB liability – beginning of year	5,391,527
Net OPEB liability – end of year	<u>\$ 6,189,524</u>

Changes in assumptions reflect a change in the discount rate from 4.09% in 2023 to 4.13% in 2024; health insurance trend rate from 7.5% through 4.50% in 2023 to 8.0% through 4.5% in 2024. Mortality rates unchanged based on Scale MP-2021 as of 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) that the current discount rate:

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

	1% Decrease (3.13%)	Current Assumption (4.13%)	1% Increase (5.13%)
Total OPEB liability	<u>\$ 6,840,560</u>	<u>\$ 6,189,524</u>	<u>\$ 5,605,230</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

1% Decrease (initial rate of 7.0% decreasing by .5% annually until reaching 3.5%)	Current Assumption (initial rate of 8.0% decreasing by .5% annually until reaching 4.5%)	1% Increase (initial rate of 9.0% decreasing by .5% annually until reaching 5.5%)	
Total OPEB liability	<u>\$ 5,376,464</u>	<u>\$ 6,189,524</u>	<u>\$ 7,165,823</u>

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

For the year ended June 30, 2024, the District recognized OPEB expense in the amount of \$526,472. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 590,534	\$ 496,710
Benefit payments subsequent to measurement date	249,213	-
Changes in assumptions	808,441	908,562
	<u>\$ 1,648,188</u>	<u>\$ 1,405,272</u>

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
 (CONTINUED)**

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

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

Year ending:	
2025	\$ (102,958)
2026	(29,084)
2027	26,595
2028	43,917
2029	3,555
Thereafter	51,678

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

On June 23, 2022, bond anticipation notes in the amount of \$11,020,000 were issued with an interest rate of 3.0% and matured on June 23, 2023. The notes carried a premium in the amount of \$105,600 which was recognized in the debt service fund during the year ended June 30, 2022. Proceeds from bonds (including premiums) issued on June 15, 2023, along with amounts redeemed from appropriations in the amount of \$984,400 were utilized to pay off the notes that matured on June 23, 2023. There were no BANS outstanding as of June 30, 2024 or 2023.

b. Short-Term Debt Interest

The District had interest on short-term debt in the amount of \$- the year ended June 30, 2024.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
 (CONTINUED)**

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt

a. Debt Limit

At June 30, 2024, the total indebtedness represents 22% of its debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets.

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2024 are summarized as follows:

	<u>Balance June 30, 2024</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Serial Bonds	\$ 12,797,178	\$ 14,023,194	\$ 975,000
Compensated Absences	394,288	391,716	-
Net Pension Liabilities	1,589,506	2,156,334	-
Lease Liability	28,391	55,532	28,391
Other post-Employment Benefits	6,189,524	5,391,527	-
	<u>\$ 20,998,887</u>	<u>\$ 22,018,303</u>	<u>\$ 1,003,391</u>

During the year, the District made principal payments of \$1,015,000 on its existing serial bonds. Net premium from existing bonds were amortized in the amount of \$211,016. The net pension liability to the NYS Employees' Retirement System and Teacher's Retirement System decreased \$566,828 in the current year related to actuarial updates. The net change in compensated absences was an increase of \$2,572. Other post-employment benefits had an increase of \$797,997 related to an actuarial update. For lease liability, the District made principal payments of \$27,141.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity

1. The following is a summary of maturity of serial bonds indebtedness on June 30, 2024.

<u>Description of Issue</u>	<u>Outstanding June 30, 2024</u>
<u>Serial Bonds:</u>	
Building Construction and Reconstruction Bonds, issued June 2017 with maturity date of June 2032; bonds carry interest at 2.00% - 3.00%.	\$ 3,380,000
Plus: unamortized bond premiums	13,844
	<u>\$ 3,393,844</u>

Serial Bonds:

Building Construction and Reconstruction Bonds, issued June 2023 with maturity date of June 2036; bonds carry interest at 5.0%.	\$ 8,385,000
Plus: unamortized bond premiums	1,018,334
	<u>\$ 9,403,334</u>

Lease:

Lease entered into on May 18, 2020, related to energy controls equipment. Quarterly payments of \$7,299, including interest at a rate of 4.4%.

\$ 28,391

2. The following is a summary of maturing debt service requirements:

Year	<u>Serial Bonds – 2017</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 420,000	\$ 86,150
2026	435,000	77,750
2027	440,000	69,050
2028	450,000	59,150
2029	460,000	46,900
2030-2032	1,175,000	63,550
Total	<u>\$ 3,380,000</u>	<u>\$ 402,550</u>

Year	<u>Serial Bonds – 2023</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 555,000	\$ 419,250
2026	585,000	391,500
2027	615,000	362,250
2028	645,000	331,500
2029	675,000	299,250
2030-2034	3,930,000	954,000
2035-2036	1,380,000	92,500
Total	<u>\$ 8,385,000</u>	<u>\$ 2,850,250</u>

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

Year	<u>Lease - 2020</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 28,391	\$ 806
Total	<u>\$ 28,391</u>	<u>\$ 806</u>

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$678,035 for the year ended June 30, 2024 related to serial bonds (\$675,979) and lease (\$2,056).

3. Premiums, Debt Issuance Costs and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds were expensed in accordance with GASB 65.

4. Refunding of long-term debt

In prior years, the District defeased other general obligations and other bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements.

VI. Fund Equity

A. District-wide Net Position

Net position of the District include restricted net position of \$5,259,625 which represent restricted amounts in the general, capital projects, miscellaneous special revenue and debt service funds.

B. Unassigned Fund Balance

Included in unassigned fund balance in the general fund as of June 30, 2024, is a reserve for tax reduction in the amount of \$12,106.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VI. Fund Equity (continued)

C. Classification

The District's fund equity is comprised of various components as presented below:

<u>Category/Fund</u>	<u>Description</u>	<u>Balance June 30, 2024</u>
Nonspendable:		
Food Service	Inventory	\$ 18,344
Restricted:		
General	Reserve for employee benefits	\$ 1,609,856
	Reserve for property loss	15,231
	Insurance reserve	25,386
	Reserve for retirement system credits	1,406,753
	Repair reserve	203,085
	Unemployment reserve	465,423
	Reserve for workers' Compensation	440,834
	Teachers' Retirement System Reserve	125,323
		<u>\$ 4,291,891</u>
Debt Service	Reserve for debt service	\$ 256,163
Miscellaneous Special Revenue	Reserve for endowment scholarships	\$ 3,570
Capital Projects	Transportation reserve	\$ 708,001
Committed:		
Miscellaneous Special Revenue	Extraclassroom fund balance	\$ 57,049
Assigned:		
General	Reserve for encumbrances	\$ 100,412
	Appropriated fund equity	2,879,647
		<u>\$ 2,980,059</u>
Capital	Appropriated fund equity	\$ 965,151
Food Service	Appropriated fund equity	\$ 294,047

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

Cuba-Rushford Central School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VII. Commitments and Contingencies (continued)

A. Risk Financing and Related Insurance (continued)

2. Risk Sharing Pools

For its employee health and accident coverage, *Cuba-Rushford Central School District* is a participant in the Cattaraugus-Allegany Regional Medical Plan, a public entity risk pool operated for the benefit of 23 individual governmental units located within Allegany and Cattaraugus Counties. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$100,000 per insured event. The Cattaraugus-Allegany Regional Medical Plan obtains independent coverage for insured events in excess of this amount.

The *Cuba-Rushford Central School District* also participates in a risk sharing pool, Cattaraugus-Allegany BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

C. Contingencies

The District, in the normal course of its operations, is involved in various other litigation and arbitration cases. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

D. Litigation

The District was named in an Article 78 lawsuit that challenged the Town of Cuba's 2023 Assessment. In July 2024, the State of New York Supreme Court declared the 2023 Assessment null and void and that the 2022 Assessment Roll be reinstated, until the Town performs a new reassessment. It is the District's understanding that the Town is in the process of filing an appeal and has reserved its right to do so.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VIII. Tax Abatements

The Allegany County Industrial Development Agency entered into a property tax abatement program (Payment in Lieu of Taxes – PILOT) with a Corporation in the **Cuba-Rushford Central School District's** tax jurisdiction for the purpose of economic development. The term of the PILOT is 20 years with the agreement expiring on January 1, 2026. Payments under the agreement will amount to 100% of the assessed land value and 35% of all improvements, gradually increasing to 100% after ten years. At this time, the District is unable to quantify the amount of taxes that have been abated under this program.

NOTE 4 – CAPITAL PROJECTS

On December 15, 2016, the voters of **Cuba-Rushford Central School District** approved a \$14,000,000 renovation project. The proposed budget of this capital project included expenditures for architectural and improvement costs. The District had expenditures related to the capital project in the amounts of \$0 during the year ended June 30, 2024.

In April 2023, the District was awarded a grant from the New York State Energy Research and Development Authority in the amount of \$6.1 million to improve the environmental sustainability of those schools by reducing school energy loads, decarbonizing their building portfolio, improving indoor air quality (IAQ), and providing clean energy educational opportunities. Expenditures incurred during the year ended June 30, 2024, totaled \$138,873.

On May 16, 2023, the voters of the **Cuba-Rushford Central School District** approved a capital improvement project at an amount not to exceed \$29 million to address District needs in the areas of building renovations, instruction, athletic and safety. The proposition calls for the financing of the project to include the use of capital reserve funds not to exceed \$3 million and serial bonds not to exceed \$26 million. Subsequent to the vote, it came to the District's attention that certain required language giving authority to levy taxes towards the Project's future debt service requirements was lacking. As a result, the District placed a new proposition on the ballot, which was approved in May 2024. Through June 30, 2023, \$2 million of the capital reserve was previously funded by the Board of Education. The District transferred the remaining \$1 million during the current year. The District had expenditures related to the capital project in the amount of \$1,756,716 during the year ended June 30, 2024.

The District had expenditures of \$0 related to a Smart Schools Bond Act project during the current year.

Lastly, the District had a capital outlay with expenditures of \$80,985 during the current year.

NOTE 5 – RIGHT-TO-USE ASSETS/LEASES

The District has entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however the District has recognized a right-to-use asset in accordance with Governmental Accounting Standards Board Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase agreement. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2024:

	Balance 7/1/2023	Additions
Right-to-use asset Accumulated	\$ 3,013,455	\$ 407,998
amortization	(832,315)	(604,272)
	\$ 2,181,140	\$ (196,274)

	Deletions	Balance 6/30/2024
Right-to-use asset Accumulated	\$ (472,391)	\$ 2,949,062
amortization	472,391	(964,196)
	\$ -	\$ 1,984,866

NOTE 6 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$1,069,000 of CRRSA assistance to the District. The District had expenditures of \$325,518, \$501,050, \$242,366 and \$0 during the years ended June 30, 2024, 2023, 2022 and 2021, respectively, related to CRRSA funds.

In March 2021, the American Rescue Plan (ARP) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$3,161,000 of ARP assistance to the District. The District had expenditures of \$1,947,867, \$553,953, \$415,451 and \$0 during the years ended June 30, 2024, 2023, 2022 and 2021, respectively, related to ARP funds.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 10, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 6,304,698	\$ 6,304,698	\$ 6,304,366	\$ (332)
Real property tax items	27,155	27,155	17,203	(9,952)
Charges for services	133,800	133,800	160,144	26,344
Use of money and property	319,000	319,000	414,623	95,623
Sale of property and compensation for loss	2,000	2,000	10,427	8,427
Miscellaneous	250,000	250,000	393,603	143,603
State Sources:				
Basic formula	14,166,534	14,166,534	14,104,729	(61,805)
BOCES	1,982,164	1,982,164	2,075,228	93,064
Textbooks	43,979	43,979	38,286	(5,693)
All other aid	28,646	28,646	114,297	85,651
Federal Sources:				
Medicaid reimbursement	160,000	160,000	147,576	(12,424)
E-rate	40,000	40,000	5,866	(34,134)
Total revenue	23,457,976	23,457,976	23,786,348	328,372
Other Sources				
Operating transfer in	-	-	-	-
Total revenue and other sources	23,457,976	23,457,976	\$ 23,786,348	\$ 328,372
Supplemental appropriation - transfer to the capital projects fund	-	1,000,000		
Use of reserve funds	199,519	199,519		
Appropriated fund equity and prior year encumbrances	2,311,700	2,668,692		
Total revenue, other sources and appropriated fund equity	\$ 25,969,195	\$ 27,326,187		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 13,032	\$ 11,015	\$ 7,003	\$ -	\$ 4,012
Central administration	240,847	246,552	244,990	600	962
Finance	341,014	376,782	371,534	-	5,248
Staff	546,455	546,535	562,306	-	(15,771)
Central services	2,316,200	2,517,023	2,426,324	4,475	86,224
Special items	360,799	370,883	365,206	-	5,677
Instructional:					
Instruction, administration and improvement	658,790	766,509	795,714	4,728	(33,933)
Teaching - regular school	4,820,216	4,792,197	4,545,167	67,118	179,912
Programs for children with handicapping conditions	3,747,136	3,815,159	2,787,844	9,106	1,018,209
Teaching - special schools	20,480	21,710	15,510	-	6,200
Occupational education	693,172	685,832	681,503	-	4,329
Instructional media	1,428,856	1,486,503	1,554,475	1,321	(69,293)
Pupil services	1,389,503	1,447,212	1,238,472	574	208,166
Pupil Transportation	1,394,252	1,417,879	1,174,627	12,490	230,762
Employee Benefits	5,931,770	5,757,723	4,456,879	-	1,300,844
Debt Service:					
Debt service principal	1,405,742	1,042,142	1,042,141	-	1
Debt service interest	497,931	861,531	678,035	-	183,496
Total expenditures	25,806,195	26,163,187	22,947,730	100,412	3,115,045
Other Uses:					
Transfer to other funds	163,000	1,163,000	1,080,985	-	82,015
Total other uses	163,000	1,163,000	1,080,985	-	82,015
Total expenditures and other uses	\$ 25,969,195	\$ 27,326,187	24,028,715	\$ 100,412	\$ 3,197,060
Excess (deficiency) of revenue and other sources over expenditures and other uses			\$ (242,367)		

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL – FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS1A

Page 36

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 12,000	\$ 82,589	\$ 70,589
Federal sources	526,000	529,770	3,770
Sales	52,000	56,869	4,869
Miscellaneous	7,000	899	(6,101)
Surplus food	34,000	43,117	9,117
Use of money and property	4,029	9,229	5,200
Total revenue	<u>635,029</u>	<u>722,473</u>	<u>87,444</u>
Expenditures			
General support	238,406	231,885	6,521
Employee benefits	137,623	139,447	(1,824)
Cost of sales	209,956	243,707	(33,751)
Other expenses	56,795	62,766	(5,971)
Total expenditures	<u>642,780</u>	<u>677,805</u>	<u>(35,025)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ (7,751)</u>	44,668	<u>\$ 52,419</u>
Fund equity, beginning of year		<u>267,723</u>	
Fund equity, end of year		<u>\$ 312,391</u>	

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS2

Page 37

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 25,969,195
Additions:	
Prior year encumbrances	<u>356,992</u>
Original Budget	26,326,187
Budget Revisions: Supplemental appropriation - transfer to capital project fund	<u>1,000,000</u>
Final budget	<u><u>\$ 27,326,187</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2024-25 voter-approved expenditure budget	\$ 26,446,770
Maximum allowed (4% of 2024-25 budget)	\$ 1,057,871

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:

Unrestricted fund balance:	
Assigned fund balance	\$ 2,980,059
Unassigned fund balance	<u>4,398,388</u>
Total unrestricted fund balance	<u>7,378,447</u>
Less:	
Appropriated fund balance	2,879,647
Insurance recovery reserve	-
Tax reduction reserve	12,106
Encumbrances included in committed and assigned fund balance	<u>100,412</u>
Total adjustments	<u>2,992,165</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,386,282</u></u>
Actual percentage	<u><u>16.6%</u></u>

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

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS3

Page 38

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Over expended) Balance	Methods of financing				Fund Equity June 30, 2024	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources	Total		
2011 Improvement project	\$ 10,900,000	\$ 10,900,000	\$ 9,293,839	\$ -	\$ 9,293,839	\$ 1,606,161	\$ 8,256,800	\$ 743,200	\$ 342,952	\$ 9,342,952	\$ 49,113	
2018 Improvement project	14,000,000	14,000,000	13,855,525	-	13,855,525	144,475	13,349,966	-	652,817	14,002,783	147,258	
2023 Improvement project	29,000,000	29,000,000	12,546	1,756,716	1,769,262	27,230,738	-	-	3,005,386	3,005,386	1,236,124	
Capital Outlay Project	100,000	100,000	-	80,985	80,985	19,015	-	-	80,985	80,985	-	
Smart Schools Bonds Act project	1,249,193	1,249,193	1,249,193	-	1,249,193	-	-	781,849	-	781,849	(467,344)	
2023 Energy Project	6,100,000	6,100,000	155,231	138,873	294,104	5,805,896	-	275,030	19,074	294,104	-	
	<u>\$ 61,349,193</u>	<u>\$ 61,349,193</u>	<u>\$ 24,566,334</u>	<u>\$ 1,976,574</u>	<u>\$ 26,542,908</u>	<u>\$ 34,806,285</u>	<u>\$ 21,606,766</u>	<u>\$ 1,800,079</u>	<u>\$ 4,101,214</u>	<u>\$27,508,059</u>	965,151	
											Transportation reserve	<u>708,001</u>
											Total fund equity as of June 30, 2024	<u>\$ 1,673,152</u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS4A

Page 39

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Health Care Worker Bonus Program	N/A	2024	N/A	\$ 538	\$ 538
NYS RECOVS for Learning Loss	N/A	2024	N/A	2,348	2,348
Summer School	N/A	2024	N/A	204,869	204,869
Universal Pre-kindergarten	0409-24-7136	2024	\$ 138,671	138,671	138,671
School Breakfast and Lunch Program	N/A	2024	N/A	82,589	82,589
				<u>\$ 429,015</u>	<u>\$ 429,015</u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Cuba-Rushford Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the 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). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable program 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.

Note 2 - Non-monetary Federal Program

The accompanying **Cuba-Rushford Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2024, the District reported in the Schedule of Federal Awards \$43,117 of donated commodities at fair market value received and disbursed.

Note 3 - Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS4C

Page 40

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Passed through NYS Department of Education:					
Title I	84.010A	0021-24-0125	\$ 370,644	\$ 368,644	\$ 368,644
Title II, Part A	84.367A	0147-24-0125	38,123	38,143	38,143
Title IV - DFSCA	84.186A	0180-24-0255	30,447	30,447	30,447
Title V - Part B - Rural and Low Income Schools	84.358B	0006-24-0125	24,891	24,891	24,891
IDEA Part B, Section 611 *	84.027A	0032-24-0044	249,634	217,850	217,850
IDEA Part B, Section 619 *	84.173A	0033-24-0044	12,312	12,157	12,157
COVID-19 - CRRSA ESSER 2	84.425D	5891-21-0125	1,068,934	325,518	325,518
COVID-19 - ARP IDEA Part B, Section 611 *	84.027X	5532-22-0044	42,827	27,948	27,948
COVID-19 - ARP IDEA Part B, Section 619 *	84.173X	5533-22-0044	4,769	3,991	3,991
COVID-19 - ARP ESSER 3	84.425U	5880-21-0125	2,402,411	1,788,337	1,788,337
COVID-19 - ARP SLR Comprehensive After School	84.425U	5883-21-0125	100,372	13,602	13,602
COVID-19 - ARP Homeless	84.425W	5218-21-0125	8,548	200	200
COVID-19 - ARP SLR Learning Loss	84.425U	5884-21-0125	501,844	80,000	80,000
COVID-19 - ARP SLR Summer Enrichment	84.425U	5882-21-0125	100,372	33,789	33,789
Total U.S. Department of Education				2,965,517	2,965,517
US Department of Agriculture:					
Passed through NYS Department of Education:					
National School Breakfast Program **	10.553	N/A	N/A	135,854	135,854
National School Lunch Program **	10.555	N/A	N/A	347,427	347,427
COVID-19 Summer Food Service Program **	10.559	N/A	N/A	19,747	19,747
COVID-19 Supply Chain Assistance **	10.555	N/A	N/A	26,742	26,742
Passed through NYS Office of General Services					
National School Lunch Program **					
Non-Cash Assistance (commodities)	10.555	N/A	N/A	43,117	43,117
Total U.S. Department of Agriculture				572,887	572,887
Total expenditures and revenue				\$ 3,538,404	\$ 3,538,404

* Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of \$ 261,946

** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of \$ 572,887

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL AND RIGHT-TO-USE ASSETS
AS OF JUNE 30, 2024

Schedule SS5

Page 41

Capital and right-to-use assets	\$	36,386,489
Less:		
Serial bonds		(12,797,178)
Lease liability		(28,391)
Plus:		
Assets net of related payables in capital projects fund (not including transportation reserve)		<u>965,151</u>
Net investment in capital and right-to-use assets	\$	<u><u>24,526,071</u></u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2024

Schedule SS6

Page 42

As of the measurement date of 7/1	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability								
Service cost	\$ 338,620	\$ 388,486	\$ 358,546	\$ 257,920	\$ 247,906	\$ 243,783	\$ 280,383	\$ 227,664
Interest	230,175	126,988	143,819	168,643	187,456	183,769	165,952	192,093
Differences between expected and actual experience	135,045	604,922	(205,259)	(338,180)	(272,292)	(197,023)	(315,383)	-
Change in benefit terms	-	-	-	-	-	39,567	-	-
Changes in assumptions	301,040	(1,044,015)	240,265	661,034	133,750	(248,400)	(275,594)	444,636
Benefit payments	(206,883)	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Net change in total OPEB liability	797,997	(112,448)	375,252	417,418	(62,638)	(307,491)	(495,790)	542,239
Total OPEB liability - beginning	5,391,527	5,503,975	5,128,723	4,711,305	4,773,943	5,081,434	5,577,224	648,089
Prior period adjustment (see notes)	-	-	-	-	-	-	-	4,386,896
Total OPEB liability - ending	<u>\$ 6,189,524</u>	<u>\$ 5,391,527</u>	<u>\$ 5,503,975</u>	<u>\$ 5,128,723</u>	<u>\$ 4,711,305</u>	<u>\$ 4,773,943</u>	<u>\$ 5,081,434</u>	<u>\$ 5,577,224</u>
Plan fiduciary net position								
Contributions - employer	\$ 206,883	\$ 188,829	\$ 162,119	\$ 331,999	\$ 359,458	\$ 329,187	\$ 351,148	\$ 322,154
Benefit payments	(206,883)	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 6,189,524</u>	<u>\$ 5,391,527</u>	<u>\$ 5,503,975</u>	<u>\$ 5,128,723</u>	<u>\$ 4,711,305</u>	<u>\$ 4,773,943</u>	<u>\$ 5,081,434</u>	<u>\$ 5,577,224</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	<u>\$ 7,590,419</u>	<u>\$ 7,405,287</u>	<u>\$ 7,004,135</u>	<u>\$ 6,833,302</u>	<u>\$ 6,781,849</u>	<u>\$ 6,616,438</u>	<u>\$ 7,263,896</u>	<u>\$ 7,170,677</u>
District's net OPEB liability as a percentage of covered-employee payroll	81.54%	72.81%	78.58%	75.05%	69.47%	72.15%	69.95%	77.78%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate from 4.09% as of 7/1/22 to 4.13% as of 7/1/23
 Health care trend remained unchanged from 7.5% through 4.5% as of 7/1/22 to 8.0% through 4.5% as of 7/1/23

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2024

Schedule SS7

Page 43

For the year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	\$ 206,883	\$ 188,829	\$ 162,119	\$ 331,999	\$ 359,458	\$ 329,187	\$ 351,148	\$ 322,154
Contributions in relation to the actuarially determined contribution	(206,883)	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,590,419	\$ 7,405,287	\$ 7,004,135	\$ 6,833,302	\$ 6,781,849	\$ 6,616,438	\$ 7,263,896	\$ 7,170,677
Contributions as a percentage of District's covered-employee payroll	2.73%	2.55%	2.31%	4.86%	5.30%	4.98%	4.83%	4.49%

Notes to Schedule

Valuation date: 7/1/2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	4.13% as of July 1, 2023
Inflation	2.5% per year
Healthcare cost trend rates	An initial rate of 8.0% in 2024 and decreasing each year to an ultimate rate of 4.5% after 2029
Salary increases	Based on NYSERS and NYSTRS valuation as of March 31, 2020 and June 30, 2021, respectively
Mortality	Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021
Retiree Cost Sharing	Varies based on employment contract
Participants	160 Active and 32 Retirees

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024

Schedule SS8

Page 44

New York State Teachers' Retirement System

For the year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 733,554	\$ 754,129	\$ 668,947	\$ 612,758	\$ 570,358	\$ 672,773	\$ 608,062	\$ 703,647	\$ 789,447	\$ 1,030,148
Contributions in relation to the contractually required contribution	(733,554)	(754,129)	(668,947)	(612,758)	(570,358)	(672,773)	(608,062)	(703,647)	(789,447)	(1,030,148)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,515,922	\$ 7,328,756	\$ 6,825,990	\$ 6,429,780	\$ 6,437,449	\$ 6,334,962	\$ 6,204,714	\$ 6,003,814	\$ 5,953,597	\$ 5,876,486
Contributions as a percentage of District's covered-employee payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

New York State Local Employees' Retirement System

For the year ended March 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 290,110	\$ 243,252	\$ 305,394	\$ 277,742	\$ 265,066	\$ 252,279	\$ 261,491	\$ 245,876	\$ 282,297	\$ 283,169
Contributions in relation to the contractually required contribution	(290,110)	(243,252)	(305,394)	(277,742)	(265,066)	(252,279)	(261,491)	(245,876)	(282,297)	(283,169)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,375,666	\$ 2,238,741	\$ 2,027,216	\$ 2,082,298	\$ 2,015,102	\$ 1,866,292	\$ 1,750,241	\$ 1,632,563	\$ 1,570,155	\$ 1,559,237
Contributions as a percentage of District's covered-employee payroll	12.21%	10.87%	15.06%	13.34%	13.15%	13.52%	14.94%	15.06%	17.98%	18.16%

See accompanying independent auditor's report.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY) – NYSTRS AND DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - NYSLERS
FOR THE YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024**

New York State Teachers' Retirement System - Net Pension Asset (Liability)

As of the measurement date of June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	n/a	0.039692%	0.038532%	0.037882%	0.037935%	0.037948%	0.038092%	0.037887%	0.038582%	0.039121%
District's proportionate share of the net pension asset (liability)	n/a	\$ (453,912)	\$ (739,381)	\$ 6,564,582	\$ (1,048,232)	\$ 985,896	\$ 688,799	\$ 287,978	\$ (413,230)	\$ 3,083,971
District's covered-employee payroll	n/a	\$ 7,328,756	\$ 6,825,990	\$ 6,429,780	\$ 6,437,449	\$ 6,334,962	\$ 6,204,714	\$ 6,003,814	\$ 5,953,597	\$ 5,876,486
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	-6.19%	-10.83%	102.10%	-16.28%	15.56%	11.10%	4.80%	6.94%	52.48%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

New York State Local Employees' Retirement System - Net Pension Asset (Liability)

As of the measurement date of March 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0077125%	0.0066077%	0.0065672%	0.0063841%	0.0059127%	0.0058735%	0.0061909%	0.0060622%	0.0061023%	0.0059209%
District's proportionate share of the net pension asset (liability)	\$ (1,135,594)	\$ (1,416,953)	\$ 536,844	\$ (6,357)	\$ (1,565,716)	\$ (416,152)	\$ (199,809)	\$ (569,617)	\$ (979,442)	\$ (200,023)
District's covered-employee payroll	\$ 2,375,666	\$ 2,238,741	\$ 2,027,216	\$ 2,082,298	\$ 2,015,102	\$ 1,866,292	\$ 1,750,241	\$ 1,632,563	\$ 1,570,155	\$ 1,559,237
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	47.80%	63.29%	-26.48%	0.31%	77.70%	22.30%	11.42%	34.89%	62.38%	12.83%
Plan fiduciary net position as a percentage of the total pension asset (liability)	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

**INDEPENDENT AUDITOR'S 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**

**To the President and
Members of the Board of Education
Cuba-Rushford Central School District
Cuba, New York**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Cuba-Rushford Central School District* as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise *Cuba-Rushford Central School District's* basic financial statements and have issued our report thereon dated October 10, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item II.A.2024-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Cuba-Rushford Central School District's* financial statements are free of 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2024-002.

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on *Cuba-Rushford Central School District's* responses to the internal controls over compliance finding and compliance and other matters finding identified in our audit described in the accompanying schedule of findings and questioned costs. *Cuba-Rushford Central School District's* responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 10, 2024**

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

To the President and
Members of the Board of Education
Cuba-Rushford Central School District
Cuba, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

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

In our opinion, *Cuba-Rushford Central School 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 major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on *Cuba-Rushford Central School District's* compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 *Cuba-Rushford Central School District* with the requirements of each major federal program as a whole.

Auditor's Responsibilities for the Audit of Compliance (continued)

In performing an audit in accordance with generally accepted auditing standards, *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 ***Cuba-Rushford Central School District's*** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ***Cuba-Rushford Central School District's*** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ***Cuba-Rushford Central School District's*** internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that may be material weakness 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 in internal control over compliance 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.

Purpose of this Report

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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 10, 2024**

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> none reported

Noncompliance material to financial statements noted?	<u> x </u> yes	<u> </u> no
---	--------------------------	----------------------

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> none reported

Type of auditor's opinion 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)	<u> </u> yes	<u> x </u> no
---	-----------------------	-------------------------

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 3,538,404</u>
Identification of Major Programs Tested:		
COVID-19 - CRRSA ESSER 2	84.425D	\$ 325,518
COVID-19 - ARP ESSER 3	84.425U	1,788,337
COVID-19 - ARP SLR Comprehensive After School	84.425U	13,602
COVID-19 - ARP Homeless	84.425W	200
COVID-19 - ARP SLR Learning Loss	84.425U	80,000
COVID-19 - ARP SLR Summer Enrichment	84.425U	<u>33,789</u>
Total major programs tested		<u>\$ 2,241,446</u>
% of Federal programs tested		<u>63%</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
--	-------------------

Auditee qualified as low risk?	<u> X </u> yes	<u> </u> no
--------------------------------	--------------------------	----------------------

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2024-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2024

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Cause and Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Auditors' Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

2024-002 Unassigned Fund Balance

Year ended June 30, 2024

Conditions and criteria: **Cuba-Rushford Central School District's** unassigned fund balance, less tax reduction reserve, as of June 30, 2024 amounted to approximately \$4,386,000. This amount constitutes approximately 16.6% of the 2024-2025 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditors' Recommendation: **Cuba-Rushford Central School District** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation of fund balance.

District's Response: The District will continue to closely monitor its fund balance in the future and will review all options with regards to reservation of fund balance.

III. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2024

No findings related to compliance are being reported upon during the fiscal year ended June 30, 2024.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2024

No findings related to internal control over compliance are being reported upon during the fiscal year ended June 30, 2024.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2023-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2023

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly effect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements in was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2024 as finding 2024-001.

B. COMPLIANCE AND OTHER MATTERS

2023-002 Unassigned Fund Balance

Year Ended June 30, 2023

Summary of Prior Year Finding: The District's unassigned fund balance as of June 30, 2023 amounted to approximately \$4,995,000. This amount constituted approximately 19.2% of the 2023-2024 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2024 as finding 2024-002.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year Ended June 30, 2023

There were no findings related to compliance during the year ended June 30, 2023.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2023

There were no findings related to internal control over compliance during the year ended June 30, 2023.