

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

2023 FINANCIAL STATEMENTS

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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, 2023, 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, 2023, 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, 2022 financial statements, and our report dated September 27, 2022, 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, 2022, 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 December 5, 2023, 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
December 5, 2023

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, 2023. 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, 2023:

- Overall net position from operations of the District increased during the current year in the amount of \$982,000 as compared to an increase of \$3,520,000 during the prior fiscal year.
- The District's total revenue increased 1% from \$25,352,000 for the year ended June 30, 2022 to \$25,679,000 for the year ended June 30, 2023. During the current year, the District had increases in taxes and pandemic related grant funding.
- The District's total expenses increased approximately 13% from \$21,832,000 during the year ended June 30, 2022 to \$24,697,000 during the year ended June 30, 2023. This increase was primarily the result of increases in pension expense related to actuarial updates, along with increases in salaries and materials and supplies.
- The District's had capital outlays during the current year in the amount of approximately \$2,475,000, which was primarily related to the costs associated with the District's capital projects, Smart Bond Act project 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.

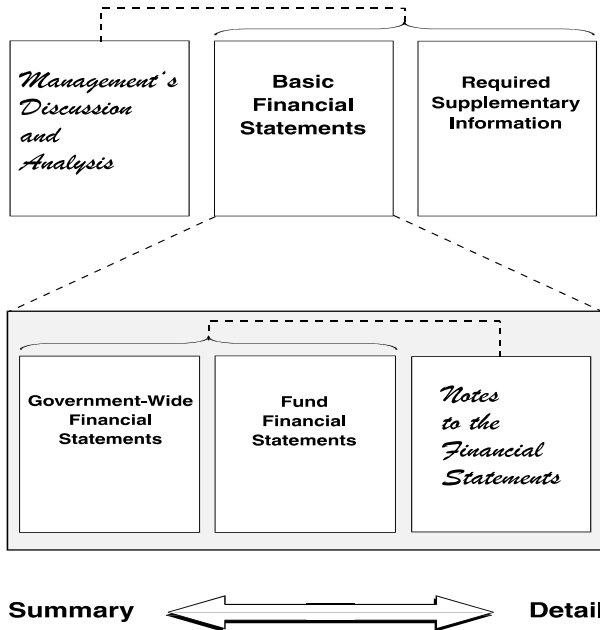
2. Fiduciary Funds

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 (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 13% to \$24,697,000. 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 1% while total expenses increased 13%. The District's total net position increased from operations approximately \$982,000 during the fiscal year ended June 30, 2023.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$25,679,000 for the fiscal year ended June 30, 2023. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 25% of the District's total revenue for governmental activities increased approximately 4% during the year ended June 30, 2023 related to an increase in the tax levy.
- The District's most significant revenue is state sources which represent \$15,894,000 or 62% of total governmental revenue. The District's state sources decreased 0%, primarily related to a decrease in smart bond act state funding, which was partially offset by an increase in state aid, including BOCES aid and lottery aid.
- During the year ended June 30, 2023, the District saw an increase in program revenue in the amount of \$97,000. This increase was primarily related to a operating grants and contributions increased approximately \$64,000 as compared with the prior year revenue, and charges for services increased \$33,000. The increase in operating grants and contributions was related to Pandemic related Federal grants. The increase in grants and contributions were related to an increase in Pandemic related funding, along with NYSERDA funding received in the current year.

IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$31,836,000. The components of net position include: net investment in capital and right to use assets, of \$22,372,000; restricted net position of \$5,205,000; and unrestricted net position of \$4,259,000 as of June 30, 2023.

Changes in Net Position

The District's total government-wide revenue increased by 1% to \$25,679,000. Approximately 25%, 8% and 62% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 5% 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)

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 \$24,697,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$50,000 or 1% as a result of an increase in pension expense resulting from actuarial updates.
- The District's instruction costs increased by approximately \$2,279,000 or 15%, which was primarily the result of increases in pension expense due to actuarial updates, along with increases in contractual expenses and material and supplies.
- Debt service of the District increased approximately \$221,000 during the year ended June 30, 2023, which resulted from an increase in interest expense, along with bond issuance costs related to new financing obtained by the District in the current year.
- Transportation costs of the District increased 22% or \$280,000 during the year ended June 30, 2023 primarily related to increases in pension expense resulting from actuarial updates, along with an increase in contractual expenses.
- The District's cost of sales (food service fund) totaled \$620,000 during the current year as compared to \$585,000 during the fiscal year ended June 30, 2022. This increase was related to more meals served during the current year.
- The District received approximately \$2,480,000 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 (\$22.2 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Position

Cuba-Rushford Central School District Condensed Statement of Net Position (in thousands of dollars)			
	Governmental Activities and Total District-wide		
	2023	2022	% Change
Assets			
Current and other assets	\$ 16,639	\$ 23,877	-30%
Capital and Right-to-use assets	34,735	34,259	1%
Total assets	51,374	58,136	-12%
Deferred Outflows of Resources			
Deferred outflows - pensions and OPEB	6,395	5,951	7%
Deferred outflows of resources and assets	\$ 57,769	\$ 64,087	-10%
Liabilities			
Other liabilities	\$ 1,758	\$ 12,838	-86%
Long-term liabilities	22,018	10,220	115%
Total liabilities	23,776	23,058	3%
Deferred Inflows of Resources			
Deferred inflows - pensions and OPEB	2,157	10,173	-79%
Deferred inflows of resources and liabilities	25,933	33,231	-22%
Net Position			
Net investment in capital and right-to-use assets	22,372	18,937	18%
Restricted	5,205	7,212	-28%
Unrestricted	4,259	4,707	-10%
Total net position	31,836	30,856	3%
Total liabilities, deferred inflows of resources and net position	\$ 57,769	\$ 64,087	-10%

Figure A-4 – Changes in Net Position

Cuba-Rushford Central School District Changes in Net Position from Operating Results (in thousands of Dollars)			
	Governmental Activities and Total District-wide		
	2023	2022	% Change
Revenue			
Program revenue			
Charges for services	\$ 146	\$ 113	29%
Operating grants and contributions	2,334	2,270	3%
General revenue			
Real property taxes	6,405	6,149	4%
Use of money & property	316	280	13%
Sale of property & comp for loss	1	(11)	-105%
State sources	15,894	15,955	0%
Federal sources	183	202	-10%
Miscellaneous	400	394	1%
Total revenue	25,679	25,352	1%
Expenses			
General support	4,643	4,593	1%
Instruction	17,435	15,156	15%
Transportation	1,544	1,264	22%
Debt service - interest	455	234	94%
Cost of sales	620	585	6%
Total expenses	24,697	21,832	13%
Change in net position	\$ 982	\$ 3,520	

Figure A-5 – Sources of Revenue

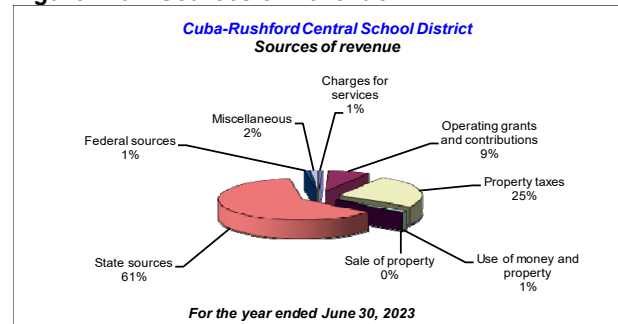


Figure A-6 – Expenses

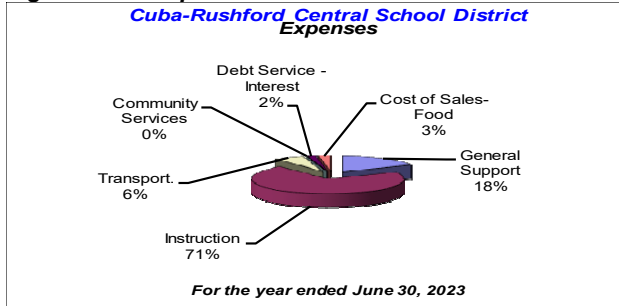


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District			
	2023		2022	
Expenditures supported with general revenue (from taxes & other sources)	\$ 22,217	90%	\$ 19,449	89%
Expenditures supported with program revenue	2,480	10%	2,383	11%
Total expenditures related to governmental activities	\$ 24,697	100%	\$ 21,832	100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2023	2022	Change	2023	2022	Change
General support	\$ 4,643	\$ 4,593	\$ 50	\$ 4,643	\$ 4,593	\$ 50
Instruction	17,435	15,156	2,279	15,562	13,552	2,010
Transportation	1,544	1,264	280	1,544	1,264	280
Debt service - interest	455	234	221	455	234	221
Cost of sales - food	620	585	35	13	(194)	207
Total	\$ 24,697	\$ 21,832	\$ 2,865	\$ 22,217	\$ 19,449	\$ 2,768

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 revenue and other sources exceeded its expenditures and other uses by approximately \$452,000.
- The District's general fund unassigned fund balance equated to approximately \$5,007,000 as of June 30, 2023.
- The District maintained many fund balance reserves during the year ended June 30, 2023, and had a total restricted fund balance of approximately \$4,237,000.
- The District's total assets increased approximately \$1,009,000 as of June 30, 2023 primarily due to a decrease in due from other funds and Federal and State receivable. The District's liabilities increased approximately \$557,000, related to increases in due to other funds.
- Total revenue in the District's general fund increased \$993,000, which was primarily related to an increase in taxes and State aid. Total expenditures in the District's general fund increased \$983,000 as a result of increases in operating transfer out, along with an increase in salaries, materials and supplies and debt service in the current year.

Food Service Fund

- The District's food service fund experienced a \$13,000 decrease in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$608,000 during 2023 as compared with \$779,000 in 2022. Expenditures increased approximately \$35,000. In the current year, the District transitioned from the Seamless Summer Option (SSO) program to the Community Eligibility Provision (CEP) program. Although under both programs students eat breakfast and lunches at no charge. The Federal reimbursement under the CEP program is not as favorable as SSO. This was the result in the decline in revenue.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$305,000 primarily related to Pandemic related Federal grants.

Capital Projects Fund

- The District had expenditures of approximately \$744,000 in capital projects during the year ended June 30, 2023, which was primarily related to costs associated with the District's capital projects, capital outlay project and Smart Bonds Act project.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$2,428,000 below the revised budget. The most significant positive variances were in the area of general support, instruction and employee benefits which totaled approximately \$304,000, \$990,000 and \$875,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$431,000 above the final budgeted amount. Significant positive variances existed in local sources and State sources which totaled approximately \$204,000 and \$138,000, 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	\$ 6,927	\$ 7,131	\$ 204	3%
State sources	15,620	15,758	138	1%
Federal sources	200	183	(17)	-9%
Other sources	-	106	106	n/a
Total revenue	\$ 22,747	\$ 23,178	\$ 431	2%
Expenditures				
General support	\$ 4,027	\$ 3,723	\$ 304	8%
Instruction	12,526	11,536	990	8%
Transportation	1,410	1,187	223	16%
Employee benefits	5,074	4,199	875	17%
Debt service	1,852	1,852	-	0%
Operating transfers	265	229	36	13%
Total expenditures	\$ 25,155	\$ 22,726	\$ 2,428	10%

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, 2023, the District had invested approximately \$34,735,000 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, 2023, totaled approximately \$2,475,000 and consisted primarily of costs associated with the District's capital projects, Smart Bond Act project 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, 2023, the District had approximately \$22,018,000 in bonds, lease, net pension liabilities, retirement incentive, compensated absences and other post-employment benefits, an increase of approximately 115% as compared with the previous year. The change in bonds payable was a result of the District issuing new bonds, which included a premium, which was partially offset by the District making regularly scheduled principal payments on existing bonds. The decrease in compensated absences resulted from a decrease in accumulated sick days. Other post-employment benefit liability decreased during the current year. The District's net pension liability to NYS Employees' Retirement System and NYS Teacher's Retirement System, moved to net pension liabilities in the current year from net pension assets in the prior year.

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		
	2023	2022	Change
Land	\$ 132,268	\$ 132,268	0%
Buildings	47,482,128	47,482,128	0%
Construction in progress	1,920,681	1,124,820	71%
Equipment	10,542,606	9,566,300	10%
Accumulated depreciation/amortization	(25,343,074)	(24,046,661)	5%
Total Capital and Right-to-Use Assets, net	\$ 34,734,609	\$ 34,258,855	1%

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		
	2023	2022	Change
Bonds payable	\$ 14,023,194	\$ 4,220,619	232%
Net pension liabilities	2,156,334	-	100%
Lease liability	55,532	81,479	-32%
Retirees' health insurance	-	6,804	-100%
Other post-employment benefits	5,391,527	5,503,975	-2%
Compensated absences	391,716	407,391	-4%
Total Long-Term Debt	\$ 22,018,303	\$ 10,220,268	115%

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.

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, 2023

Schedule 1

Page 10

	<u>2023</u>	<u>2022</u>
Assets		
Cash		
Unrestricted	\$ 4,932,952	\$ 5,141,652
Restricted	5,204,660	7,212,355
Receivables		
State and federal aid	1,261,342	2,699,223
Other receivables	42,498	27,135
Due from other governments	2,065,725	1,684,641
Inventories	12,900	10,570
Net pension asset	-	7,101,426
Cash to be used towards capital projects	3,119,020	-
Capital and right-to-use assets, net	34,734,609	34,258,855
Total assets	<u>51,373,706</u>	<u>58,135,857</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	4,922,957	4,847,614
Deferred outflows related to OPEB	1,472,119	1,103,033
Total assets and deferred outflows of resources	<u>\$ 57,768,782</u>	<u>\$ 64,086,504</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 564,004	\$ 586,540
Accrued liabilities	207,053	181,528
Accrued interest	33,000	11,000
Due to other governments	2,459	1,349
Due to retirement systems	925,924	812,157
Unearned revenue	24,891	225,660
Bond anticipation notes payable	-	11,020,000
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,015,000	405,000
Lease liability	27,141	25,947
Portion due or payable after one year		
Bonds payable	13,008,194	3,815,619
Lease liability	28,391	55,532
Retirees' health insurance payable	-	6,804
Net pension liability - NYS Employees' Retirement System	1,416,953	-
Net pension liability - NYS Teachers' Retirement System	739,381	-
Other post-employment benefits	5,391,527	5,503,975
Compensated absences	391,716	407,391
Total liabilities	<u>23,775,634</u>	<u>23,058,502</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	406,722	9,122,530
Deferred inflows related to OPEB	1,749,941	1,050,595
Total liabilities and deferred inflows of resources	<u>25,932,297</u>	<u>33,231,627</u>
Net Position		
Net investment in capital and right-to-use assets	22,372,364	18,936,757
Restricted	5,204,660	7,212,355
Unrestricted	4,259,461	4,705,765
Total net position	<u>31,836,485</u>	<u>30,854,877</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 57,768,782</u>	<u>\$ 64,086,504</u>

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

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Schedule 2

Page 11

	Expenses	Indirect Expenses Allocation	Program Revenues		2023 Net (Expense) Revenue and Changes in Net Position	2022 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
Functions/Programs						
General support	\$ 4,378,334	\$ 264,592	\$ -	\$ -	\$ (4,642,926)	\$ (4,592,866)
Instruction	16,060,778	1,375,018	94,554	1,777,982	(15,563,260)	(13,552,219)
Pupil transportation	1,184,927	358,668	-	-	(1,543,595)	(1,264,296)
Debt service	454,873	-	-	-	(454,873)	(234,289)
Food service program	620,015	-	51,227	556,279	(12,509)	194,428
Depreciation/amortization	1,998,278	(1,998,278)	-	-	-	-
Total functions and programs	\$ 24,697,205	\$ -	\$ 145,781	\$ 2,334,261	(22,217,163)	(19,449,242)
General Revenues						
Real property taxes					6,405,141	6,149,218
Use of money and property					315,627	280,332
Sale of property and compensation for gain (loss)					518	(10,932)
Miscellaneous					401,101	394,189
State sources					15,893,779	15,955,285
Federal sources					182,605	201,844
Total general revenues					23,198,771	22,969,936
Change in net position						
Net position - beginning of year					30,854,877	26,243,359
Prior period adjustment					-	1,090,824
Net position - end of year					\$ 31,836,485	\$ 30,854,877

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023**

Schedule 3

Page 12

	Governmental Funds						2023	2022
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Assets								
Unrestricted cash	\$ 4,845,608	\$ 311,604	\$ 418,296	\$ -	\$ -	\$ 50,434	\$ 5,625,942	\$ 4,869,493
Restricted cash	4,237,237	-	-	265,188	3,119,020	9,245	7,630,690	7,484,514
Due from other funds	2,648,278	-	-	95,325	854,752	-	3,598,355	2,274,733
State and federal aid receivable	413,641	818,019	29,682	-	-	-	1,261,342	2,699,223
Other receivables	41,598	-	900	-	-	-	42,498	27,135
Due from other governments	2,065,725	-	-	-	-	-	2,065,725	1,684,641
Inventories	-	-	12,900	-	-	-	12,900	10,570
Total assets	<u>\$ 14,252,087</u>	<u>\$ 1,129,623</u>	<u>\$ 461,778</u>	<u>\$ 360,513</u>	<u>\$ 3,973,772</u>	<u>\$ 59,679</u>	<u>\$ 20,237,452</u>	<u>\$ 19,050,309</u>
Liabilities and Fund Equity								
Liabilities								
Accounts payable	\$ 474,778	\$ 16,825	\$ 13,391	\$ -	\$ 59,010	\$ -	\$ 564,004	\$ 586,540
Accrued liabilities	194,651	11,992	410	-	-	-	207,053	181,528
Bond anticipation notes payable	-	-	-	-	-	-	-	11,020,000
Due to other funds	854,752	990,715	152,272	105,600	1,495,016	-	3,598,355	2,274,733
Unearned revenue	-	24,377	514	-	-	-	24,891	225,660
Due to other governments	-	2,153	306	-	-	-	2,459	1,349
Due to Teachers' Retirement System	811,570	41,826	-	-	-	-	853,396	751,784
Due to Employees' Retirement System	3,631	41,735	27,162	-	-	-	72,528	60,373
Total liabilities	<u>2,339,382</u>	<u>1,129,623</u>	<u>194,055</u>	<u>105,600</u>	<u>1,554,026</u>	<u>-</u>	<u>5,322,686</u>	<u>15,101,967</u>
Fund Equity								
Nonspendable	-	-	12,900	-	-	-	12,900	10,570
Restricted	4,237,237	-	-	254,913	703,265	9,245	5,204,660	7,212,355
Committed	-	-	-	-	-	50,434	50,434	41,849
Assigned	2,668,692	-	254,823	-	1,716,481	-	4,639,996	2,575,292
Unassigned (deficit)	5,006,776	-	-	-	-	-	5,006,776	(5,891,724)
Total fund equity	<u>11,912,705</u>	<u>-</u>	<u>267,723</u>	<u>254,913</u>	<u>2,419,746</u>	<u>59,679</u>	<u>14,914,766</u>	<u>3,948,342</u>
Total liabilities and fund equity	<u>\$ 14,252,087</u>	<u>\$ 1,129,623</u>	<u>\$ 461,778</u>	<u>\$ 360,513</u>	<u>\$ 3,973,772</u>	<u>\$ 59,679</u>	<u>\$ 20,237,452</u>	<u>\$ 19,050,309</u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Schedule 4

Page 13

	Governmental Funds						2023	2022
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Revenue								
Real property taxes	\$ 6,405,141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,405,141	\$ 6,149,218
Charges for services	94,554	-	-	-	-	-	94,554	63,145
Use of money and property	314,771	-	349	144	615	97	315,976	280,447
Sale of property compensation for loss	1,627	-	-	-	-	-	1,627	12,705
Miscellaneous	316,293	-	4,668	175,502	1,050,600	84,808	1,631,871	395,755
State sources	15,757,622	229,133	10,354	-	136,157	-	16,133,266	16,172,458
Federal sources	182,605	1,762,557	499,166	-	-	-	2,444,328	2,327,527
Surplus food	-	-	46,759	-	-	-	46,759	43,813
Sales (school food service)	-	-	46,210	-	-	-	46,210	47,988
Total revenue	23,072,613	1,991,690	607,506	175,646	1,187,372	84,905	27,119,732	25,493,056
Expenditures								
General support	3,722,583	-	218,110	-	-	-	3,940,693	4,257,412
Instruction	11,536,938	1,791,414	-	-	-	-	13,328,352	12,434,892
Pupil transportation	1,186,824	-	-	-	-	-	1,186,824	1,105,786
Employee benefits	4,198,987	213,708	120,881	-	-	-	4,533,576	4,286,061
Debt service								
Principal	1,415,347	-	-	-	-	-	1,415,347	1,319,806
Interest	436,400	-	-	-	-	-	436,400	234,091
Capital outlay	-	-	-	-	744,015	-	744,015	130,187
Cost of sales	-	-	249,571	-	-	-	249,571	224,991
Other expenses	-	-	31,453	175,502	-	80,975	287,930	103,450
Total expenditures	22,497,079	2,005,122	620,015	175,502	744,015	80,975	26,122,708	24,096,676
Excess (deficiency) of revenue over expenditures	575,534	(13,432)	(12,509)	144	443,357	3,930	997,024	1,396,380
Other sources and uses								
Proceeds from the issuance of bonds	-	-	-	-	8,985,000	-	8,985,000	-
BANS redeemed from appropriations	-	-	-	-	984,400	-	984,400	895,000
Operating transfers in	105,600	13,432	-	-	215,944	-	334,976	236,086
Operating transfers out	(229,376)	-	-	(105,600)	-	-	(334,976)	(236,086)
Total other sources (uses)	(123,776)	13,432	-	(105,600)	10,185,344	-	9,969,400	895,000
Excess (deficiency) of revenue and other sources over expenditures and other uses	451,758	-	(12,509)	(105,456)	10,628,701	3,930	10,966,424	2,291,380
Fund equity (deficit), beginning of year	11,460,947	-	280,232	360,369	(8,208,955)	55,749	3,948,342	1,656,962
Fund equity, end of year	\$ 11,912,705	\$ -	\$ 267,723	\$ 254,913	\$ 2,419,746	\$ 59,679	\$ 14,914,766	\$ 3,948,342

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, 2023

Total fund balances - governmental funds \$ 14,914,766

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	\$ 60,077,683	
Accumulated depreciation/amortization	<u>(25,343,074)</u>	34,734,609

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(33,000)
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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.	4,516,235
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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.	(277,822)
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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	(14,023,194)	
Lease liability	(55,532)	
Net pension liability - ERS	(1,416,953)	
Net pension liability - TRS	(739,381)	
Other post-employment benefits	(5,391,527)	
Compensated absences	<u>(391,716)</u>	<u>(22,018,303)</u>

Total net position - governmental activities \$ 31,836,485

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 13,256,632	\$ -	\$ -	\$ (3,119,020)	\$ 10,137,612
Due from other funds	3,598,355	-	-	(3,598,355)	-
State and federal aid receivable	1,261,342	-	-	-	1,261,342
Other receivables	42,498	-	-	-	42,498
Due from other governments	2,065,725	-	-	-	2,065,725
Inventories	12,900	-	-	-	12,900
Cash to be used towards capital projects	-	-	-	3,119,020	3,119,020
Capital and right-to-use assets, net	-	34,734,609	-	-	34,734,609
Total assets	20,237,452	34,734,609	-	(3,598,355)	51,373,706
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	4,922,957	-	-	4,922,957
Deferred outflows related to OPEB	-	1,472,119	-	-	1,472,119
Total assets and deferred outflows of resources	\$ 20,237,452	\$ 41,129,685	\$ -	\$ (3,598,355)	\$ 57,768,782
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 564,004	\$ -	\$ -	\$ -	\$ 564,004
Accrued liabilities	207,053	-	-	-	207,053
Accrued interest	-	-	33,000	-	33,000
Due to other funds	3,598,355	-	-	(3,598,355)	-
Unearned revenue	24,891	-	-	-	24,891
Due to other governments	2,459	-	-	-	2,459
Due to retirement systems	925,924	-	-	-	925,924
Bonds payable	-	-	14,023,194	-	14,023,194
Net pension liabilities	-	-	2,156,334	-	2,156,334
Lease liability	-	-	55,532	-	55,532
Other post-employment benefits	-	-	5,391,527	-	5,391,527
Compensated absences	-	-	391,716	-	391,716
Total liabilities	5,322,686	-	22,051,303	(3,598,355)	23,775,634
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	406,722	-	406,722
Deferred inflows related to OPEB	-	-	1,749,941	-	1,749,941
Total liabilities and deferred inflows of resources	5,322,686	-	24,207,966	(3,598,355)	25,932,297
Fund equity and net position					
Total liabilities, deferred inflows of resources and fund equity/net position	14,914,766	41,129,685	(24,207,966)	-	31,836,485
	\$ 20,237,452	\$ 41,129,685	\$ -	\$ (3,598,355)	\$ 57,768,782

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, 2023

Total net change in fund balances - governmental funds \$ 10,966,424

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	\$ 2,475,141	
Depreciation/amortization expense	<u>(1,998,278)</u>	476,863

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. (1,109)

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. 1,415,347

Bond anticipation notes redeemed from appropriations is recorded as other sources in the governmental funds, whereas the repayment reduces short-term liabilities in the statement of net position. (984,400)

Proceeds from long-term debt, including capital leases and bond premiums, are recorded as revenue in governmental funds. However, in the statement of activities, proceeds from long-term debt are not recorded as revenue. Rather, long-term debt is recorded as a liability in the statement of net position. (10,211,102)

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. (18,473)

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. (466,609)

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. (217,812)

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. 22,479

Change in net position of governmental activities \$ 981,608

	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	\$ 6,405,141	\$ -	\$ -	\$ -	\$ 6,405,141
Charges for services	94,554	-	-	(94,554)	-
Use of money and property	315,976	-	-	(349)	315,627
Sale of property compensation for loss	1,627	(1,109)	-	-	518
Miscellaneous	1,631,871	-	(1,226,102)	(4,668)	401,101
State sources	16,133,266	-	-	(239,487)	15,893,779
Federal sources	2,444,328	-	-	(2,261,723)	182,605
Surplus food	46,759	-	-	(46,759)	-
Sales (school food service)	46,210	-	-	(46,210)	-
Total revenue	27,119,732	(1,109)	(1,226,102)	(2,693,750)	23,198,771
Expenditures					
General support	3,940,693	127,711	-	574,522	4,642,926
Instruction	13,328,352	45,853	202,137	1,986,918	15,563,260
Pupil transportation	1,186,824	93,588	-	263,183	1,543,595
Employee benefits	4,533,576	-	459,805	(4,993,381)	-
Debt service	1,851,747	-	(1,396,874)	-	454,873
Capital outlay	744,015	(744,015)	-	-	-
Cost of sales	249,571	-	-	(237,062)	12,509
Other expenses	287,930	-	-	(287,930)	-
Total expenditures	26,122,708	(476,863)	(734,932)	(2,693,750)	22,217,163
Excess (deficiency) of revenue over expenditures	997,024	475,754	(491,170)	-	981,608
Other sources and uses					
Proceeds from the issuance of bonds	8,985,000	-	(8,985,000)	-	-
BANs redeemed from appropriations	984,400	-	(984,400)	-	-
Operating transfers in	334,976	-	-	(334,976)	-
Operating transfers out	(334,976)	-	-	334,976	-
Total other sources (uses)	9,969,400	-	(9,969,400)	-	-
Net change for year	\$10,966,424	\$ 475,754	\$ (10,460,570)	\$ -	\$ 981,608

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 \$4,906,000 for BOCES administration and program costs. The District's share of BOCES aid, refunds and rentals amounted to approximately \$2,579,000 for the year ended June 30, 2023. 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 \$391,716 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.

Currently 4 retired employees have elected to use accumulated sick pay to finance health insurance payments under the District's group plans. This option pays for 100% of the cost of premiums until the accumulated sick pay amount is exhausted, at which point the insurance payment becomes the responsibility of the retiree. There are also 17 other retired employees who receive individual coverage until the age of 65 as a result of early retirement incentives. The District recognizes the cost of providing health insurance annually as an expenditure in the general fund as payments are made.

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 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, 2023.

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 \$356,992 as of June 30, 2023.

2. General Fund

The amount of \$2,311,700 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2024 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, 2023 in the amount of \$102,156 related to a transfer to the capital project. This transfer, along with capital reserve funds of \$1,897,844 (total of \$2,000,000), were applied against the 2023 capital 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.

T. New Accounting Pronouncement

Effective July 1, 2022, the District implemented the provisions of GASB Statement 96, *Subscription Based Information Technology Arrangements* which establishes that a subscription based information technology arrangement results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The implementation of this new standard did not have a material impact on the District.

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.

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

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.

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, 2023**

**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, 2023, 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, 2023 per the bank were approximately \$13,421,000. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 750,000	\$ 12,671,000	\$ -	\$ 13,421,000

II. Interfund Transactions

Interfund balances as of June 30, 2023 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 2,648,278	\$ 854,752
School Lunch Fund	-	152,272
Special Aid Fund	-	990,715
Debt Service Fund	95,325	105,600
Capital Projects Fund	854,752	1,495,016
Total	<u>\$ 3,598,355</u>	<u>\$ 3,598,355</u>

Interfund transactions for the year ended June 30, 2023 are as follows:

	Interfund Revenue	Interfund Expenditures
General Fund	\$ 105,600	\$ 229,376
Capital Projects Fund	215,944	-
School Lunch Fund	-	-
Debt Service Fund	-	105,600
Special Aid Fund	13,432	-
Total	<u>\$ 334,976</u>	<u>\$ 334,976</u>

During the year ended June 30, 2023, the District transferred \$215,944 from the General Fund to the Capital Projects Fund towards the 2023 capital improvement project (\$102,156), Energy Project (\$19,074) and capital outlay project (\$94,714). A transfer of \$13,432 was made from the General Fund to the Special Aid Fund to pay for the local share of grants. A transfer of \$105,600 was made from the Debt Service Fund to the General Fund related to the prior year bond anticipation note premium.

III. Receivables

Receivables at June 30, 2023 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	\$ 818,019
General	State and Federal Aid	413,641
Food Service	State and Federal Aid	29,682
Capital Projects	State and Federal Aid	-
General	Due from Other Governments	2,065,725
Food Service	Other Receivables	900
General	Other Receivables	41,598
		<u>\$ 3,369,565</u>

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, 2023 were as follows:

	Beginning Balance <u>06/30/22</u>	Net Additions (Disposals)	Ending Balance <u>06/30/23</u>
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 132,268	\$ -	\$ 132,268
Construction-in-progress	1,124,820	581,023	1,920,681
Capital assets that are depreciated:			
Buildings and improvements	47,482,128	-	47,482,128
Furniture and equipment	<u>7,199,866</u>	<u>329,285</u>	<u>7,529,151</u>
Total historical cost	<u>55,939,082</u>	<u>910,308</u>	<u>57,064,228</u>
Less accumulated depreciation:			
Buildings and improvements	18,166,965	1,141,674	19,308,639
Furniture and equipment	<u>4,854,662</u>	<u>302,648</u>	<u>5,157,310</u>
Total accumulated depreciation	<u>23,021,627</u>	<u>\$ 1,444,322</u>	<u>24,465,949</u>
Total net book value	<u>\$ 32,917,455</u>		<u>\$ 32,553,469</u>

B. Depreciation and Amortization

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

General support	\$ 264,592
Instruction	1,375,018
Pupil transportation	358,668
	<u>\$ 1,998,278</u>

C. Right-to-Use Assets

The District reported right-to-use assets net of amortization as of June 30, 2023 and 2022 in the amount of \$2,181,140 and \$1,341,400, respectively. More information related to the right-to-use assets is disclosed in Note 6.

D. Capital Additions

During the fiscal year ended June 30, 2023 the District had capital additions, including right-to-use assets, in the amount of \$2,475,141.

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>
2023	\$ 754,000	\$ 243,000
2022	669,000	305,000
2021	613,000	278,000

**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, 2023, 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, 2023 for ERS and June 30, 2022 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 3/31/2023</u>	<u>TRS 6/30/2022</u>
Net pension asset (liability)	\$ (1,416,953)	\$ (739,381)
District's portion of the Plan's total net Pension asset (liability)	.0066077%	.038532%

For the year ended June 30, 2023, the District's recognized pension expense of \$528,994 for ERS and \$946,827 for TRS. At June 30, 2023 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	\$ 150,917	\$ 774,778	\$ 39,793	\$ 14,816
Changes of assumptions	688,164	1,434,274	7,605	297,844
Net difference between projected and actual earnings on pension plan investments	-	955,350	8,325	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	74,400	18,417	-	38,339
District's contributions subsequent to the measurement date	72,528	754,129	-	-
Total	\$ 986,009	\$ 3,936,948	\$ 55,723	\$ 350,999

**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, 2024. 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:		
2024	\$ 217,445	\$ 555,330
2025	(50,572)	282,691
2026	299,880	(123,996)
2027	391,005	1,874,828
2028	-	235,352
Thereafter	-	7,615

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	3/31/23	6/30/22
Actuarial valuation date	4/1/22	6/30/21
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, 2022 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, 2021 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:

	ERS 3/31/23	Expected Rate of Return	TRS 6/30/22	Expected Rate of Return
Measurement date				
Asset Type:				
Domestic equity	32%	4.30%	33%	6.5%
International equity	15%	6.85%	16%	7.2%
Global equity	-%	-%	4%	6.9%
Private equity	10%	7.50%	8%	9.9%
Real Estate	9%	4.60%	11%	6.2%
Opportunistic/ARS portfolio	3%	5.38%	-%	-%
Credit	4%	5.43%	-%	-%
Real assets	3%	5.84%	-%	-%
Domestic fixed income	-%	-%	16%	1.1%
Global Bonds	-%	-%	2%	0.6%
Real estate debt	-%	-%	6%	2.4%
Private debt	-%	-%	2%	5.3%
High-yield fixed income	-%	-%	1%	3.3%
Fixed Income	23%	1.50%	-%	-%
Cash	1%	-%	1%	(.3%)
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)	\$ (3,424,168)	\$ (1,416,953)	\$ 260,308
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (6,817,440)	\$ (739,381)	\$ 4,372,227

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 3/31/23	TRS 6/30/22
Employers' total pension liability	\$ 232,627,259	\$ 133,883,474
Plan net position	\$ 211,183,223	\$ 131,964,582
Employers' net pension asset (liability)	\$ (21,444,036)	\$ (1,918,892)
Ratio of plan net position to be Employers' total pension asset (liability)	90.78%	98.60%

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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$72,528.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023 amounted to \$853,396 (employer contribution \$754,129 and employee contributions of \$99,267).

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, 2023 the plan had total active employees of 160 and retirees of 32.

Total OPEB Liability

The District's total OPEB liability of \$5,391,527 was measured as of July 1, 2022 and was determined by an actuarial valuation as of July 1, 2022.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**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	4.09%
Discount rate	2023 – 7.5% 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	\$ 388,486
Interest	126,988
Change in Benefit Terms	-
Differences between expected and actual experience	604,922
Changes in assumptions	(1,044,015)
Benefit payments	(188,829)
Net changes	(112,448)
Net OPEB liability – beginning of year	5,503,975
Net OPEB liability – end of year	<u>\$ 5,391,527</u>

Changes in assumptions reflect a change in the discount rate from 2.19% in 2022 to 4.09% in 2023; health insurance trend rate unchanged from 7.5% through 4.50% in 2023. Mortality rates unchanged based on Scale MP-2021 as of 2023.

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 (3.09%) or 1 percentage point higher (5.09%) that the current discount rate:

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

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

	1% Decrease (3.09%)	Current Assumption (4.09%)	1% Increase (5.09%)
Total OPEB liability	<u>\$ 5,956,098</u>	<u>\$ 5,391,527</u>	<u>\$ 4,885,026</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 that the current healthcare cost trend rates:

1% Decrease (initial rate of 6.5% decreasing by .5% annually until reaching 3.5%)	Current Assumption (initial rate of 7.5% decreasing by .5% annually until reaching 4.5%)	1% Increase (initial rate of 8.5% decreasing by .5% annually until reaching 5.5%)	
Total OPEB liability	<u>\$ 4,723,619</u>	<u>\$ 5,391,527</u>	<u>\$ 6,190,621</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense in the amount of \$424,695. At June 30, 2023, 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	\$ 537,708	\$ 659,878
Benefit payments subsequent to measurement date	206,883	-
Changes in assumptions	727,528	1,090,063
	<u>\$ 1,472,119</u>	<u>\$ 1,749,941</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:	
2024	\$ (90,777)
2025	(151,412)
2026	(77,538)
2027	(21,859)
2028	(4,537)
Thereafter	(138,582)

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.

b. Short-Term Debt Interest

The District had interest on short-term debt in the amount of \$330,600 the year ended June 30, 2023.

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

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt

a. Debt Limit

At June 30, 2023, the total indebtedness represents 30% 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, 2023 are summarized as follows:

	<u>Balance June 30, 2023</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Serial Bonds	\$ 14,023,194	\$ 4,220,619	\$ 1,015,000
Compensated Absences	391,716	407,391	-
Net Pension Liabilities	2,156,334	-	-
Lease Liability	55,532	81,479	27,141
Retirees' Health Insurance	-	6,804	-
Other post-Employment Benefits	5,391,527	5,503,975	-
	<u>\$ 22,018,303</u>	<u>\$ 10,220,268</u>	<u>\$ 1,042,141</u>

During the year, the District issued new bonds in the amount of \$8,985,000, which had premiums totaling \$1,226,102 and made principal payments of \$405,000 on its existing serial bonds. Net premium from existing bonds were amortized in the amount of \$3,527. The net pension liability to the NYS Employees' Retirement System and Teacher's Retirement System were both reported as net pension assets in the prior year and net pension liabilities in the current year. The net change in compensated absences was a decrease of \$15,675, retirement health insurance was a decrease of \$6,804, other post-employment benefits was a decrease of \$112,448. For lease liability, the District made principal payments of \$25,947.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**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, 2023.

<u>Description of Issue</u>	<u>Outstanding June 30, 2023</u>
Serial Bonds:	
Building Construction and Reconstruction Bonds, issued June 2017 with maturity date of June 2032; bonds carry interest at 2.00% - 3.00%.	\$ 3,795,000
Plus: unamortized bond premiums	17,092
	<u>\$ 3,812,092</u>
Serial Bonds:	
Building Construction and Reconstruction Bonds, issued June 2023 with maturity date of June 2036; bonds carry interest at 5.0%.	\$ 8,985,000
Plus: unamortized bond premiums	1,226,102
	<u>\$ 10,211,102</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%.	\$ 55,532

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

Year	<u>Serial Bonds – 2017</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 415,000	\$ 94,450
2025	420,000	86,150
2026	435,000	77,750
2027	440,000	69,050
2028	450,000	59,150
2029-2032	1,635,000	110,450
Total	<u>\$ 3,795,000</u>	<u>\$ 497,000</u>
Year	<u>Serial Bonds – 2023</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 600,000	\$ 581,529
2025	555,000	419,250
2026	585,000	391,500
2027	615,000	362,250
2028	645,000	331,500
2029-2033	3,740,000	1,141,000
2034-2036	2,245,000	204,750
Total	<u>\$ 8,985,000</u>	<u>\$ 3,431,779</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>
2024	\$ 27,141	\$ 2,056
2025	28,391	806
Total	<u>\$ 55,532</u>	<u>\$ 2,862</u>

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$105,800 for the year ended June 30, 2023 related to serial bonds (\$102,550) and lease (\$3,250).

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 \$5,204,660 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, 2023, is a reserve for tax reduction in the amount of \$11,943.

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, 2023</u>
Nonspendable:		
Food Service	Inventory	\$ 12,900
Restricted:		
General	Reserve for employee benefits	\$ 1,586,758
	Reserve for property loss	15,031
	Insurance reserve	25,051
	Reserve for retirement system credits	1,388,229
	Repair reserve	200,411
	Unemployment reserve	462,728
	Reserve for workers' Compensation	435,029
	Teachers' Retirement System Reserve	124,000
		<u>\$ 4,237,237</u>
Debt Service	Reserve for debt service	\$ 254,913
Miscellaneous Special Revenue	Reserve for endowment scholarships	\$ 9,245
Capital Projects	Transportation reserve	\$ 703,265
Committed:		
Miscellaneous Special Revenue	Extraclassroom fund balance	\$ 50,434
Assigned:		
General	Reserve for encumbrances	\$ 356,992
	Appropriated fund equity	2,311,700
		<u>\$ 2,668,692</u>
Capital	Appropriated fund equity	\$ 1,716,481
Food Service	Appropriated fund equity	\$ 254,823

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.

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.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 4 – RETIREMENT INCENTIVES

Professional employees whom had 15 years of service in the District and were eligible to retire under the rules of NYS Teachers Retirement System (TRS) were eligible for continuation of medical insurance under the School District's early retirement incentive. The employees were eligible for the continuation of coverage for two to three year based on the coverage selected.

In the District-wide Statement of Net Position, \$- was accrued for retirement incentives as of June 30, 2023.

NOTE 5 – 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 \$54,141 during the year ended June 30, 2023.

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, 2023, totaled \$155,231.

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 will be required to place a new proposition on the ballot for approval, which it intends to do in May 2024. Through June 30, 2023, \$2 million of the capital reserve was previously funded by the Board of Education and is included in the capital project fund. The District intends to fund and transfer from the general fund the remaining \$1 million capital reserve, subsequent to approval of the proposition in May 2024. This amount has not been formally designated towards the project by the Board and therefore is not reported as restricted, committed or assigned fund balance on the combined balance sheet. The District had expenditures related to the capital project in the amounts of \$12,546 during the year ended June 30, 2023.

The District had expenditures of \$427,383 related to a Smart Schools Bond Act project during the current year.

Lastly, the District had a capital outlay with expenditures of \$94,714 during the current year.

NOTE 6 – 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, 2023:

	Balance 7/1/2022	Additions
Right-to-use asset	\$ 2,366,434	\$ 1,229,797
Accumulated		
amortization	(1,025,034)	(389,757)
	<u>\$ 1,341,400</u>	<u>\$ 840,040</u>
		Balance
	Deletions	6/30/2023
Right-to-use asset	\$ (582,476)	\$ 3,013,455
Accumulated		
amortization	582,476	(832,315)
	<u>\$ -</u>	<u>\$ 2,181,140</u>

NOTE 7 – 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 March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The New York State Department of Education has allocated approximately \$356,000 of CARES Act – ESSER and GEER assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. The District expended the entire allocation during the year ended June 30, 2021.

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 \$501,050, \$242,366 and \$0 during the years ended June 30, 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 \$553,953, \$415,451 and \$0 during the years ended June 30, 2023, 2022 and 2021, respectively, related to ARP funds.

The District also provided free breakfast and lunches to all students (except those who opted out) through the Seamless Summer Lunch and Breakfast Program which ended as of June 30, 2022.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

The District implemented GASB 87, Leases, during the year ended June 30, 2022, which resulted in a prior period adjustment related to agreements made for various IT and computer equipment that were already in place as of July 1, 2021, and which GASB 87 requires retroactive application of these agreements. The District's net position increased \$1,090,824 as a result of the prior period adjustment which represents the remaining book value of its right-to-use assets.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 5, 2023, 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, 2023

	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	\$ 6,371,670	\$ 66,972
Real property tax items	25,966	25,966	33,471	7,505
Charges for services	50,300	50,300	94,554	44,254
Use of money and property	294,000	294,000	314,771	20,771
Sale of property and compensation for loss	2,000	2,000	1,627	(373)
Miscellaneous	250,000	250,000	316,293	66,293
State Sources:				
Basic formula	13,920,100	13,920,100	13,712,270	(207,830)
BOCES	1,620,172	1,620,172	1,987,921	367,749
Textbooks	48,522	48,522	30,848	(17,674)
All other aid	31,103	31,103	26,583	(4,520)
Federal Sources:				
Medicaid reimbursement	160,000	160,000	177,411	17,411
E-rate	40,000	40,000	5,194	(34,806)
Total revenue	22,746,861	22,746,861	23,072,613	325,752
Other Sources				
Operating transfer in	-	-	105,600	105,600
Total revenue and other sources	22,746,861	22,746,861	\$ 23,178,213	\$ 431,352
Supplemental appropriation - transfer to the capital projects fund	-	102,156		
Appropriated fund equity and prior year encumbrances	2,092,341	2,305,630		
Total revenue, other sources and appropriated fund equity	\$ 24,839,202	\$ 25,154,647		

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 11,576	\$ 12,166	\$ 11,031	\$ 525	\$ 610
Central administration	230,285	231,521	230,986	499	36
Finance	303,084	320,331	299,585	794	19,952
Staff	523,285	541,995	541,474	31	490
Central services	2,207,429	2,568,534	2,382,003	162,047	24,484
Special items	354,150	352,453	257,504	216	94,733
Instructional:					
Instruction, administration and improvement	635,614	640,096	623,028	1,832	15,236
Teaching - regular school	5,280,117	5,115,862	4,647,348	125,958	342,556
Programs for children with handicapping conditions	3,527,775	3,499,595	3,100,431	9,802	389,362
Teaching - special schools	72,500	22,500	6,630	-	15,870
Occupational education	681,017	673,900	615,906	578	57,416
Instructional media	1,240,102	1,302,737	1,355,563	23,152	(75,978)
Pupil services	946,409	1,272,368	1,188,032	12,136	72,200
Pupil Transportation	1,328,547	1,409,621	1,186,824	19,422	203,375
Employee Benefits	5,482,563	5,074,063	4,198,987	-	875,076
Debt Service:					
Debt service principal	1,495,948	1,495,948	1,415,347	-	80,601
Debt service interest	355,801	355,801	436,400	-	(80,599)
Total expenditures	24,676,202	24,889,491	22,497,079	356,992	2,035,420
Other Uses:					
Transfer to other funds	163,000	265,156	229,376	-	35,780
Total other uses	163,000	265,156	229,376	-	35,780
Total expenditures and other uses	\$ 24,839,202	\$ 25,154,647	22,726,455	\$ 356,992	\$ 2,071,200
Excess (deficiency) of revenue and other sources over expenditures and other uses			\$ 451,758		

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, 2023

Schedule SS1A

Page 36

	School Food Service Fund		
	Budget (Amended) *	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ -	\$ 10,354	\$ 10,354
Federal sources	-	499,166	499,166
Sales	-	46,210	46,210
Miscellaneous	-	4,668	4,668
Surplus food	-	46,759	46,759
Use of money and property	-	349	349
Total revenue	-	607,506	607,506
Expenditures			
General support	232,145	218,110	14,035
Employee benefits	142,783	120,881	21,902
Cost of sales	199,050	249,571	(50,521)
Other expenses	53,493	31,453	22,040
Total expenditures	627,471	620,015	7,456
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ (627,471)</u>	<u>(12,509)</u>	<u>\$ 614,962</u>
Fund equity, beginning of year		<u>280,232</u>	
Fund equity, end of year		<u>\$ 267,723</u>	

* The District did not budget for food service fund revenue in the current year.

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, 2023

Schedule SS2

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 24,839,202
Additions:	
Prior year encumbrances	<u>213,289</u>
Original Budget	25,052,491
Budget Revisions: Supplemental appropriation - transfer to capital project fund	<u>102,156</u>
Final budget	<u><u>\$ 25,154,647</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 voter-approved expenditure budget	\$ 25,969,195
Maximum allowed (4% of 2023-24 budget)	\$ 1,038,768

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

Unrestricted fund balance:	
Assigned fund balance	\$ 2,668,692
Unassigned fund balance	<u>5,006,776</u>
Total unrestricted fund balance	<u>7,675,468</u>
Less:	
Appropriated fund balance	2,311,700
Insurance recovery reserve	-
Tax reduction reserve	11,943
Encumbrances included in committed and assigned fund balance	<u>356,992</u>
Total adjustments	<u>2,680,635</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,994,833</u></u>
Actual percentage	<u><u>19.2%</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, 2023

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Over expended) Balance	Methods of financing				Fund Equity June 30, 2023
			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	13,801,384	54,141	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	12,546	28,987,454	-	-	2,000,000	2,000,000	1,987,454
Capital Outlay Project	100,000	100,000	-	94,714	94,714	5,286	-	-	94,714	94,714	-
Smart Schools Bonds Act project	1,249,193	1,249,193	821,810	427,383	1,249,193	-	-	781,849	-	781,849	(467,344)
2023 Energy Project	6,100,000	6,100,000	-	155,231	155,231	5,944,769	-	136,157	19,074	155,231	-
	<u>\$ 61,349,193</u>	<u>\$ 61,349,193</u>	<u>\$ 23,917,033</u>	<u>\$ 744,015</u>	<u>\$ 24,661,048</u>	<u>\$ 36,688,145</u>	<u>\$ 21,606,766</u>	<u>\$ 1,661,206</u>	<u>\$ 3,109,557</u>	<u>\$ 26,377,529</u>	<u>1,716,481</u>
											<u>703,265</u>
											<u>\$ 2,419,746</u>

Transportation reserve 703,265

Total fund equity as of June 30, 2023 \$ 2,419,746

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, 2023

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	2023	N/A	\$ 15,072	\$ 15,072
Summer School *	N/A	2023	N/A	67,160	67,160
Universal Pre-kindergarten	0409-23-7136	2023	\$ 186,351	160,333	160,333
School Breakfast and Lunch Program	N/A	2023	N/A	10,354	10,354
				<u>\$ 252,919</u>	<u>\$ 252,919</u>

* Included in revenue is an interfund transfer from the general fund for the local share of the grant in the amount \$13,432.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, the District reported in the Schedule of Federal Awards \$46,759 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, 2023

Schedule SS4C

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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	0021-22-0125	\$ 300	\$ 300	\$ 300
Title I	84.010A	0021-23-0125	385,516	375,518	375,518
Title II, Part A	84.367A	0147-23-0125	40,626	40,572	40,572
Title IV - DFSCA	84.186A	0180-23-0255	28,915	28,480	28,480
Title V - Part B - Rural and Low Income Schools	84.358B	0006-23-0125	19,984	19,984	19,984
IDEA Part B, Section 611 *	84.027A	0032-23-0044	241,735	230,543	230,543
IDEA Part B, Section 619 *	84.173A	0033-23-0044	12,157	12,157	12,157
COVID-19 - CRRSA ESSER 2	84.425D	5891-21-0125	1,068,934	501,050	501,050
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	388,893	388,893
COVID-19 - ARP SLR Comprehensive After School	84.425U	5883-21-0125	100,372	15,259	15,259
COVID-19 - ARP Homeless	84.425W	5218-21-0125	8,548	1,164	1,164
COVID-19 - ARP SLR Learning Loss	84.425U	5884-21-0125	501,844	76,941	76,941
COVID-19 - ARP SLR Summer Enrichment	84.425U	5882-21-0125	100,372	39,757	39,757
Total U.S. Department of Education			4,959,310	1,762,557	1,762,557
US Department of Agriculture:					
Passed through NYS Department of Education:					
National School Breakfast Program **	10.553	N/A	N/A	127,506	127,506
National School Lunch Program **	10.555	N/A	N/A	335,915	335,915
COVID-19 P-EBT Administration	10.542	N/A	N/A	1,884	1,884
COVID-19 Supply Chain Assistance **	10.555	N/A	N/A	33,861	33,861
Passed through NYS Office of General Services					
National School Lunch Program **					
Non-Cash Assistance (commodities)	10.555	N/A	N/A	46,759	46,759
Total U.S. Department of Agriculture				545,925	545,925
Total expenditures and revenue				\$ 2,308,482	\$ 2,308,482

* Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of \$ 274,639
** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of \$ 544,041

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL AND RIGHT-TO-USE ASSETS
AS OF JUNE 30, 2023

Schedule SS5

Page 41

Capital and right-to-use Assets	\$	34,734,609
Less:		
Serial bonds		(14,023,194)
Lease liability		(55,532)
Plus:		
Assets net of related payables in capital projects fund (not including capital reserve)		<u>1,716,481</u>
Net investment in capital and right-to-use assets	\$	<u><u>22,372,364</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 2023

Schedule SS6

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As of the measurement date of 7/1	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 388,486	\$ 358,546	\$ 257,920	\$ 247,906	\$ 243,783	\$ 280,383	\$ 227,664
Interest	126,988	143,819	168,643	187,456	183,769	165,952	192,093
Differences between expected and actual experience	604,922	(205,259)	(338,180)	(272,292)	(197,023)	(315,383)	-
Change in benefit terms	-	-	-	-	39,567	-	-
Changes in assumptions	(1,044,015)	240,265	661,034	133,750	(248,400)	(275,594)	444,636
Benefit payments	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Net change in total OPEB liability	(112,448)	375,252	417,418	(62,638)	(307,491)	(495,790)	542,239
Total OPEB liability - beginning	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	\$ 5,391,527	\$ 5,503,975	\$ 5,128,723	\$ 4,711,305	\$ 4,773,943	\$ 5,081,434	\$ 5,577,224
Plan fiduciary net position							
Contributions - employer	\$ 188,829	\$ 162,119	\$ 331,999	\$ 359,458	\$ 329,187	\$ 351,148	\$ 322,154
Benefit payments	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's net OPEB liability	\$ 5,391,527	\$ 5,503,975	\$ 5,128,723	\$ 4,711,305	\$ 4,773,943	\$ 5,081,434	\$ 5,577,224
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%
Covered-employee payroll	\$ 7,405,287	\$ 7,004,135	\$ 6,833,302	\$ 6,781,849	\$ 6,616,438	\$ 7,263,896	\$ 7,170,677
District's net OPEB liability as a percentage of covered-employee payroll	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 2.19% as of 7/1/21 to 4.09% as of 7/1/22 Health care trend remained unchanged from 7.5% through 4.5% as of 7/1/21 to 7/1/22 Mortality table has been updated from SQA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SQA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021						

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2023

Schedule SS7

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For the year ended June 30,	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	\$ 188,829	\$ 162,119	\$ 331,999	\$ 359,458	\$ 329,187	\$ 351,148	\$ 322,154
Contributions in relation to the actuarially determined contribution	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 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	2.55%	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	4.09% as of July 1, 2022.
Inflation	2.5% per year
Healthcare cost trend rates	An initial rate of 7.5% in 2023 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, 2014 THROUGH JUNE 30, 2023

Schedule SS8

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New York State Teachers' Retirement System

For the year ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 754,129	\$ 668,947	\$ 612,758	\$ 570,358	\$ 672,773	\$ 608,062	\$ 703,647	\$ 789,447	\$ 1,030,148	\$ 952,608
Contributions in relation to the contractually required contribution	(754,129)	(668,947)	(612,758)	(570,358)	(672,773)	(608,062)	(703,647)	(789,447)	(1,030,148)	(952,608)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 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	\$ 5,862,203
Contributions as a percentage of District's covered-employee payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

New York State Local Employees' Retirement System

For the year ended March 31,	2022	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 243,252	\$ 305,394	\$ 277,742	\$ 265,066	\$ 252,279	\$ 261,491	\$ 245,876	\$ 282,297	\$ 283,169	\$ 266,367
Contributions in relation to the contractually required contribution	(243,252)	(305,394)	(277,742)	(265,066)	(252,279)	(261,491)	(245,876)	(282,297)	(283,169)	(266,367)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 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	\$ 1,574,001
Contributions as a percentage of District's covered-employee payroll	10.87%	15.06%	13.34%	13.15%	13.52%	14.94%	15.06%	17.98%	18.16%	16.92%

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, 2014 THROUGH JUNE 30, 2023

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

As of the measurement date of June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset (liability)	n/a	0.038532%	0.037882%	0.037935%	0.037948%	0.038092%	0.037887%	0.038582%	0.039121%	0.039686%
District's proportionate share of the net pension asset (liability)	n/a	\$ (739,381)	\$ 6,564,582	\$ (1,048,232)	\$ 985,896	\$ 688,799	\$ 287,978	\$ (413,230)	\$ 3,083,971	\$ 4,220,720
District's covered-employee payroll	n/a	\$ 6,825,990	\$ 6,429,780	\$ 6,437,449	\$ 6,334,962	\$ 6,204,714	\$ 6,003,814	\$ 5,953,597	\$ 5,876,486	\$ 5,862,203
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	-10.83%	102.10%	-16.28%	15.56%	11.10%	4.80%	6.94%	52.48%	72.00%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

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

As of the measurement date of March 31,	2022	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset (liability)	0.0066077%	0.0065672%	0.0063841%	0.0059127%	0.0058735%	0.0061909%	0.0060622%	0.0061023%	0.0059209%	n/a
District's proportionate share of the net pension asset (liability)	\$ (1,416,953)	\$ 536,844	\$ (6,357)	\$ (1,565,716)	\$ (416,152)	\$ (199,809)	\$ (569,617)	\$ (979,442)	\$ (200,023)	\$ (267,558)
District's covered-employee payroll	\$ 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	\$ 1,574,001
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	63.29%	-26.48%	0.31%	77.70%	22.30%	11.42%	34.89%	62.38%	12.83%	17.00%
Plan fiduciary net position as a percentage of the total pension asset (liability)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a

**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, 2023, 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 December 5, 2023.

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.2023-001.

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.2023-002.

District's Responses to Findings

Cuba-Rushford Central School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. *Cuba-Rushford Central School District's* responses were not subjected to 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
December 5, 2023**

**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, 2023. *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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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
December 5, 2023**

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

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
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Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 2,308,482</u>
Identification of Major Programs Tested:		
COVID-19 - CRRSA ESSER 2	84.425D	\$ 501,050
COVID-19 - ARP ESSER 3	84.425U	388,893
COVID-19 - ARP SLR Comprehensive After School	84.425U	15,259
COVID-19 - ARP Homeless	84.425W	1,164
COVID-19 - ARP SLR Learning Loss	84.425U	76,941
COVID-19 - ARP SLR Summer Enrichment	84.425U	<u>39,757</u>
Total major programs tested		<u>\$ 1,023,064</u>
% of Federal programs tested		<u>44%</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low risk?

<u> X </u> yes	<u> </u> no
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II. 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

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

2023-002 Unassigned Fund Balance

Year ended June 30, 2023

Conditions and criteria: **Cuba-Rushford Central School District's** unassigned fund balance, less tax reduction reserve, as of June 30, 2023 amounted to approximately \$4,995,000. This amount constitutes approximately 19.2% of the 2023-2024 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, 2023

No findings related to compliance are being reported upon during the fiscal year ended June 30, 2023.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2023

No findings related to internal control over compliance are being reported upon during the fiscal year ended June 30, 2023.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

**2022-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements
Year ended June 30, 2022**

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, 2023 as finding 2023-001.

B. COMPLIANCE AND OTHER MATTERS

**2022-002 Unassigned Fund Balance
Year Ended June 30, 2022**

Summary of Prior Year Finding: The District's unassigned fund balance as of June 30, 2022 amounted to approximately \$4,906,000. This amount constituted approximately 19.8% of the 2022-2023 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, 2023 as finding 2023-002.

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

A. COMPLIANCE

Year Ended June 30, 2022

There were no findings related to compliance during the year ended June 30, 2022.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2022

There were no findings related to internal control over compliance during the year ended June 30, 2022.