

**LaFargeville Central School District
Financial Statements with
Independent Auditors' Report
June 30, 2023**

LaFargeville Central School District
Table of Contents
June 30, 2023

	<u>Page (s)</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Statement of Net Position - Governmental Activities	19
Statement of Activities and Changes in Net Position - Governmental Activities	21
Balance Sheet - Governmental Funds	22
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	25
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities	26
Notes to Financial Statements	27
Required Supplementary Information	
Schedule of Funding Progress - Other Post Employment Benefits Plan, Last 6 Fiscal Years	60
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	61
Schedules of District Contributions, NYSTRS & NYSERS Pension Plans, Last 9 Fiscal Years	62
Schedules of District's Proportionate Share of the Net Pension Liability, NYSTRS & NYSERS Pension Plans, Last 9 Fiscal Years	63
Supplementary Information	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund	64
Schedule of Project Expenditures - Capital Projects Fund	65
Net Investment in Capital Assets	66
Federal Award Program Information	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	67-68
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	69-71
Schedule of Expenditures of Federal Awards	72
Notes to Schedule of Expenditures of Federal Awards	74
Schedule of Findings and Questioned Costs	75
Summary Schedule of Prior Audit Findings	76

STACKEL & NAVARRA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

Board of Education
LaFargeville Central School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LaFargeville Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the LaFargeville 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 LaFargeville 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the LaFargeville Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 LaFargeville 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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 LaFargeville 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 the LaFargeville 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, the schedule of funding progress - other post-employment benefits plan - last 6 fiscal years, the schedule of revenue, expenditures and changes in fund balance - budget and actual - general fund, the schedules of District contributions - NYSTRS & NYSERS pension plans - last 9 fiscal years, and the schedules of District's proportionate share of the net pension liability - NYSTRS & NYSERS pension plans - last 9 fiscal years on pages 5-18 and 60-63 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 LaFargeville Central School District's basic financial statements. The accompanying schedule of change from adopted budget to final budget and the real property tax limit - general fund, schedule of project expenditures - capital projects fund, net investment in capital assets and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 schedule of change from adopted budget to final budget and the real property tax limit - general fund, schedule of project expenditures - capital projects fund, net investment in capital assets and schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

STACKEL & NAVARRA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, on our consideration of LaFargeville 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 LaFargeville 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 LaFargeville Central School's internal control over financial reporting and compliance.

Stackel & Navarra, CPA, PC

Watertown, NY
September 25, 2023

**LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023**

The following is a discussion and analysis of LaFargeville Central School District's financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section. Responsibility for completeness and fairness of the information contained rests with the School District.

SCHOOL DISTRICT OVERVIEW

LaFargeville Central School District (the "School District") is located in the northern portion of upstate New York and is comprised of approximately 98 square miles in the northern sector of Jefferson County. The District is comprised of portions of the Towns of Alexandria, Clayton, LeRay, Orleans, Pamela and Theresa, with the largest component being the Town of Orleans.

The School District's mission is to serve as the center of education for all community members, providing each student the opportunity to achieve their potential. The LaFargeville Central School Board of Education will achieve its mission in keeping with their beliefs to be fiscally responsible to the taxpayers, while continuing to upgrade the physical plant and assets; keeping energy efficiency and the highest quality programming in mind. The following financial highlights are the School District's attempt at completing this mission.

FINANCIAL HIGHLIGHTS

For the year ending June 30, 2023 total revenues of \$12,987,283 were \$3,958,463 more than \$9,028,820 in reported expenditures. This change in net position of \$3,958,463 was added to the net position deficit beginning of the year balance of \$17,782,287 for an ending net position deficit of \$13,823,824.

The School District's portion of Unrestricted Net Position designated to reduce real estate taxes in 2023-2024 is \$725,000. The General Fund Unassigned Fund Balance is \$490,239 or 3.97% of the 2023-2024 budget.

The total property assessment for the School District in the 2022-2023 school year was \$471,166,204. The true value tax rate for 2022-2023 was \$8.37 per thousand of assessment.

The School District employs about 100 full and part time employees. The two unions, (Teacher's Union and Support Related Personnel) utilize collective bargaining agreements. The Teacher's Association has an agreement in place until June 30, 2024. The CSEA has an agreement in place until June 30, 2026.

K-12 enrollment for the 2022-2023 school year was 471, an increase of 1 student over the 2021-2022 year. Projections for 2023-2024 show K-12 enrollment declining to 462.

**LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023**

OVERVIEW OF 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 the School District:

The first two statements are district-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds listed in total in one column.

The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget and actual for the year.

LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023

The following summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Table A-1	Major Features of the District-Wide and Fund Financial Statement		
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities' monies
Required Financial Statements	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures, and Changes in Fund Balance	5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset / Liability Information	All assets and liabilities, both financial and capital, short term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow / Outflow Information	All revenues and expenses during 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	Additions and deductions during the year, regardless of when cash is received or paid

**LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023**

District-Wide 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. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the School District's net position and how it has changed. Net position - the difference between the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources - is one way to measure the School District's financial health or position.

Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the School District's activities are shown as Governmental activities. Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

**LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023**

The District has two kinds of funds:

1. **Governmental Funds:** Most of the School 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 (2) the balances left at year end that are available for spending. Consequently, the governmental funds 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 School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information has been provided in the form of separate reconciliations between the governmental and district-wide statements.
2. **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use the assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows exceeded assets and deferred outflows by \$13,823,824 at the close of the most recent fiscal year. This represents a \$3,958,463 increase in the statement of net position for the year. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. The School District's net position also reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The School District used capital assets to provide services; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023

The following schedule summarizes the School District's net position. The complete Statement of Net Position can be found in the School District's basic financial statements.

CONDENSED STATEMENT OF NET POSITION

	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>Variance</u>
Assets			
Current and Other Assets	\$ 6,726,791	\$ 7,404,309	\$ 677,518
Capital Assets, Net	14,370,831	14,265,224	(105,607)
Right-to-use assets, net	135,580	88,639	(46,941)
Net Pension Asset - Proportionate Share	3,740,769	-	(3,740,769)
Total Assets	<u>\$ 24,973,971</u>	<u>\$ 21,758,172</u>	<u>\$ (3,215,799)</u>
Deferred Outflows of Resources	<u>\$ 5,708,645</u>	<u>\$ 9,361,480</u>	<u>\$ 3,652,835</u>
Liabilities			
Current Liabilities and Other Liabilities	\$ 1,665,164	\$ 1,698,715	\$ 594,172
Long-Term Liabilities	41,879,177	31,483,219	(9,200,117)
Net Pension Liability - Proportionate Share	-	1,195,841	1,195,841
Total Liabilities	<u>\$ 43,544,341</u>	<u>\$ 34,377,775</u>	<u>\$ (7,410,104)</u>
Deferred Inflows of Resources	<u>\$ 4,920,562</u>	<u>\$ 10,565,701</u>	<u>\$ 5,645,139</u>
Net Position			
Net Investment in Capital Assets	\$ 10,885,313	\$ 11,865,148	\$ 979,835
Restricted	4,439,101	4,370,725	(68,376)
Unrestricted (Deficit)	(33,106,701)	(30,059,697)	3,047,004
Total Net Position	<u>\$ (17,782,287)</u>	<u>\$ (13,823,824)</u>	<u>\$ 3,958,463</u>

In general, current assets are those assets that are available to satisfy current obligations and current liabilities and those liabilities that will be paid within one year. Current assets consist primarily of cash equivalents of \$6,876,234 and state, federal and BOCES aid receivable of \$490,118. Inventories account for \$9,735 and the remaining \$28,222 consists of accounts receivable. Current liabilities consist of accrued expenses totaling \$560,621 and the current portion of long-term debt totaling \$1,138,094.

LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023

The Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted state and federal aid must support the net cost of the School District's programs.

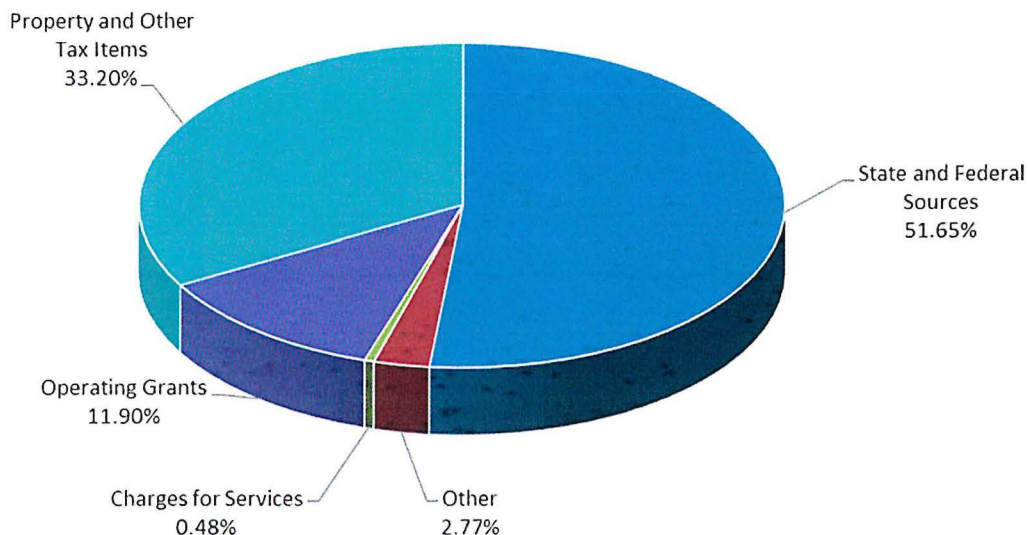
The following schedule summarizes the School District's activities. The complete Statement of Activities can be found in the School District's basic financial statements.

CONDENSED STATEMENT OF ACTIVITIES

	6/30/2022	6/30/2023	Variance
Revenues			
Program Revenues			
Charges for Services	\$ 11,715	\$ 61,534	\$ 49,819
Operating Grants	1,348,056	1,545,951	197,895
General Revenues			
Property and Other Tax Items	4,175,276	4,312,139	136,863
Use of Money and Property	5,231	55,651	50,420
Sale of Property and Compensation for Loss	30,415	12,125	(18,290)
Miscellaneous	196,697	292,179	95,482
Federal Sources	1,322	46,811	45,489
State Sources	6,571,110	6,660,893	89,783
Total Revenues	<u>12,339,822</u>	<u>12,987,283</u>	<u>647,461</u>
Expenses			
General Support	2,339,920	1,662,887	(677,033)
Instruction	12,097,415	6,289,895	(5,807,520)
Pupil Transportation	1,066,006	687,891	(378,115)
Debt Service	141,124	99,333	(41,791)
School Food Service - Cost of Food Sales	295,048	288,814	(6,234)
Total Expenses	<u>15,939,513</u>	<u>9,028,820</u>	<u>(6,910,693)</u>
Change in Net Position	<u>\$ (3,599,691)</u>	<u>\$ 3,958,463</u>	<u>\$ 7,558,154</u>

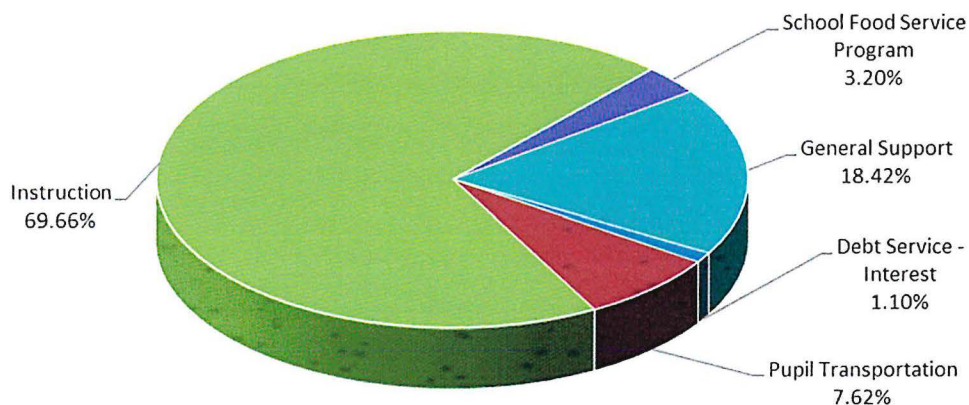
**LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023**

Sources of Revenues for Year Ending June 30, 2023



The School District is heavily dependent on both state and federal aid for its funding. State and Federal Grants and State and Federal General Revenues combined account for approximately 64% of total revenues. General Tax Revenues account for approximately 33% of revenues received for the year. These two areas make up for 97% of the total revenues received in the 2022-2023 school year.

Expenses for Year Ending June 30, 2023

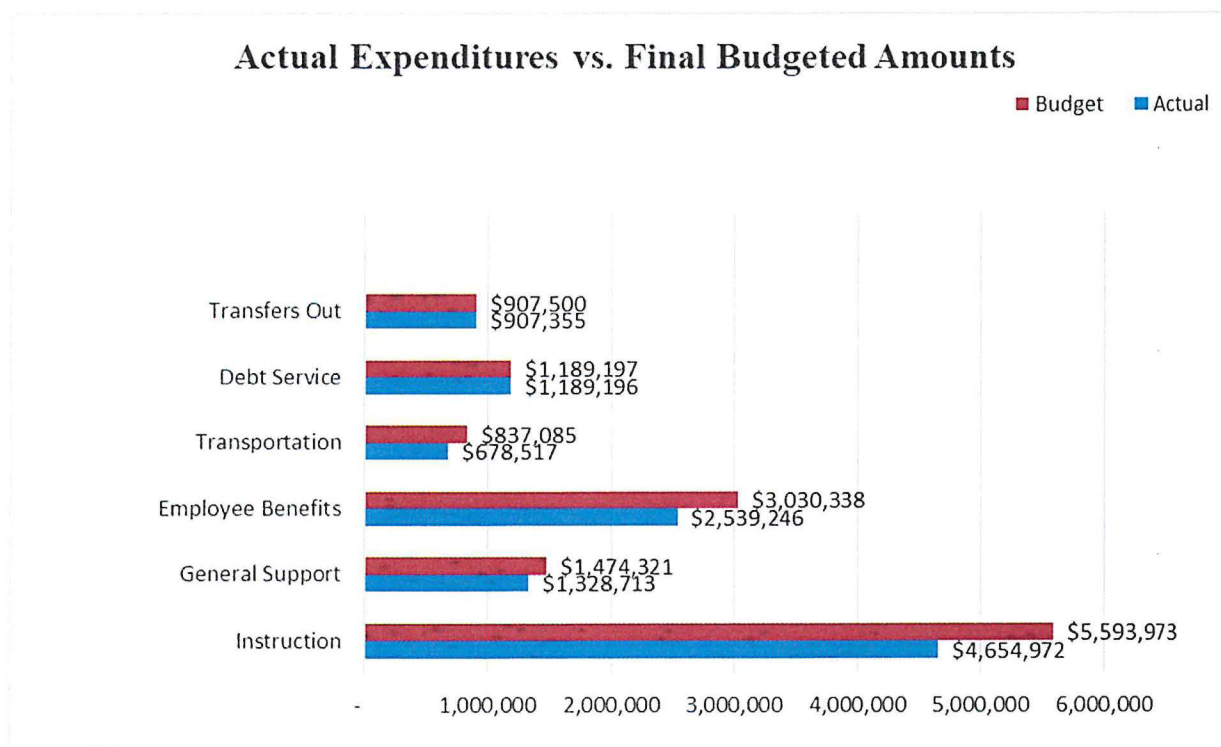


Instruction, transportation, and general support account for approximately 96% of the total expenses of the School District.

**LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023**

GENERAL FUND BUDGETARY HIGHLIGHTS

The School District's total budget increase for 2022-2023 was \$138,948 or a 1.17% increase from the prior year budget. The School District's budget of \$12,038,948 for 2022-2023 was approved by referendum on May 17, 2022 by residents that voted. The School District's adjusted budget for the 2022-2023 school year was \$13,032,414. The adjusted budget includes \$93,467 of encumbrances carried over from the prior year. Actual expenditures for 2022-2023 totaled \$11,297,999, which includes debt service of \$1,189,196. The School District under-expended its budget by \$1,638,568 (net of encumbrances of \$95,847). The graph below shows, in general terms, how the actual expenditures are distributed and compared to final budgeted appropriations:

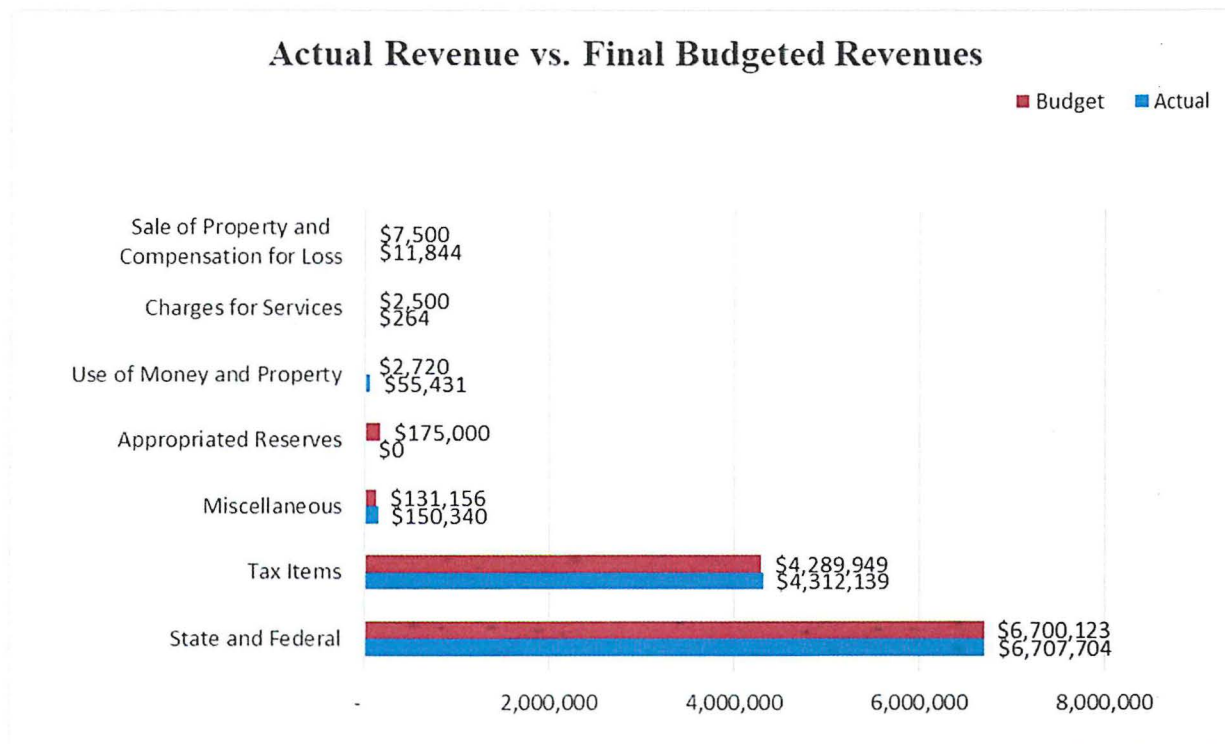


When constructing the budget, the number of special education students is uncertain as the enrollment is continually fluctuating, therefore for budgetary control, it is the District's custom to overestimate expenditures to maintain a favorable variance to be utilized in appropriating fund balance. Unspent appropriations provide cash flow at year-end when state aid is uncertain. Without this balance, the School District would have to borrow funds at year-end to meet its obligations. The School District appropriated \$730,000 of the fund balance to reduce taxes for the year ending June 30, 2023, and has decreased the appropriation to \$725,000 for 2023-2024.

**LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023**

All functional budget codes were under-expended again this year. The District continues to be cautious for potential mid-year State Aid cuts and delayed payments.

The School District's general fund receives its funding from many sources. The graph below depicts the actual revenues relative to the final budgeted revenues.



Revenues from Local, State and Federal Sources amounted to \$103,774 more than final budget figures. State and Federal aid received was \$7,581 more than budgeted.

**LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023**

ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

General Fund

General Funds are used to operate the schools daily educational and transportation programs and maintain the buildings and grounds of the facility for continued use. This is the only fund that relies on real property taxes for a portion of funding. Actual property taxes paid (less STAR Reimbursement) amounts to 36.3% of total General Fund revenues.

General Fund – Continued

As of the close of the fiscal year, the District has fund balances of \$5,679,411, a decrease of \$60,277 in comparison with the prior year.

Special Aid Fund

The School District receives State and Federal grants which fund specific academic activities. These grants are written for specific purposes and include class size reduction, staff development and needs related to students with disabilities.

It is important to note that most of these grants have a fiscal year which runs from September 1 to August 31, which differs from the school fiscal year of July 1 to June 30.

The listing below shows the grant amounts recorded in the Special Aid Fund:

	<u>6/30/2022</u>	<u>6/30/2023</u>
UPK	\$ 77,943	\$ 77,943
Transfer from General Fund	2,767	5,591
Title IV	10,000	12,436
Title II, Part A	24,172	18,651
Tktle I ESEA - Basic Grant	166,757	157,819
Summer School	7,406	22,137
REAP	25,740	29,729
IDEA Section 619	2,276	2,991
IDEA Section 611	127,186	132,942
Health Care Worker Bonus Program	-	2,153
GEER2	4,348	-
ESSER3	126,768	305,234
ESSER2	215,488	211,192
ARP Summer Learning & Enrichment	-	49,111
ARP Lost Instructional Time	192,136	197,014
ARP IDEA Section 619	-	2,494
ARP IDEA Section 611	-	26,856
ARP Homeless Children & Youth	-	2,602
ARP Comprehensive After School	-	33,720
	<hr/>	<hr/>
Total Special Aid Funds	\$ 982,987	1,290,615

LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023

School Food Service Fund

The School Food Service Program is funded through State and Federal Aid and the sale of lunch and breakfast items. The School Food Service Program showed a gain of \$98,170 for the year ending June 30, 2022, and a gain of \$864 for the year ending June 30, 2023. Following Section 205 of the Healthy, Hunger Free Kids Act of 2010, the District increased school lunch prices by .15 in the 2022-2023 school year; \$2.40 for elementary and \$2.50 for grades 7-12. Breakfast pricing was set at \$1.50. The District has received approval to participate in the Community Eligibility Provision for the 2023-2024 school year. Students will receive meals at no charge.

Capital Assets

- Land is valued at acquisition cost and the School District only has property with structures on or adjacent to it.
- Building & Improvements have various dates of construction from 1928 to 2010.
- Furniture & Equipment are recorded for the entire School District and include vehicles and school buses.
- A fixed asset policy was established by the School Board on July 14, 2008 to capitalize fixed assets of at least \$5,000 and building improvements of \$10,000.
- The net Capital Assets after depreciation are \$14,265,224 at June 30, 2023.

	Balance	2023	2023	Balance
	June 30, 2022	Additions	Retirements/ Reclassifications	June 30, 2023
Capital Assets That Are Not Depreciated:				
Construction in Progress	\$ -	\$ 190,790	\$ -	\$ 190,790
Total Nondepreciable Assets	-	190,790	-	190,790
Capital Assets Depreciated:				
Buildings and Improvements	20,833,678	-	-	20,833,678
Furniture and Equipment	2,711,808	285,667	(134,850)	3,132,325
Total Depreciated Assets	23,545,486	285,667	(134,850)	23,966,003
Less Accumulated Depreciation:				
Buildings and Improvements	(7,153,295)	(416,674)	-	(7,569,969)
Furniture and Equipment	(2,021,360)	(165,390)	134,850	(2,051,900)
Total Accumulated Depreciation	(9,174,655)	(582,064)	134,850	(9,891,569)
Total Depreciated Assets, Net	14,370,831	(296,397)	-	14,074,434
Capital Assets, Net	\$ 14,370,831	\$ (105,607)	\$ -	\$ 14,265,224

**LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023**

Long-Term Debt

The School District has bonds outstanding that were issued in June of 2011 for a capital project which included the addition of a new gymnasium, seven new classrooms and the renovation of the existing gym into an auditorium. In October 2017, the School District issued \$3,720,000 of general obligation refunding bonds to advance refund a portion of the 2011 Serial Bonds.

Other long-term debt includes installment purchase debt related to an energy performance contract dated September 24, 2010.

Transportation related debt is shown in the chart below.

Term	Type	Amount	Issued	Financed
Five Year	Serial Bond	\$ 118,723	September 2020	One Bus

The Long-Term Debt is broken down by current (within one year) and long term (after one year). At June 30, 2023 the School District had the following breakdown of debt.

Due and Payable Within One Year	\$ 1,138,094
Due and Payable After One Year	1,331,323
Total Long Term Debt	<u>\$ 2,469,417</u>

The last rating action from Moody's Investors Service, Inc. with respect to LaFargeville Central School District was on May 17, 2010 when the District's A2 rating was affirmed. The District's total outstanding indebtedness currently does not exceed its debt limit.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time, these financial statements were prepared and audited, the District was unaware of any existing litigation that could significantly affect its financial health in the future.

The District is continually attentive to the financial uncertainties at both the national and state level. As most of our revenues are procured through state aid, we also remain mindful of the possible implementation of state aid reform. The District's ability to raise revenue is further complicated in dealing with the property tax levy cap. These components will play a significant role in future budgets. Through conservative budgeting and careful planning, we strive to achieve financial stability in fulfilling our mission.

**LaFargeville Central School District
Management's Discussion and Analysis
June 30, 2023**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Manager at the following address:

LaFargeville Central School District
PO Box 138
LaFargeville, New York, 13656

LaFargeville Central School District
Statement of Net Position
Governmental Activities
June 30, 2023

Statement #1

Assets

Cash

Unrestricted	\$	2,507,910
Restricted		4,368,324

Receivables

State and federal aid	307,040
Due from other governments	183,078
Other	28,222

Inventories

9,735

Capital assets, net

14,265,224

Right-to-use assets, net

88,639

Total Assets

\$ 21,758,172

Deferred Outflows of Resources

Deferred charges on bond refunding \$ 69,341

Other postemployment benefits 6,366,264

Pensions 2,925,875

Total Deferred Outflows of Resources

\$ 9,361,480

Liabilities

Payables

Accounts payable	\$	8,127
Accrued liabilities		87,958
Accrued interest on bonds payable		11,364
Due to other governments		44
Due to teachers' retirement system		406,283
Due to employees' retirement system		37,873
Compensated absences payable		8,972

Long-term liabilities

Due and payable within one year

Bonds payable, net of unamortized premium 1,051,114

Installment purchase debt payable 86,980

Due and payable after one year

Bonds payable, net of unamortized premium 1,148,149

Installment purchase debt payable 183,174

Compensated absences payable 115,105

Other postemployment benefits payable 30,036,791

Net pension liability - proportionate share 1,195,841

Total Liabilities

\$ 34,377,775

LaFargeville Central School District
Statement of Net Position
Governmental Activities
June 30, 2023

Statement #1

Deferred Inflows of Resources

Other postemployment benefits	\$ 10,314,713
Pensions	<u>250,988</u>

Total Deferred Inflows of Resources	\$ <u>10,565,701</u>
-------------------------------------	----------------------

Net Position

Net investment in capital assets	\$ 11,865,148
Restricted for:	
Capital	2,699,966
Other legal restrictions	1,670,759
Unrestricted (deficit)	<u>(30,059,697)</u>

Total Net Position	\$ <u>(13,823,824)</u>
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Lafargeville Central School District
Statement of Activities and Changes in Net Position
Governmental Activities
For the Year Ended June 30, 2023

Statement #2

		Program Revenues		
	Expenses	Charges for Services	Operating Grants	Net (Expense) Revenues and Changes in Net Position
Functions/Programs				
General support	\$ 1,662,887	\$ -	\$ -	\$ (1,662,887)
Instruction	6,289,895	264	1,285,024	(5,004,607)
Pupil transportation	687,891	-	-	(687,891)
Debt service - interest	99,333	-	-	(99,333)
School lunch program	288,814	61,270	260,927	33,383
Total Functions and Programs	<u>\$ 9,028,820</u>	<u>\$ 61,534</u>	<u>\$ 1,545,951</u>	<u>(7,421,335)</u>
General Revenues				
Real property taxes				4,082,768
Other tax items				229,371
Use of money and property				55,651
Sale of property and compensation for loss				12,125
Miscellaneous				292,179
State sources				6,660,893
Federal sources				45,176
Medicaid reimbursement				<u>1,635</u>
Total General Revenues				<u>11,379,798</u>
Change in Net Position				3,958,463
Total Net Position - Beginning of year				<u>(17,782,287)</u>
Total Net Position - End of year				<u>\$ (13,823,824)</u>

LaFargeville Central School District
Balance Sheet
Governmental Funds
June 30, 2023

Statement #3

	General	Special Aid	School Lunch	Capital	Miscellaneous Special Revenue	Total Governmental Funds
Assets						
Cash						
Unrestricted	\$ 1,232,142	\$ 58,652	\$ 343,944	\$ 717,337	\$ 155,835	\$ 2,507,910
Restricted	4,368,324	-	-	-	-	4,368,324
Receivables						
Accounts receivable	27,941	-	281	-	-	28,222
Due from other funds	325,464	63,918	1,764	-	-	391,146
State and federal aid	124,901	180,381	1,758	-	-	307,040
Due from other governments	183,078	-	-	-	-	183,078
Inventories	-	-	9,735	-	-	9,735
Total Assets	<u>\$ 6,261,850</u>	<u>\$ 302,951</u>	<u>\$ 357,482</u>	<u>\$ 717,337</u>	<u>\$ 155,835</u>	<u>\$ 7,795,455</u>
Liabilities						
Payables						
Accounts payable	\$ -	\$ -	\$ -	\$ 8,127	\$ -	\$ 8,127
Accrued liabilities	63,629	-	24,329	-	-	87,958
Due to other funds	65,682	302,951	22,513	-	-	391,146
Due to other governments	-	-	44	-	-	44
Due to teachers' retirement system	406,283	-	-	-	-	406,283
Due to employees' retirement system	37,873	-	-	-	-	37,873
Compensated absences	8,972	-	-	-	-	8,972
Total Liabilities	<u>582,439</u>	<u>302,951</u>	<u>46,886</u>	<u>8,127</u>	<u>-</u>	<u>940,403</u>
Fund Balances						
Nonspendable	-	-	9,735	-	-	9,735
Restricted	4,368,324	-	2,401	-	-	4,370,725
Assigned	820,848	-	298,460	709,210	155,835	1,984,353
Unassigned	490,239	-	-	-	-	490,239
Total Fund Balances	<u>5,679,411</u>	<u>-</u>	<u>310,596</u>	<u>709,210</u>	<u>155,835</u>	<u>6,855,052</u>
Total Liabilities and Fund Balances and Deferred Inflows of Resources	<u>\$ 6,261,850</u>	<u>\$ 302,951</u>	<u>\$ 357,482</u>	<u>\$ 717,337</u>	<u>\$ 155,835</u>	<u>\$ 7,795,455</u>

LaFargeville Central School District
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2023

Statement #3A

	Total Governmental Funds	Long-Term Assets & Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
Assets				
Cash				
Unrestricted	\$ 2,507,910	\$ -	\$ -	\$ 2,507,910
Restricted	4,368,324	-	-	4,368,324
Receivables				
Due from other funds	391,146	-	(391,146)	-
State and federal aid	307,040	-	-	307,040
Due from other governments	183,078	-	-	183,078
Other	28,222	-	-	28,222
Inventories	9,735	-	-	9,735
Land, buildings and equip. (net)	-	14,265,224	-	14,265,224
Right-to-use assets (net)	-	88,639	-	88,639
 Total Assets	 \$ 7,795,455	 \$ 14,353,863	 \$ (391,146)	 \$ 21,758,172
Deferred Outflows of Resources				
Deferred charges on bond refunding	\$ -	\$ 69,341	\$ -	\$ 69,341
Other postemployment benefits	-	6,366,264	-	6,366,264
Pensions	-	2,925,875	-	2,925,875
 Total Deferred Outflows of Resources	 \$ -	 \$ 9,361,480	 \$ -	 \$ 9,361,480
Liabilities				
Payables				
Accounts payable	\$ 8,127	\$ -	\$ -	\$ 8,127
Accrued liabilities	87,958	-	-	87,958
Accrued interest on bonds payable	-	11,364	-	11,364
Due to other funds	391,146	-	(391,146)	-
Due to other governments	44	-	-	44
Due to teachers' retirement system	406,283	-	-	406,283
Due to employees' retirement system	37,873	-	-	37,873
Compensated absences payable	8,972	-	-	8,972
Long-term liabilities				
Due and payable within one year				
Bonds payable, net of unamortized premium	-	1,051,114	-	1,051,114
Installment purchase debt payable	-	86,980	-	86,980
Due and payable after one year				
Bonds payable, net of unamortized premium	-	1,148,149	-	1,148,149
Installment purchase debt payable	-	183,174	-	183,174
Compensated absences payable	-	115,105	-	115,105
Other postemployment benefits payable	-	30,036,791	-	30,036,791
Net pension liability - proportionate share	-	1,195,841	-	1,195,841
 Total Liabilities	 \$ 940,403	 \$ 33,828,518	 \$ (391,146)	 \$ 34,377,775

See Notes to Financial Statements.

LaFargeville Central School District
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2023

Statement #3A

	Total Governmental Funds	Long-Term Assets & Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
Deferred Inflows of Resources				
Other postemployment benefits	\$ -	\$ 10,314,713	\$ -	\$ 10,314,713
Pensions	-	250,988	-	250,988
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 10,565,701</u>	<u>\$ -</u>	<u>\$ 10,565,701</u>
Total Fund Balance/Net Position				
Total Fund Balances / Net Position	<u>\$ 6,855,052</u>	<u>\$ (29,647,434)</u>	<u>\$ 8,968,558</u>	<u>\$ (13,823,824)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances / Net Position	<u>\$ 7,795,455</u>	<u>\$ 14,746,785</u>	<u>\$ 8,577,412</u>	<u>\$ 31,119,652</u>

See Notes to Financial Statements.

LaFargeville Central School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

Statement #4

	General	Special Aid	School Lunch	Capital	Miscellaneous Special Revenue	Total Governmental Funds
Revenues						
Real property taxes	\$ 4,082,768	\$ -	\$ -	\$ -	\$ -	\$ 4,082,768
Other tax items	229,371	-	-	-	-	229,371
Charges for services	264	-	-	-	-	264
Use of money and property	55,431	-	-	-	220	55,651
Sale of property and compensation for loss	11,844	-	281	-	-	12,125
Miscellaneous	150,340	-	-	-	141,839	292,179
State sources	6,660,893	102,233	6,369	-	-	6,769,495
Medicaid reimbursement	1,635	-	-	-	-	1,635
Federal sources	45,176	1,182,791	233,681	-	-	1,461,648
Surplus food	-	-	20,877	-	-	20,877
Sales - school lunch	-	-	61,270	-	-	61,270
Total Revenues	\$ 11,237,722	\$ 1,285,024	\$ 322,478	\$ -	\$ 142,059	\$ 12,987,283
Expenditures						
General support	\$ 1,328,713	\$ 96,715	\$ 147,951	\$ -	\$ 129,377	\$ 1,702,756
Instruction	4,654,972	957,821	-	-	-	5,612,793
Pupil transportation	678,517	6,351	-	-	-	684,868
Employee benefits	2,539,246	229,728	28,066	-	-	2,797,040
Debt service						
Principal	1,034,047	-	-	-	-	1,034,047
Interest	155,149	-	-	-	-	155,149
Cost of sales	-	-	147,361	-	-	147,361
Capital outlay	-	-	-	190,790	-	190,790
Total Expenditures	\$ 10,390,644	\$ 1,290,615	\$ 323,378	\$ 190,790	\$ 129,377	\$ 12,324,804
Excess (Deficiency) of Revenues Over Expenditures	\$ 847,078	\$ (5,591)	\$ (900)	\$ (190,790)	\$ 12,682	\$ 662,479
Other Financing Sources and Uses						
Operating transfers in	\$ -	\$ 5,591	\$ 1,764	\$ 900,000	\$ -	\$ 907,355
Operating transfers (out)	(907,355)	-	-	-	-	(907,355)
Total Other Financing Sources (Uses)	\$ (907,355)	\$ 5,591	\$ 1,764	\$ 900,000	\$ -	\$ -
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Sources (Uses)	\$ (60,277)	\$ -	\$ 864	\$ 709,210	\$ 12,682	\$ 662,479
Fund Balance - Beginning of year	5,739,688	-	309,732	-	143,153	6,192,573
Fund Balance - End of year	\$ 5,679,411	\$ -	\$ 310,596	\$ 709,210	\$ 155,835	\$ 6,855,052

LaFargeville Central School District
Reconciliation of Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances
to Statement of Activities
For the Year Ended June 30, 2023

Statement #4A

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

Net Change in Fund Balances - Total Governmental Funds \$ 662,479

Capital Related Items

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 476,457	
Depreciation expense	<u>(582,064)</u>	(105,607)

Governmental funds report capital outlays under a right to use agreement for a period of time as expenditures. However, in the statement of activities, right to use assets are reported separately at cost, net of amortization over the period of use of the assets.

Right to use asset	\$ -	
Amortization expense	<u>(46,941)</u>	(46,941)

Long-Term Debt Transactions

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statements of Net Position. This is the amount of debt repayments made in the current period. 950,000

Repayment of installment purchase debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 84,047

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires 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 paid. The interest reported in the Statement of Activities is decreased/increased by the reduction in accrued interest on bonds and amortization of premium on bond issue. 55,816

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses - compensated absences (vacation and sick days), retirement system contributions - are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for those items are measured by the amount of financial resources used. 2,358,669

Changes in Net Position of Governmental Activities \$ 3,958,463

See Notes to Financial Statements.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

1 – Summary of significant accounting policies

The financial statements of LaFargeville Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A. Reporting Entity:

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

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

The accompanying financial statements present the activities of the District and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of a certain entity included in the District’s reporting entity.

i. Extraclassroom Activity Funds

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

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

B. Joint Venture:

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

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

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

During the year, the District was billed \$1,599,873 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$430,732. This represents state aid distributions of \$389,379 and 2022 fund balance returned to schools of \$41,353.

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

C. Basis of Presentation:

i. 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 the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

The Statement of Activities presents a comparison between direct expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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.

ii. Funds Statements:

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

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition and school store operations or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The Special Revenue Funds classified as major are:

- Special Aid Fund: Used to account for special operating projects or programs supported in whole, or in part, with Federal Funds or State of Local grants.
- School Lunch Fund: Used to account for transactions of the lunch and breakfast programs.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

Miscellaneous Special Revenue Funds: These funds are used to account for transactions of activities for which the District has administrative control, but the activities are not part of the District's operations. Included in the miscellaneous special revenue funds are the extraclassroom activity funds, the scholarship funds, and the backpack program funds.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

D. Measurement Focus and Basis of Accounting:

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

The district-wide 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, State Aid, 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 state aid is recognized in the fiscal year it is apportioned by the state. 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 90 days after the end of the fiscal year except for property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

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

E. Property Taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2022 and become a lien on August 8, 2022. Taxes are collected during the period September 1, 2022 to October 31, 2022.

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

F. Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G. Interfund Transactions:

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities). Eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H. Estimates:

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

I. Cash (and Cash Equivalents):

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

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

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

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

J. Accounts Receivable:

Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Inventories and Prepaid Items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

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

L. Other Assets:

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

M. Capital Assets:

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. 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 are as follows:

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

	<u>Capitalization</u> <u>Threshold</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>Useful Life</u>
Buildings and improvements	\$ 10,000	SL	50 years
Furniture and equipment	5,000	SL	4-10 years

The School District does not possess any infrastructure.

N. Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. First is the deferred charge on bond refunding reported in the government-wide Statement of Net Position. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second 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 proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and other postemployment benefits (OPEB) subsequent to the measurement date. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position or Balance Sheet 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 or fund balance 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 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 liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate 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 effect of the net changes of assumptions or other inputs.

O. Unearned Credits:

The District reports unearned credits on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned credits arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned credits is removed and revenue is recorded.

P. Vested Employee Benefits:

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund statements only, the amount of matured liabilities is accrued within the General Fund and School Lunch Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Q. Other Benefits:

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

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

R. Short-Term Debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. Such notes may be classified as part of the General Long-Term Debt Account Group 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 BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

S. Accrued Liabilities and Long-Term Obligations:

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

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

T. Equity Classifications:

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

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted net position – reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

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

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes inventory recorded in the School Lunch Fund of \$9,735.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Unemployment Insurance Payment Reserve Fund

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

Retirement Contributions Reserve Fund

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserve and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

Employee Benefit Accrued Liability Reserve Fund

According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund must be used for the payment of accrued employee benefit

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Capital Reserve Fund

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

Encumbrances

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

Restricted fund balance includes the following:

General Fund:

Unemployment insurance	\$ 120,400
Retirement contributions	1,220,094
Teacher's retirement system contributions	243,280
Employment benefit accrued liability	84,584
Capital	<u>2,699,966</u>
	4,368,324
School Lunch Program	<u>2,401</u>
	<u>\$ 4,370,725</u>

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balance as of June 30, 2023.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$95,848. Appropriated fund balance in the General Fund amounted to \$725,000. Any remaining fund balance in other funds is considered assigned. The School Lunch Fund, Capital Fund and Miscellaneous Special Revenue Fund also report assigned fund balance of \$298,460, \$709,210 and \$155,835, respectively. As of June 30, 2023, the District's General Fund encumbrances were classified as follows:

General support	\$ 34,549
Instruction	52,383
Pupil transportation	6,749
Community services	284
Employee benefits	<u>1,882</u>
Total	<u>\$ 95,847</u>

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

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Net Position/Fund Balance

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

Order of Use of Fund Balance:

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

U. Implementation of New Accounting Standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB). At June 30, 2023, the District implemented the following new standards issued by GASB.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

2 – Explanation of certain differences between 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 district-wide statements, compared with the current financial resources focus of the governmental funds.

A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balance of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

B) Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities:

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

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

i. Long-term revenue and expense 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.

ii. Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

iv. Pension differences:

Pension differences 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.

v. 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.

3 – Stewardship, compliance and accountability

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriation occurred during the current year:

Capital Reserve Transfer	<u>\$ 900,000</u>
Total	<u>\$ 900,000</u>

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

The General Fund is the only fund with a legally adopted budget for the fiscal year ended June 30, 2023.

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

Encumbrances

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

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit did not exceed the amount allowable, which is 4% of the District's budget for the upcoming school year.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

4 – Cash (and cash equivalents) – custodial credit, concentration of credit, interest rate, and foreign currency risks

Cash

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

Uncollateralized	<u>\$ -</u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	<u>\$ 4,955,457</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$4,368,324 restricted for various fund balance reserves in the general fund.

Deposits

Deposits are valued at cost-or-cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2023 all deposits were fully insured and collateralized by the District's agent but not in the District's name.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Manager of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

Investment Pool

The District participates in the Cooperative Liquid Assets Security System – New York (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11.

Total investments of the cooperative at June 30, 2023 are \$8,463,692,945, which consisted of \$2,529,797,821 in repurchase agreements, \$4,872,548,028 in U.S. Treasury Securities, and \$1,061,347,096 in collateralized bank deposits, with various interest rate and due dates.

The amount of \$1,558,105 on deposit with NYCLASS is included as cash in the financial statements.

The above amounts represent the fair value of the investment pool shares. The Lead Participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Balance</u>
General	\$ 1,558,105

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

5 – Capital assets

Capital asset balances and activity are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 190,790	\$ -	\$ 190,790
Total nondepreciable assets	-	190,790	-	190,790
Capital assets being depreciated:				
Buildings and improvements	20,833,678	-	-	20,833,678
Furniture and equipment	2,711,808	285,667	(134,850)	2,862,625
Total depreciated assets	23,545,486	285,667	(134,850)	23,696,303
Less accumulated depreciation for:				
Buildings and improvements	(7,153,295)	(416,674)	-	(7,569,969)
Furniture and equipment	(2,021,360)	(165,390)	134,850	(2,051,900)
Total accumulated depreciation	(9,174,655)	(582,064)	134,850	(9,621,869)
Total depreciated assets, net	14,370,831	(296,397)	-	14,074,434
Total capital assets balances, net	\$ 14,370,831	\$ (105,607)	\$ -	\$ 14,265,224
Pupil transportation		\$ 117,824		
General support		78,921		
Instruction		371,392		
School food service program		13,927		
		<u>\$ 582,064</u>		

6 – Right-to-use assets

The District is in possession of assets that it paid for the right-to-use over a period of time. All of the assets under the right-to-use agreement were paid for during the past five years, in full, during the year the right-to-use agreement began for a particular asset. The amount is amortized over five years, the number of years each asset item is to be used under the right-to-use agreement. A summary of the assets purchased by year, less accumulated amortization is summarized as follows:

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

<u>Fiscal year</u> <u>obtained</u>	<u>Cost</u>	<u>Prior</u> <u>amortization</u>	<u>Current</u> <u>amortization</u>	<u>Total</u> <u>amortization</u>	<u>Net</u>
6/30/2018	\$ 92,596	\$ 74,077	\$ 18,519	\$ 92,596	\$ -
6/30/2019	18,851	11,311	3,770	15,081	3,770
6/30/2020	26,419	10,567	5,284	15,851	10,568
6/30/2021	15,867	3,174	3,173	6,347	9,520
6/30/2022	<u>80,976</u>	<u>-</u>	<u>16,195</u>	<u>16,195</u>	<u>64,781</u>
Total	<u>\$ 234,709</u>	<u>\$ 99,129</u>	<u>\$ 46,941</u>	<u>\$ 146,070</u>	<u>\$ 88,639</u>

7 – Short-term debt

There were no short-term debt financing transactions during the year ended June 30, 2023.

8 – Long-term debt obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Serial Bonds

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

Noncurrent liability balances and activity are as follows:

	Beginning <u>Balance</u> (As restated)	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Long-Term Liabilities:					
Serial bonds	\$ 2,960,000	\$ -	\$ (950,000)	\$ 2,010,000	\$ 970,000
Premium on bonds	270,377	-	(81,114)	189,263	81,114
Installment purchase debt	<u>354,201</u>	<u>-</u>	<u>(84,047)</u>	<u>270,154</u>	<u>86,980</u>
Total Long-Term Liabilities	<u>3,584,578</u>	<u>-</u>	<u>(1,115,161)</u>	<u>2,469,417</u>	<u>1,138,094</u>
Other Long-Term Liabilities:					
Compensated absences	138,038	-	(13,961)	124,077	8,972
Other postemployment benefits obligation	39,283,722	-	(9,246,931)	30,036,791	-
Net pension liability - proportionate share	<u>-</u>	<u>1,195,841</u>	<u>-</u>	<u>1,195,841</u>	<u>-</u>
	<u>39,421,760</u>	<u>1,195,841</u>	<u>(9,260,892)</u>	<u>31,356,709</u>	<u>8,972</u>
	<u>\$ 43,006,338</u>	<u>\$ 1,195,841</u>	<u>\$ (10,376,053)</u>	<u>\$ 33,826,126</u>	<u>\$ 1,147,066</u>

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

Bonds payable is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Serial bond - refunded	10/17/17	06/15/25	2.0% - 5.0%	1,935,000
Bus purchase	09/01/20	09/01/26	0.6 - 1.0%	<u>75,000</u>
				<u>\$ 2,010,000</u>

The following is a summary of debt service requirements for bonds payable:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 970,000	\$ 97,194	\$ 1,067,194
2025	1,015,000	49,850	1,064,850
2026	25,000	125	25,125
2027	-	-	-
2028	-	-	-
2029 - 2033	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,010,000</u>	<u>\$ 147,169</u>	<u>\$ 2,157,169</u>

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

Interest on long-term debt for the year was composed of:

Interest paid	\$ 155,149
Less: interest accrued in the prior year	(15,785)
Plus: interest accrued in the current year	11,364
Less: amortization of bond premiums/deferred charge on refunding	<u>(51,395)</u>
Total interest on long-term debt	<u>\$ 99,333</u>

Defeased debt:

In prior years, the District defeased certain obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$1,935,000 of bonds outstanding are considered defeased.

Installment purchase debt:

The District entered into a purchase agreement for expenditures under an energy performance contract dated September 24, 2010. The contract was refinanced on October 28, 2013. A summary of aggregate minimum annual maturities of installment purchase debt payments as of June 30 is as follows:

2024	\$ 96,409
2025	96,409
2026	96,408
2027	-
2028	-
2029-2033	<u>-</u>
	289,226
Less: interest compounded on the present value at the inception of the lease based on individual lease terms	<u>(19,072)</u>
Present value of minimum lease payments	<u>\$ 270,154</u>

The energy performance contract is carried in fixed assets as buildings and improvements at June 30, 2023 as follows:

Cost	\$ 1,078,126
Less: accumulated depreciation	<u>(269,537)</u>
Undepreciated cost	<u>\$ 808,589</u>

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

9 – Pension plans

General information:

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

Plan Descriptions and Benefits Provided:

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 New York State 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. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYTRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

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

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

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, NYERS, 110 State Street, Albany, New York 12244.

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% 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 for the ERS' fiscal year ended 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 and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>TRS</u>	<u>ERS</u>
2022-2023	\$ 383,494	\$ 125,747
2021-2022	344,820	156,131
2020-2021	323,431	140,864

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

Pension Assets, Liabilities, Pension Expense (Credit), 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 June 30, 2022 for TRS and March 31, 2023 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2022	March 31, 2023
Net pension asset/(liability)	\$ (386,066)	\$ (809,775)
District's portion of the Plan's total net pension asset/(liability)	0.020119%	0.003776%
Change in proportion since the prior measurement date	0.001404%	0.000041%

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of \$362,572 for TRS and \$130,724 for ERS. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 404,548	\$ 86,247	\$ 7,736	\$ 22,742
Changes of assumptions	748,902	393,279	155,518	4,346
Net difference between projected and actual earnings on pension plan investments	498,833	-	-	4,757
Changes in proportion and differences between the District's contributions and proportionate share of contributions	12,537	25,482	32,180	23,709
District's contributions subsequent to the measurement date	718,174	37,873	-	-
Total	<u>\$ 2,382,994</u>	<u>\$ 542,881</u>	<u>\$ 195,434</u>	<u>\$ 55,554</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2024 for ERS and June 30, 2023 for TRS. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>TRS</u>	<u>ERS</u>
2023	\$ 280,933	\$ -
2024	144,282	110,062
2025	(65,358)	(41,224)
2026	981,148	160,625
2027	124,370	219,991
Thereafter	4,011	-

Actuarial Assumptions:

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

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Interest rate	6.95%	5.9%
Salary scale	1.95 - 5.18%	4.40%
Decrement tables	July 1, 2015 - June 30, 2020	April 1, 2015 - March 31, 2020
	System's Experience	System's Experience
Inflation rate	2.40%	2.9%
Cost of living adjustments	1.3%	1.5%

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-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. 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, 2020.

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

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:

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2022</u>	<u>2022</u>
Asset Type		
Domestic equities	33%	6.50%
International equities	16%	7.20%
Global equities	4%	6.90%
Real estate equities	11%	6.20%
Private equities	8%	9.90%
Domestic fixed income securities	16%	1.10%
Global bonds	2%	0.60%
Private debt	2%	5.30%
Real estate debt	6%	2.40%
High-yield bonds	1%	3.30%
Cash equivalents	<u>1%</u>	-0.30%
Total	100%	

*Real rates of returns are net of the long-term inflation assumption of 2.4% for 2022.

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2023</u>	<u>2023</u>
Asset Type		
Domestic equities	32%	4.30%
International equities	15%	6.85%
Private equities	10%	7.50%
Real estate equities	9%	4.60%
Opportunistic/Absolute return (1)	3%	5.38%
Credit	4%	5.43%
Real assets	3%	5.84%
Fixed income	23%	1.50%
Cash	<u>1%</u>	0.00%
Total	100%	

* Real rates of returns are net of the long-term inflation assumption of 2.5% for 2023.

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equities and international equities, respectively.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

Discount Rate:

The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.9% for ERS. 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 determined. 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).

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.95% for TRS and 5.9% for ERS, 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 (5.95% for TRS and 4.9% for ERS) or 1 percentage point higher (7.95% for TRS and 6.9% for ERS) than the current rate:

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
<u>TRS</u>			
Employers' proportionate share of the net pension asset (liability)	\$ (3,559,707)	\$ (386,066)	\$ 2,282,946
	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
<u>ERS</u>			
Employers' proportionate share of the net pension asset (liability)	\$ (1,956,879)	\$ (809,775)	\$ 148,764

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefit.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources for the current period. The collective pension expense (credit) for the year ended June 30, 2023 is \$484,496 for TRS and \$289,995 for ERS.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

Pension Plan Fiduciary Net Position:

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

Valuation date	<u>TRS</u>	<u>ERS</u>
	June 30, 2022	March 31, 2023
	(Dollars in Thousands)	
Employers' total pension liability	\$ 133,883,474	\$ 232,627,259
Plan fiduciary net position	<u>131,964,582</u>	<u>211,183,223</u>
Employers' net pension asset/(liability)	<u>\$ (1,918,892)</u>	<u>\$ (21,444,036)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	98.6%	90.78%

Payables to the Pension Plan:

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 covered 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 \$406,283.

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 \$37,873 of employer contributions. Employee contributions are remitted monthly.

10 – Interfund transactions – governmental funds

	Interfund			
	Receivable	Payable	Revenues	Expenditures
General	\$ 325,464	\$ 65,682	\$ -	\$ 907,355
Special aid	63,918	302,951	5,591	-
School lunch	1,764	22,513	1,764	-
Capital fund	-	-	900,000	-
Total Governmental Funds	<u>\$ 391,146</u>	<u>\$ 391,146</u>	<u>\$ 907,355</u>	<u>\$ 907,355</u>

During 2022-2023, the General Fund transferred \$5,591 to the Special Aid Fund for the District's share of the special education summer school programs its students attended.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

11 – Postemployment (health insurance) benefits

Plan Description

The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is a single-employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employers are required to reach age 55 and have 3 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2023, approximately \$843,981 was paid on behalf of 58 retirees.

Benefits Provided

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees/beneficiaries currently receiving benefit payments	58
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>88</u>
	<u>146</u>

Net OPEB Liability

The District's total OPEB liability of \$30,036,791 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	3.00%
Discount Rate	3.77%
Healthcare Cost Trend Rates	6.75% for 2022 decreasing .25 percent to an ultimate rate of 4.5 percent for 2032 and later years
Retirees' Share of Benefit-Related Costs	12-15% depending on retiree's job classification and/or hire date

Mortality rates were based on the MP-2021 Mortality Tables.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021.

The discount rate was based on an average of three 20-year bond indices.

Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 39,283,722</u>
<u>Changes for the year:</u>	
Service cost	771,457
Interest	1,465,087
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(10,639,494)
Benefit payments	<u>(843,981)</u>
Net changes	<u>(9,246,931)</u>
Balance at June 30, 2023	<u>\$ 30,036,791</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.09% in 2022 to 3.77% in 2023.

LaFargeville Central School District
Notes to Financial Statements
June 30, 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 (2.77%) or 1 percentage point higher (4.77%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 35,764,061</u>	<u>\$ 30,036,791</u>	<u>\$ 25,572,190</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 trend rates that are 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current healthcare cost trend rate:

	<u>1% Decrease 5.75% Decreasing to 3.50%</u>	<u>Healthcare Cost Trend Rates 6.75% Decreasing to 4.50%</u>	<u>1% Increase 7.75% Decreasing to 5.50%</u>
Total OPEB Liability	<u>\$ 24,858,093</u>	<u>\$ 30,036,791</u>	<u>\$ 36,923,209</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 of \$(9,246,931). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	5,484,915	10,314,713
Benefit payments subsequent to measurement period	<u>881,349</u>	<u>-</u>
Total	<u>\$ 6,366,264</u>	<u>\$ 10,314,713</u>

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

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

<u>Fiscal year ending June 30,</u>	<u>Amount</u>
2024	\$ (598,005)
2025	(460,196)
2026	(147,504)
2027	(357,689)
2028	(1,003,317)
Thereafter	<u>(2,263,087)</u>
	<u>\$ (4,829,798)</u>

12 – Fund balance equity

The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2023:

<u>Fund Balances</u>	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Governmental Funds</u>
Non-spendable						
Food/supplies inventory	\$ -	\$ -	\$ 9,735	\$ -	\$ -	\$ 9,735
Restricted						
Unemployment insurance	120,400	-	-	-	-	120,400
Retirement contribution	1,220,094	-	-	-	-	1,220,094
Teacher's retirement	243,280	-	-	-	-	243,280
Employee benefit liability	84,584	-	-	-	-	84,584
Capital	2,699,966	-	-	-	-	2,699,966
Encumbrances	-	-	2,401	-	-	2,401
Assigned						
Encumbrances	95,848	-	-	-	-	95,848
Designated for next year	725,000	-	-	-	-	725,000
School lunch	-	-	298,460	-	-	298,460
Capital fund	-	-	-	709,210	-	709,210
Extraclassroom activity	-	-	-	-	73,569	73,569
Scholarships	-	-	-	-	65,712	65,712
Backpack program	-	-	-	-	16,554	16,554
Unassigned	<u>490,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490,239</u>
	<u>\$ 5,679,411</u>	<u>\$ -</u>	<u>\$ 310,596</u>	<u>\$ 709,210</u>	<u>\$ 155,835</u>	<u>\$ 6,855,052</u>

LaFargeville Central School District
Notes to Financial Statements
June 30, 2023

13 – Risk management

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

Pooled Non-Risk Retained

The District participates in the Jefferson-Lewis Et. Al. School Employees' Healthcare Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 16 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members up to \$750,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$750,000 limit, and the District has essentially transferred all related risk to the pool.

The District participates in the Black River Valley Schools Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$0.

14 – Tax Abatements

The County of Jefferson enters into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$23,127. The District received payment in lieu of tax (PILOT) payments totaling \$24,065.

15 – Commitments and contingencies

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

16 – Subsequent events

The District has evaluated events and transactions that occurred between June 30, 2023 and September 25, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. Nothing of significance was noted.

LaFargeville Central School District
Required Supplementary Information
Schedule of Funding Progress
Other Post Employment Benefits
Last 6 Fiscal Years
For the Year Ended June 30, 2023

SS #1

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17
Total OPEB Liability						
Service cost	\$ 771,457	\$ 1,304,023	\$ 1,368,694	\$ 1,048,437	\$ 903,566	\$ 1,063,935
Interest	1,465,087	730,457	709,968	812,475	945,079	831,970
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	-	-	-	-	-	-
Changes of assumptions or other inputs	(10,639,494)	2,697,237	4,527,160	2,060,532	(983,352)	(3,123,911)
Benefit payments	<u>(843,981)</u>	<u>(796,147)</u>	<u>(709,475)</u>	<u>(689,307)</u>	<u>(578,418)</u>	<u>(534,746)</u>
Net change in total OPEB liability	(9,246,931)	3,935,570	5,896,347	3,232,137	286,875	(1,762,752)
Total OPEB liability - beginning	<u>39,283,722</u>	<u>35,348,152</u>	<u>29,451,805</u>	<u>26,219,668</u>	<u>25,932,793</u>	<u>27,695,545</u>
Total OPEB liability - ending	<u>\$ 30,036,791</u>	<u>\$ 39,283,722</u>	<u>\$ 35,348,152</u>	<u>\$ 29,451,805</u>	<u>\$ 26,219,668</u>	<u>\$ 25,932,793</u>
Covered payroll	<u>\$ 4,406,861</u>	<u>\$ 4,406,861</u>	<u>\$ 4,290,172</u>	<u>\$ 4,290,172</u>	<u>\$ 4,511,639</u>	<u>\$ 4,352,689</u>
Total OPEB liability as a percentage of covered	681.59%	891.42%	823.93%	686.49%	581.16%	595.79%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical date is available.

Note: The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

See paragraph on Supplementary Schedules included in Independent Auditors' Report.

LaFargeville Central School District
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2023

SS #2

	Original Budget	Final Budget	Actual (Budgetary Basis)		Final Budget Variance with Budgetary Actual
Revenues					
Local Sources					
Real property taxes	\$ 4,281,600	\$ 4,082,768	\$ 4,082,768		\$ -
Other tax items	8,349	207,181	229,371		22,190
Charges for services	2,500	2,500	264		(2,236)
Use of money and property	2,720	2,720	55,431		52,711
Sale of property and compensation for loss	7,500	7,500	11,844		4,344
Miscellaneous	131,156	131,156	150,340		19,184
Total Local Sources	4,433,825	4,433,825	4,530,018		96,193
State sources	6,695,123	6,695,123	6,660,893		(34,230)
Medicaid reimbursement	5,000	5,000	1,635		(3,365)
Federal sources	-	-	45,176		45,176
Total Revenues	11,133,948	11,133,948	11,237,722		\$ 103,774
Appropriated Fund Balance					
Prior years' surplus	730,000	730,000			
Prior year's encumbrances	93,467	93,467			
Appropriated reserves	175,000	175,000			
Total Appropriated Fund Balance	998,467	998,467			
Total Revenues and Appropriated Fund Balance	\$ 12,132,415	\$ 12,132,415			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual & Encumbrances
Expenditures					
General support					
Board of Education	\$ 13,526	\$ 13,511	\$ 9,583	\$ 854	\$ 3,074
Central administration	156,308	160,062	156,364	-	3,698
Finance	257,570	259,269	249,050	-	10,219
Staff	45,401	45,559	38,959	72	6,528
Central services	825,273	819,677	716,050	31,823	71,804
Special items	175,959	175,959	158,707	1,800	15,452
Total General Support	1,474,037	1,474,037	1,328,713	34,549	110,775
Instruction					
Administration and improvement	254,903	255,770	216,262	4	39,504
Teaching - regular school	3,056,527	3,015,131	2,698,092	3,159	313,880
Programs for students with disabilities	1,606,257	1,573,003	1,165,198	1,180	406,625
Teaching - special schools	3,000	4,992	3,933	727	332
Instructional media	225,858	299,965	249,445	45,310	5,210
Pupil services	447,908	445,112	322,042	2,003	121,067
Total Instruction	5,594,453	5,593,973	4,654,972	52,383	886,618
Pupil transportation	836,890	837,086	678,517	6,749	151,820
Community services	-	284	-	284	-
Employee benefits	3,030,338	3,030,338	2,539,246	1,882	489,210
Debt service	1,189,197	1,189,197	1,189,196	-	1
Total Expenditures	12,124,915	12,124,915	10,390,644	95,847	1,638,424
Other Financing Uses					
Transfers to other funds	7,500	907,500	907,355	-	145
Total Expenditures and Other Financing uses	12,132,415	13,032,415	11,297,999	\$ 95,847	\$ 1,638,569
Net Change in Fund Balance	-	(900,000)	(60,277)		
Fund balance - Beginning of year	5,739,688	5,739,688	5,739,688		
Fund balance - End of year	\$ 5,739,688	\$ 4,839,688	\$ 5,679,411		

See paragraph on Supplementary Schedules included in Independent Auditors' Report.

**LaFargeville Central School District
Required Supplementary Information
Schedules of District Contributions
NYSTRS Pension Plan - Last 9 Fiscal Years
For the Year Ended June 30, 2023**

SS #3

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 383,494	\$ 344,820	\$ 323,431	\$ 376,683	\$ 340,905	\$ 367,088	\$ 403,288	\$ 524,103	\$ 468,823
Contributions in relation to the contractually Required contribution	<u>383,494</u>	<u>344,820</u>	<u>323,431</u>	<u>376,683</u>	<u>340,905</u>	<u>367,088</u>	<u>403,288</u>	<u>524,103</u>	<u>468,823</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,636,612	\$ 3,385,580	\$ 3,448,081	\$ 3,400,113	\$ 3,314,776	\$ 3,185,025	\$ 3,093,756	\$ 3,013,755	\$ 2,933,508
Contributions as a percentage of covered-employee payroll	10.55%	10.18%	9.38%	11.08%	10.28%	11.53%	13.04%	17.39%	15.98%

**LaFargeville Central School District
Schedules of District Contributions
NYSERS Pension Plan - Last 9 Fiscal Years
For the Year Ended June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 125,747	\$ 156,131	\$ 140,864	\$ 156,665	\$ 144,452	\$ 144,463	\$ 154,013	\$ 176,561	\$ 199,446
Contributions in relation to the contractually required contribution	<u>125,747</u>	<u>156,131</u>	<u>140,864</u>	<u>156,665</u>	<u>144,452</u>	<u>144,463</u>	<u>154,013</u>	<u>176,561</u>	<u>199,446</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,132,330	\$ 1,032,043	\$ 997,191	\$ 1,008,546	\$ 977,271	\$ 957,321	\$ 997,550	\$ 970,690	\$ 971,365
Contributions as a percentage of covered-employee payroll	11.11%	15.13%	14.13%	15.53%	14.78%	15.09%	15.44%	18.19%	20.53%

10 years of historical information was not available upon implementation. An additional year of historical information will be added to each year subsequent to the year of implementation until 10 years of historical data is available.

See paragraph on Supplementary Schedules included in Independent Auditors' Report.

**LaFargeville Central School District
Required Supplementary Information
Schedules of District's Proportionate Share
of the Net Pension Liability
NYSTRS Pension Plan - Last 9 Fiscal Years
For the Year Ended June 30, 2023**

SS #4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.020119%	0.019786%	0.020135%	0.020236%	0.020018%	0.019765%	0.019710%	0.019903%	0.019531%
District's proportionate share of the net pension liability (asset)	\$ 386,066	\$ (3,428,716)	\$ 556,373	\$ (525,726)	\$ (361,980)	\$ (150,236)	\$ 211,098	\$ (2,067,320)	\$ (217,565)
District's covered-employee payroll	\$ 3,636,612	\$ 3,385,580	\$ 3,448,081	\$ 3,400,113	\$ 3,314,776	\$ 3,185,025	\$ 3,093,756	\$ 3,013,755	\$ 2,933,508
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.62%	-101.27%	16.14%	-15.46%	-10.92%	-4.72%	6.82%	-68.60%	-7.42%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

**LaFargeville Central School District
Schedules of District's Proportionate Share
of the Net Pension Liability
NYSERS Pension Plan - Last 9 Fiscal Years
For the Year Ended June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0037762%	0.0038174%	0.0038717%	0.0034330%	0.0036131%	0.0034437%	0.0039278%	0.0039881%	0.0042308%
District's proportionate share of the net pension liability (asset)	\$ 809,775	\$ (312,053)	\$ 3,855	\$ 909,068	\$ 256,001	\$ 111,143	\$ 369,067	\$ 640,094	\$ 142,927
District's covered-employee payroll	\$ 1,132,330	\$ 1,032,043	\$ 997,191	\$ 1,008,546	\$ 977,271	\$ 957,321	\$ 997,550	\$ 970,690	\$ 971,365
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	71.51%	-30.24%	0.39%	90.14%	26.20%	11.61%	37.00%	65.94%	14.71%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See paragraph on Supplementary Schedules included in Independent Auditors' Report.

LaFargeville Central School District
Supplementary Information
Schedule of Change from Adopted Budget to Final Budget
And the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2023

SS #5

Change From Adopted Budget to Final Budget

Adopted budget	\$ 12,038,948
Add: prior year's encumbrances	<u>93,467</u>
Original budget	12,132,415
Budget revisions	<u>900,000</u>
Final Budget	<u><u>\$ 13,032,415</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2023-24 voter-approved expenditure budget	<u>\$ 12,343,431</u>
Maximum allowed (4% of 2023-24 budget)	<u>493,737</u>

General fund balance subject to Section 1318 of Real property tax law:

Unrestricted fund balance:

Assigned fund balance	820,848
Unassigned fund balance	<u>490,239</u>

Total unrestricted fund balance \$ 1,311,087

Less:

Appropriated fund balance	\$ 725,000
Encumbrances included in assigned fund balance	<u>95,847</u>

Total adjustments \$ 820,847

General fund balance subject to Section 1318 of Real property tax law \$ 490,240

Actual percentage 3.97%

See paragraph on Supplementary Schedules included in Independent Auditors' Report.

LaFargeville Central School District
Supplementary Information
Schedule of Project Expenditures
Capital Projects Fund
For the Year Ended June 30, 2023

Supplemental Schedule #6

Project Title	Original	Revised	Prior	Expenditures	Unexpended	Proceeds of	Methods of Financing		Total	Fund
	<u>Appropriation</u>	<u>Appropriation</u>	<u>Years</u>	<u>Current</u> <u>Year</u>			State	Local		
					<u>Balance</u>	<u>Obligations</u>	<u>Aid</u>	<u>Sources</u>		<u>Balance</u> <u>June 30, 2023</u>
Kitchen, dining area rehab, boiler replace, plumbing imp	\$ 10,300,000	\$ 10,300,000	\$ -	\$ 190,790	\$ 10,109,210	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ 709,210
Totals	\$ 10,300,000	\$ 10,300,000	\$ -	\$ 190,790	\$ 10,109,210	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ 709,210

LaFargeville Central School District
Supplementary Information
Net Investment in Capital Assets
For the Year Ended June 30, 2023

Supplemental Schedule #7

Capital assets, net			\$ 14,265,224
Add:			
Deferred charge on bond refunding			69,341
Deduct:			
Premium on bonds payable	\$	189,263	
Short-term portion of installment purchase debt payable		86,980	
Long-term portion of installment purchase debt payable		183,174	
Short-term portion of bonds payable		970,000	
Long-term portion of bonds payable		<u>1,040,000</u>	<u>2,469,417</u>
Net Investment in Capital Assets			<u>\$ 11,865,148</u>

See paragraph on Supplementary Schedules included in Independent Auditors' Report.

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Mark B. Hills, C.P.A.

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

Board of Education
LaFargeville Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LaFargeville Central School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise LaFargeville Central School District's basic financial statements, and have issued our report thereon dated September 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LaFargeville 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LaFargeville Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of LaFargeville 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Stackel + Navarra, CPA, PC

Watertown, NY
September 25, 2023

STACKEL & NAVARRA, C.P.A., P.C.
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**Independent Auditors' Report on Compliance for Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

Board of Education
LaFargeville Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited LaFargeville 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 LaFargeville Central School District's major federal programs for the year ended June 30, 2023. LaFargeville 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, LaFargeville 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 of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LaFargeville 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of LaFargeville 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 the LaFargeville Central School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the LaFargeville 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 the LaFargeville Central School District's compliance with the requirements of each major federal program as a whole.

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 the LaFargeville 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 the LaFargeville 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 LaFargeville 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

Stackel & Navarra, CPA, PC

Watertown, NY
September 25, 2023

LaFargeville Central School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor Program Title	Assistance Listing Number	Agency or Pass-through Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through NYS Education Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (food distribution)			
National School Lunch Program	10.555		\$ 9,021
Non-Cash Assistance subtotal			<u>9,021</u>
Cash Assistance			
School Breakfast Program	10.553		38,556
National School Lunch Program	10.555		164,657
Summer Food Service Program	10.559		<u>6,485</u>
Cash Assistance subtotal			<u>209,698</u>
Total Child Nutrition Cluster			<u>218,719</u>
Child Nutrition Equipment Assistance	10.579	0005-22-0035	<u>14,335</u>
COVID 19 - EBT Administrative Costs	10.649		<u>628</u>
Total Passed-through NYS Education Department			<u>233,682</u>
<i>Total, U.S. Department of Agriculture</i>			<u>233,682</u>
<u>U.S. Department of Education</u>			
Passed-through NYS Education Department:			
Special Education Cluster:			
IDEA - Part B (Section 611)	84.027	0032-23-0322	132,942
IDEA - ARP Part B (Section 611)	84.027X	5532-22-0322	26,856
IDEA - Part B (Section 619)	84.173	0033-23-0322	2,494
IDEA - ARP Part B (Section 619)	84.173X	5533-22-0322	<u>2,991</u>
Total Special Education Cluster			<u>165,283</u>
Education Stabilization Funds:			
COVID-19 - CRRSA - ESSER 2	84.425D	5891-21-1200	211,192
COVID-19 - ARP ESSER 3	84.425U	5880-21-1200	305,234
COVID-19 - ARP - SLR Impact of Lost Learning	84.425U	5884-21-1200	197,014
COVID-19 - ARP - SLR Summer Enrichment	84.425U	5882-21-1200	49,111
COVID-19 - ARP - SLR Comprehensive After School	84.425U	5883-21-1200	33,720
COVID-19 - ARP - Homeless Children and Youth (Passed through Sackets Harbor CSD)	84.425U	5218-21-1190	<u>2,602</u>
Total Education Stabilization Funds			<u>798,873</u>
Title I - ESEA - Basic Grant	84.010	0021-23-1200	157,819
Title IIA - Teacher/Principal Training/Recruiting	84.367	0147-23-1200	18,651
Title IV - Student Support/Academic Enrichment	84.424	0204-23-1200	<u>12,436</u>
Total Passed-through NYS Education Department			<u>1,153,062</u>

LaFargeville Central School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Direct Program:

REAP - Rural Education Achievement Program	84.358	S358A213027	29,729
Impact Aid	84.041		<u>25,915</u>
<i>Total, U.S. Department of Education</i>			<u>1,208,706</u>

U.S. Department of Homeland Security

Passed-through NYS Division of Homeland Security:

Disaster Grants - Public Assistance	97.036		<u>19,261</u>
<i>Total, U.S. Department of Homeland Security</i>			<u>19,261</u>
Total Federal Awards Expended			<u>\$ 1,461,649</u>

See paragraph on supplementary schedules included in auditors' report.
See accompanying Notes to Schedule of Expenditures of Federal Awards.

LaFargeville Central School District
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

1 – Summary of certain significant accounting policies:

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information 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 this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source of the data presented. The District's policy is not to charge federal award programs with indirect costs.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

2 – Subrecipients:

No amounts were provided to subrecipients.

3 – Food distribution:

Nonmonetary assistance is recorded in the schedule at the fair market value of the commodities received and disbursed. The District was granted \$9,021 of commodities under the National School Lunch Program (CFDA 10.555).

4 – Other disclosures:

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

**LaFargeville Central School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's opinion(s) 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) _____ yes X no

Identification of major programs:

<u>Name of federal program</u>	<u>CFDA Number</u>
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Education Stabilization Funds:

CRRSA – ESSER 2	84.425D
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ARP – ESSER 3	84.425U
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ARP – SLR Impact of Lost Learning Time	84.425U
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ARP – SLR Summer Enrichment	84.425U
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ARP – SLR Comprehensive After School	84.425U
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ARP – Homeless Children and Youth	84.425U
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Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$750,000</u>
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Auditee qualified as low risk? _____ yes X no

Section II - Financial Statements Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**LaFargeville Central School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

There were no prior year audit findings.