

**DEPOSIT
CENTRAL SCHOOL DISTRICT**

Deposit, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2023**



DEPOSIT CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

Independent Auditors' Report	1-4
Required Supplementary Information	
Management's Discussion and Analysis	5-5g
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	6-7
Statement of Activities	8
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Governmental Funds	11
Reconciliation of Governmental Funds Statement of Revenues, Expenditures,	
and Changes in Fund Balance to the Statement of Activities	12
Statement of Fiduciary Net Position	13
Statement of Changes in Fiduciary Net Position	14
Notes to Financial Statements	15-47

Required Supplementary Information	
Schedule of Revenues Compared to Budget (Non-U.S. GAAP) - General Fund	48
Schedule of Expenditures Compared to Budget (Non-U.S. GAAP) - General Fund	49
Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans	50
Schedules of the School District's Proportionate Share of the Net Pension	
(Asset)/Liability - NYSLRS Pension Plan	51
Schedules of the School District's Proportionate Share of the Net Pension	
(Asset)/Liability - NYSTRS Pension Plan	52
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	53
Notes to Required Supplementary Information	54-55

DEPOSIT CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

Supplementary Financial Information

Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit	56
Schedule of Project Expenditures - Capital Projects Fund	57
Schedule of Net Investment in Capital Assets	58
Balance Sheet - Non-Major Governmental Funds	59
Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds	60

Report Required Under *Government Auditing Standards*

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 <i>Government Auditing Standards</i>	61-62
---	-------

Reports Required Under the Single Audit Act (Uniform Guidance)

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	63-65
Schedule of Expenditures of Federal Awards	66
Notes to Schedule of Expenditures of Federal Awards	67
Schedule of Findings and Questioned Costs	68-69



INDEPENDENT AUDITORS' REPORT

Board of Education
Deposit Central School District
Deposit, New York

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 Deposit Central School District (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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; budgetary comparison schedules; the Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; Schedule of Changes in the District's Total OPEB Liability and Related Ratios; and related notes 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information) and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 GAAS. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 12, 2023

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

The following is a discussion and analysis of the Deposit Central School District's (the School District) 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 District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and supplementary information, both required and not required. 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 greater detail than the District-wide financial statements. The Governmental 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 Fiduciary Fund financial statements concentrate on funds that the School District manages on behalf 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 for the year; a Schedule of Changes in the School District's total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for postemployment benefits; and Schedules of School District Contributions and Proportionate Share of Net Pension (Asset)/ Liability.

District-Wide Financial Statements

The District-wide financial 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 financial 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.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

To assess the School District's overall health, one needs to consider additional nonfinancial 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 on 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. The School District has two kinds of funds:

- **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 one 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 financial statements, additional information following the Governmental Funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as 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 these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Current Assets</i>	\$ 3,996,570	\$ 6,246,498	\$ (2,249,928)
<i>Noncurrent Assets</i>	4,799,313	8,854,884	(4,055,571)
<i>Capital Assets, Net</i>	26,548,332	20,692,748	5,855,584
<i>Total Assets</i>	35,344,215	35,794,130	(449,915)
<i>Total Deferred Outflows of Resources</i>	11,454,426	11,117,978	336,448
<i>Current Liabilities</i>	7,011,569	2,504,063	4,507,506
<i>Noncurrent Liabilities</i>	45,104,119	53,253,746	(8,149,627)
<i>Total Liabilities</i>	52,115,688	55,757,809	(3,642,121)
<i>Total Deferred Inflows of Resources</i>	20,077,507	18,256,058	1,821,449
<i>Net Investment in Capital Assets</i>	15,637,093	13,846,661	1,790,432
<i>Restricted</i>	4,964,000	7,893,541	(2,929,541)
<i>Unrestricted</i>	(45,995,647)	(48,841,961)	2,846,314
<i>Total Net Position (Deficit)</i>	\$ (25,394,554)	\$ (27,101,759)	\$ 1,707,205

- Total assets decreased 1.3%. This change was primarily the result of a change in the School District's net pension assets to net pension liabilities.
- Capital assets, net, as well as net investment in capital assets, increased primarily due to capital outlay in excess of depreciation and amortization expense.
- Deferred outflows of resources increased 3.03% and deferred inflows of resources increased 9.98%. The change in deferred outflows and deferred inflows of resources is the result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for the other postemployment benefits (OPEB) plan.
- Total liabilities decreased 6.5%. This change is primarily due to a decrease in the School District's other postemployment liability of \$9,023,372. This was offset by the change in the School District's net pension assets to net pension liabilities of \$1,665,501.
- Total net position increased 6.3%, which was the result of revenues over expenses.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Our analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>REVENUES</i>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 106,330	\$ 94,355	\$ 11,975
<i>Operating Grants</i>	2,230,104	2,011,081	219,023
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	8,080,157	7,961,176	118,981
<i>Real Property Tax Items</i>	602,692	563,436	39,256
<i>State Sources</i>	7,729,269	7,561,181	168,088
<i>Use of Money and Property</i>	463,066	239,916	223,150
<i>Other General Revenues</i>	271,642	380,109	(108,467)
<i>Total Revenues</i>	\$ 19,483,260	\$ 18,811,254	\$ 672,006
<i>PROGRAM EXPENSES</i>			
<i>General Support</i>	\$ 2,069,783	\$ 2,118,259	\$ (48,476)
<i>Instruction</i>	13,493,872	13,305,290	188,582
<i>Pupil Transportation</i>	936,265	1,150,362	(214,097)
<i>School Lunch Program</i>	911,146	591,810	319,336
<i>Interest on Debt</i>	364,989	83,335	281,654
<i>Total Expenses</i>	\$ 17,776,055	\$ 17,249,056	\$ 526,999
<i>CHANGE IN NET POSITION</i>	\$ 1,707,205	\$ 1,562,198	\$ 145,007

- Total revenues for the School District's Governmental Activities increased 3.6% and total expenses increased 3.1%. The increase in revenue is mostly due to increases in operating grants, use of money and other property, and state sources. The main driver of the increase in operating grants was due to an increase in funding from the Education Stabilization Fund. Use of money and property's main driver of increase was due to an increase in interest and earnings. The main factor for the increase in state sources was due to an increase in lottery aid. The increase in expenses is primarily due to a decrease in the School District's net OPEB liability as well as an increase in pension expense resulting from the changes in the School District's net pension obligations discussed in *Figure 1*.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 3 shows the changes in total fund balances for the year for the School District's Governmental Funds. Total fund balances decreased during the year ended June 30, 2023. This is largely attributable to the issuance of short term funding in the Capital Projects Fund which will be reversed as short term funding becomes long term.

Figure 3

<i>Governmental Fund Balances</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 5,926,313	\$ 5,184,863	\$ 741,450
<i>Capital Projects Fund - Construction</i>	(2,934,578)	3,463,754	(6,398,332)
<i>Capital Projects Fund - Buses</i>	(719,984)	(782,268)	62,284
<i>Non-Major Funds:</i>			
<i>School Lunch Fund</i>	192,415	347,794	(155,379)
<i>Debt Service Fund</i>	274,704	194,074	80,630
<i>Miscellaneous Special Revenue Fund</i>	32,308	32,113	195
<i>Total Governmental Funds</i>	\$ 2,771,178	\$ 8,440,330	\$ (5,669,152)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Education approved budgetary transfers that revised the School District's budget line items. The budget was amended during the fiscal year with donations.

The School District received \$220,348 more in General Fund revenues and other financing sources than budgeted. Expenditures and other financing uses were lower than the revised budget (with carryover encumbrances) by \$1,315,375. This is primarily due to lower than expected costs related to general support, instructional programs, transportation, and employee benefits.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 4 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ending June 30, 2023.

Figure 4

<i>Condensed Budgetary Comparison General Fund - 2023</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
<i>REVENUES</i>				
<i>Real Property Taxes</i>	\$ 8,475,285	\$ 8,082,072	\$ 8,080,157	\$ (1,915)
<i>Other Tax Items</i>	216,272	609,483	602,692	(6,791)
<i>State Sources</i>	7,738,402	7,738,402	7,749,624	11,222
<i>Other, Including Financing Sources</i>	656,055	656,055	873,887	217,832
<i>Total Revenues and Other Financing Sources</i>	\$ 17,086,014	\$ 17,086,012	\$ 17,306,360	\$ 220,348
<i>Appropriated Fund Balances</i>	\$ 702,853	\$ 902,855		
<i>Encumbrances</i>	\$ 94,882	\$ 94,882		
<i>EXPENDITURES</i>				
<i>General Support</i>	\$ 1,710,447	\$ 2,006,832	\$ 1,831,490	\$ 175,342
<i>Instruction</i>	8,358,193	8,256,006	7,841,032	414,974
<i>Pupil Transportation</i>	858,336	814,293	662,798	151,495
<i>Community Services</i>	1,000	500	-	500
<i>Employee Benefits</i>	5,529,035	5,415,930	4,868,673	547,257
<i>Debt Service</i>	1,281,738	1,444,320	1,444,319	1
<i>Other Financing Uses</i>	145,000	145,868	120,062	25,806
<i>Total Expenditures and Other Financing Uses</i>	\$ 17,883,749	\$ 18,083,749	\$ 16,768,374	\$ 1,315,375

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the School District had invested in a broad range of capital assets totaling \$41,833,637, offset by accumulated depreciation of \$15,536,155. In addition, the School District reported intangible lease assets of \$672,384, offset by accumulated amortization of \$421,534.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 5

<i>Changes in Capital Assets</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>Land</i>	\$ 35,378	\$ 35,378	\$ -
<i>Construction in Progress</i>	8,204,582	1,710,227	6,494,355
<i>Buildings, Net</i>	16,489,740	17,228,983	(739,243)
<i>Furniture and Equipment, Net</i>	1,567,782	1,575,818	(8,036)
<i>Intangible Lease Assets, Net</i>	250,850	142,342	108,508
<i>Total</i>	\$ 26,548,332	\$ 20,692,748	\$ 5,855,584

Capital asset activity for the year ended June 30, 2023 included the following:

Additions:

Construction in Progress	\$ 6,494,355
Equipment	323,258
Intangible Lease Assets	239,590
Total Additions	<u>7,057,203</u>

(Less) Depreciation Expense	(975,660)
(Less) Amortization Expense	(131,082)
(Less) Net Book Value of Disposed Assets	<u>(94,877)</u>

Net Change in Capital Assets	<u>\$ 5,855,584</u>
-------------------------------------	----------------------------

Debt Administration

Figure 6 shows the changes in the School District's outstanding debt, including its lease liabilities. Total indebtedness represented 15.1% of the constitutional debt limit, exclusive of building aid estimates.

Figure 6

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Bond Anticipation Notes</i>	\$ 5,042,034	\$ 782,268	\$ 4,259,766
<i>Serial Bonds</i>	5,916,480	6,682,756	(766,276)
<i>Total</i>	\$ 10,958,514	\$ 7,465,024	\$ 3,493,490

Additional information on the maturities and terms of the School District's outstanding debt can be found in the notes to these financial statements. The School District's bond rating is A, which did not change from the prior year.

DEPOSIT CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- In May of 2023, the voters approved the proposed 2023-2024 School District budget in the amount of \$18,638,677, with a 2.54% increase in the tax levy, which was equal to the maximum allowed under the property tax legislation.
- Also in May of 2023, the voters approved the purchase of two school buses for the School District at a total not to exceed \$227,983.
- The School District has \$593,661 in CCRSA stimulus funds remaining, payable until September 30, 2023. The district also has \$1,332,402 in ARP stimulus funds remaining, payable until September 30, 2024. The funds will be used to address learning loss and one-time expenditures that will not require the use of future budget funding.
- As a result of the continued rise in health care costs, the School District is looking at alternatives to lessen its impact on future budgets.
- The Millenium Pipeline PILOT will end in the 2023-2024 school year and the properties will return to the tax rolls.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide Deposit Central 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 financial information, contact the Business Office, Deposit Central School District, at 171 Second Street, Deposit, New York 13754.

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS

Current Assets

Cash - Unrestricted	\$ 2,975,532
Cash - Restricted	193,387
Receivables:	
Other Governments	275,654
State and Federal Aid	449,192
Other	75,077
Inventories	27,728
Total Current Assets	3,996,570

Noncurrent Assets

Cash - Restricted	1,196,006
Investments - Restricted	3,603,307
Capital Assets, Net:	
Land and Construction in Progress	8,239,960
Depreciable Capital Assets, Net	18,057,522
Intangible Lease Assets, Net	250,850
Total Noncurrent Assets	31,347,645

Total Assets	35,344,215
---------------------	-------------------

DEFERRED OUTFLOWS OF RESOURCES

Pensions	3,598,844
Other Postemployment Benefits	7,855,582
Total Deferred Outflows of Resources	11,454,426

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED) **JUNE 30, 2023**

LIABILITIES

Current Liabilities

Payables:

Accounts Payable	\$ 202,261
Accrued Liabilities	121,229
Due to Other Governments	520
Bond Interest and Matured Bonds	165,588
Due to Teachers' Retirement System	596,028
Due to Employees' Retirement System	47,431
Bond Anticipation Notes Payable	5,042,034
Unearned Revenues	15,202
Current Portion of Long-Term Obligations:	
Bonds Payable	821,276
Total Current Liabilities	7,011,569

Noncurrent Liabilities

Bonds Payable	5,095,204
Compensated Absences Payable	503,642
Other Postemployment Benefits Liability	37,839,772
Net Pension Liability - Proportionate Share	1,665,501
Total Noncurrent Liabilities	45,104,119

Total Liabilities	52,115,688
--------------------------	-------------------

DEFERRED INFLOWS OF RESOURCES

Pensions	349,204
Other Postemployment Benefits	19,728,303
Total Deferred Inflows of Resources	20,077,507

NET POSITION

Net Investment in Capital Assets	15,637,093
Restricted	4,964,000
Unrestricted (Deficit)	(45,995,647)
Total Net Position (Deficit)	\$ (25,394,554)

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General Support	\$ 2,069,783	\$ -	\$ -	\$ (2,069,783)
Instruction	13,493,872	45,870	1,746,129	(11,701,873)
Pupil Transportation	936,265	-	-	(936,265)
School Lunch Program	911,146	60,460	483,975	(366,711)
Interest on Debt	364,989	-	-	(364,989)
Total Functions and Programs	\$ 17,776,055	\$ 106,330	\$ 2,230,104	(15,439,621)
GENERAL REVENUES				
Real Property Taxes				8,080,157
Real Property Tax Items				602,692
Use of Money and Property				463,066
Unrestricted State Sources				7,729,269
Sale of Property and Compensation for Loss				(94,877)
Miscellaneous				366,519
Total General Revenues				17,146,826
Change in Net Position (Deficit)				1,707,205
Total Net Position (Deficit) - Beginning of Year				(27,101,759)
Total Net Position (Deficit) - End of Year				\$ (25,394,554)

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	Major Funds				
	General Fund	Capital Projects Fund - Construction	Capital Projects Fund - Buses	Total Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash - Unrestricted	\$ 1,435,440	\$ 1,340,197	\$ -	\$ 199,895	\$ 2,975,532
Cash - Restricted	1,035,777	56,550	-	297,066	1,389,393
Investments - Restricted	3,456,524	-	-	146,783	3,603,307
Due From Other Funds	434,387	-	-	3,027	437,414
State and Federal Aid Receivable	149,369	-	-	299,823	449,192
Due From Other Governments	275,654	-	-	-	275,654
Other Receivables	70,408	-	-	4,669	75,077
Inventories	-	-	-	27,728	27,728
Total Assets	\$ 6,857,559	\$ 1,396,747	\$ -	\$ 978,991	\$ 9,233,297
LIABILITIES					
Payables:					
Accounts Payable	\$ 191,741	\$ 6,321	\$ -	\$ 4,199	\$ 202,261
Accrued Liabilities	95,708	-	-	25,521	121,229
Due to Other Funds	338	2,954	-	434,122	437,414
Due to Other Governments	-	-	-	520	520
Bond Anticipation Notes Payable	-	4,322,050	719,984	-	5,042,034
Due to Teachers' Retirement System	596,028	-	-	-	596,028
Due to Employees' Retirement System	47,431	-	-	-	47,431
Unearned Revenues	-	-	-	15,202	15,202
Total Liabilities	931,246	4,331,325	719,984	479,564	6,462,119
FUND BALANCES					
Nonspendable	-	-	-	27,728	27,728
Restricted	4,492,301	-	-	471,699	4,964,000
Assigned	703,464	-	-	-	703,464
Unassigned	730,548	(2,934,578)	(719,984)	-	(2,924,014)
Total Fund Balances (Deficit)	5,926,313	(2,934,578)	(719,984)	499,427	2,771,178
Total Liabilities and Fund Balances	\$ 6,857,559	\$ 1,396,747	\$ -	\$ 978,991	\$ 9,233,297

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Fund Balances - Total Governmental Funds **\$ 2,771,178**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation and amortization, used in Governmental Activities, are not financial resources and, therefore, are not reported in the Governmental Funds.

Total Historical Cost	\$ 42,506,021	
Less Accumulated Depreciation	(15,536,155)	
Less Accumulated Amortization	<u>(421,534)</u>	26,548,332

The School District's proportionate share of the collective net pension (asset)/liability is not reported in the funds.

TRS Net Pension Liability - Proportionate Share	\$ (515,127)	
ERS Net Pension Liability - Proportionate Share	<u>(1,150,374)</u>	(1,665,501)

Deferred outflows of resources, including pensions and other postemployment benefits, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including pensions and other postemployment benefits, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Other Postemployment Benefits Deferred Outflows of Resources	\$ 7,855,582	
Other Postemployment Benefits Deferred Inflows of Resources	(19,728,303)	
TRS Deferred Inflows of Resources - Pension	(263,957)	
ERS Deferred Inflows of Resources - Pension	(85,247)	
TRS Deferred Outflows of Resources - Pension	2,818,108	
ERS Deferred Outflows of Resources - Pension	<u>780,736</u>	(8,623,081)

Long-term liabilities including bonds payable and related premium are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (5,410,000)	
Unamortized Premium	<u>(506,480)</u>	(5,916,480)

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Other Postemployment Benefits Liability	\$ (37,839,772)	
Compensated Absences Payable	(503,642)	
Accrued Interest on Debt	<u>(165,588)</u>	<u>(38,509,002)</u>

Net (Deficit) of Governmental Activities **\$ (25,394,554)**

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds			Total	Total
	General	Capital	Capital	Non-Major	Governmental
	Fund	Projects	Projects	Governmental	Funds
		Fund -	Fund -	Funds	Funds
		Construction	Buses		
REVENUES					
Real Property Taxes	\$ 8,080,157	\$ -	\$ -	\$ -	\$ 8,080,157
Real Property Tax Items	602,692	-	-	-	602,692
Charges for Services	2,717	-	-	-	2,717
Use of Money and Property	393,854	-	-	69,212	463,066
Miscellaneous	346,546	-	-	19,973	366,519
State Sources	7,749,624	-	-	224,671	7,974,295
Medicaid Reimbursement	43,153	-	-	-	43,153
Federal Sources	-	-	-	1,985,078	1,985,078
Sales - School Lunch	-	-	-	60,460	60,460
Total Revenues	17,218,743	-	-	2,359,394	19,578,137
EXPENDITURES					
General Support	1,657,503	-	-	-	1,657,503
Instruction	7,814,114	-	-	1,637,873	9,451,987
Pupil Transportation	660,298	-	-	50,408	710,706
Employee Benefits	4,868,614	-	-	420,486	5,289,100
Debt Service:					
Principal	1,135,796	-	-	-	1,135,796
Interest	308,523	-	-	-	308,523
Cost of Sales	-	-	-	299,518	299,518
Capital Outlay	-	6,649,867	206,318	-	6,856,185
Other Expenditures	-	-	-	2,543	2,543
Total Expenditures	16,444,848	6,649,867	206,318	2,410,828	25,711,861
Excess (Deficiency) of Revenues Over Expenditures	773,895	(6,649,867)	(206,318)	(51,434)	(6,133,724)
OTHER FINANCING SOURCES AND (USES)					
Redeemed From Appropriations	-	-	270,284	-	270,284
Premium on Obligations	-	-	-	38,776	38,776
Proceeds of Obligations	-	155,512	-	-	155,512
Operating Transfers In	87,617	100,000	-	21,744	209,361
Operating Transfers (Out)	(120,062)	(3,977)	(1,682)	(83,640)	(209,361)
Total Other Sources (Uses)	(32,445)	251,535	268,602	(23,120)	464,572
Net Change in Fund Balances	741,450	(6,398,332)	62,284	(74,554)	(5,669,152)
Fund Balances (Deficit) - Beginning of Year	5,184,863	3,463,754	(782,268)	573,981	8,440,330
Fund Balances (Deficit) - End of Year	\$ 5,926,313	\$ (2,934,578)	\$ (719,984)	\$ 499,427	\$ 2,771,178

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds **\$ (5,669,152)**

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

Capital Outlay	\$ 7,057,203	
Net Book Value of Disposed Assets	(94,877)	
Depreciation Expense	(975,660)	
Amortization Expense	<u>(131,082)</u>	5,855,584

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of Bond Principal	\$ 710,000	
Amortization of Bond Premium	<u>56,276</u>	766,276

Long-term liabilities, such as those associated with employee benefits, and compensated absences are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements.

Other Postemployment Benefits Liability	\$ 1,318,856	
Compensated Absences	<u>(29,520)</u>	1,289,336

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.

Change in Accrued Interest Payable		(151,518)
------------------------------------	--	-----------

Changes in the School District's proportionate share of net pension (assets)/liabilities have no effect on current financial resources and therefore are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to pensions do not affect current financial resources and are also not reported in the Governmental Funds.

ERS	\$ (249,117)	
TRS	<u>(134,204)</u>	<u>(383,321)</u>

Net Change in Net Position (Deficit) of Governmental Activities **\$ 1,707,205**

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2023

	Custodial Fund
ASSETS	
Cash - Unrestricted	<u>\$ 48,202</u>
Total Assets	<u>48,202</u>
NET POSITION	
Unassigned	<u>48,202</u>
Total Net Position	<u>\$ 48,202</u>

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund
ADDITIONS	
Extraclass Cash Receipts	\$ 61,939
DEDUCTIONS	
Extraclass Cash Disbursements	<u>62,838</u>
Change in Net Position	(899)
Net Position - Beginning of Year	<u>49,101</u>
Net Position - End of Year	<u>\$ 48,202</u>

See Notes to Basic Financial Statements

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies**

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

Reporting Entity

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education (Board) 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 School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended:

- The primary government, which is the School District;
- 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 basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Reporting Entity - Continued

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. While the Extraclassroom Activity Funds are not considered a component unit of the School District, due to the School District's fiduciary responsibility in relation to the Funds, they are reported in the School District's Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at 171 Second Street, Deposit, New York 13754.

Joint Venture

The School District is one of 15 component school districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under §1950 of the 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 General Municipal Law (GML).

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

Separate financial statement of Broome-Tioga BOCES may be obtained by contacting the Business Office, Broome Tioga BOCES. 435 Upper Glenwood Road, Binghamton, NY 13905-1699.

Basis of Presentation - District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the School 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 nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - District-Wide Financial Statements - Continued

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

Basis of Presentation - Governmental Fund Financial Statements

The Governmental Fund financial statements provide information about the School District's funds, including Fiduciary Funds. Separate statements for each fund category (Governmental and Fiduciary) are presented. The emphasis of Governmental Fund financial statements is on major Governmental Funds, each displayed in a separate column. The following are the School District's Governmental Funds.

Major Funds

- General Fund: The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Capital Projects Fund - Construction: Accounts for the financial resources used for various capital projects of the School District.
- Capital Projects Fund - Buses: Accounts for the financial resources used for the purchase of buses for the School District.

Non-Major Funds

- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - Special Aid Fund: Accounts for the proceeds of specific revenue sources, such as federal, state, and local grants, legally restricted to expenditures for specified purposes, and 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.
 - School Lunch Fund: Accounts for revenues and expenditures in connection with the School District's food service program.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Non-Major Funds - Continued

Special Revenue Funds - Continued

- Miscellaneous Special Revenue Fund: Used to account for student scholarships whose funds are restricted as to use.
- Debt Service Fund: Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.

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

The School District reports the following Fiduciary Funds:

- Custodial Fund: Assets are held by the School District as agent for Extraclassroom Activity Funds.

Measurement Focus and Basis of Accounting

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

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

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

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Cash and Investments

The School 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 School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts. Investments are stated at fair value.

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

Due To/Due From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

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, which approximates fair value. Purchases of inventorable 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 School 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 Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

Capital Assets

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

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Capital Assets - Continued

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 5,000	40 Years
Building Improvements	5,000	20-30 Years
Furniture and Equipment	5,000	5-20 Years

The School District utilizes the straight-line method of depreciation.

Vested Employee Benefits - Compensated Absences

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

Sick leave eligibility and accumulation are 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.

School District employees are granted vacation time 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 No. 16, "Accounting for Compensated Absences," the 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 Governmental Fund financial statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

Postemployment Benefits

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

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Postemployment Benefits - Continued

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School 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 School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 10 for additional information.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position reports 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 School District reports deferred outflows of resources related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 9 and 10, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows of resources related to pensions and OPEB plans which are further described in Notes 9 and 10, respectively.

Leases

The School District determines if an arrangement is or contains a lease at inception. The School District records assets and lease obligations for leases, which are initially based on the discounted future minimum lease payments over the term of the lease. The School District uses the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the School District elects to use its incremental borrowing rate in calculating present value of lease payments.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Leases - Continued

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position and the School District will recognize short-term lease expense for these leases on a straight-line basis over the lease term.

The School District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liabilities and is included in the education expense function. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals, and payments associated with non-lease components are expensed as incurred.

Unearned Revenue and Unavailable Revenues

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

The Governmental Fund financial statements also report unavailable revenues as a deferred inflow of resources when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for unavailable revenues is removed and revenues are recorded.

Statue provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - District-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes payables, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted: Consists of all other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

Equity Classifications - Governmental Fund Financial Statements

The School District follows GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions,” which requires classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a Fund’s net resources.

Fund balances are allocated into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable: Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- Restricted: Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District’s legally adopted reserves are reported here.
- Committed: Consists of amounts subject to a purpose constraint imposed by formal action of the government’s highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements - Continued

- **Assigned:** Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned:** Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has not adopted any resolutions to commit fund balance. By resolution, the Board of Education is authorized to assign fund balance. The School District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. These reserve funds are established through board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Reserves currently in use by the School District include the following:

- **Capital Reserve (Education Law §3651):** 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.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

- Unemployment Insurance Reserve (GML §6-m): 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 60 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 School District elects to convert to tax (contribution) basis, excess resources in the funds 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.
- Employee Benefit Accrued Liability Reserve (GML §6-p): Used to reserve funds for the payment of accrued employee benefits 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.
- Retirement Contributions Reserve (GML §6-r) - Used to reserve funds for the payment of retirement contributions, due to volatility in the economic marketplace. 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. 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 subfund 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. These reserves are accounted for in the General Fund.
- Tax Certiorari Reserve (Education Law §3651.1-a) - Used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

- Workers' Compensation Reserve (GML §6-j): Used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses for administering this self-insurance program. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the succeeding fiscal year's budget. The reserve is accounted for in the General Fund.
- Mandatory Debt Service Reserve (GML §6-l) - Used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

Property Taxes

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

Uncollected real property taxes are subsequently enforced by the Counties of Broome and Delaware. An amount representing uncollected real property taxes transmitted to the counties for enforcement is paid by the counties to the School District no later than the following April 1.

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses 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.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

New Accounting Standards

The School District adopted and implemented the following current Statement of the GASB effective for the year ended June 30, 2023:

- GASB Statement No. 96, "Subscription Based Information Technology Arrangement." The School District has determined there was no material effect on the financial statements.

Future Changes in Accounting Standards

- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending June 30, 2025.

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

***Note 2* Participation in BOCES**

During the year ended June 30, 2023, the School District's share of BOCES income amounted to \$489,572. The School District was billed \$2,724,077 for administration and program costs. Financial statements for Broome-Tioga BOCES are available from the BOCES administrative office at 435 Glenwood Avenue, Binghamton, New York 13905.

***Note 3* Cash, Cash Equivalents, and Investments - Custodial and Concentration of Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of \$4,660,355 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

Restricted cash and investments at June 30, 2023 consisted of the following:

General Fund Reserves	\$ 4,492,301
Restricted for School Lunch	139,791
Restricted for Debt Service	274,704
Restricted for Capital Projects	53,596
Restricted for Scholarships	<u>32,308</u>
Total	<u>\$ 4,992,700</u>

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 3 Cash, Cash Equivalents, and Investments - Custodial and Concentration of Credit Risk - Continued

The School District has few investments (primarily United States Treasury obligations) and chooses to disclose its investments by specifically identifying each.

The School District categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District reported Level 1 U.S. Treasury Bills at a fair value of \$3,500,000 and cost of \$3,456,524 within the General Fund.

Note 4 Interfund Balances and Activity

Governmental Fund interfund balances at June 30, 2023 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 434,387	\$ 338	\$ 87,617	\$ 120,062
Capital Projects Fund - Construction	-	2,954	100,000	3,977
Capital Projects Fund - Buses	-	-	-	1,682
Non-Major Funds	3,027	434,122	21,744	83,640
Total	\$ 437,414	\$ 437,414	\$ 209,361	\$ 209,361

Interfund receivables and payables, other than between Governmental Activities and Fiduciary Funds, are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Projects Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as needed to subsidize the School Lunch Fund.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 5 Capital Assets

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

Governmental Activities	Beginning Balance	Additions	Reclassifications and Disposals	Ending Balance
Capital Assets that are Not Depreciated				
Land	\$ 35,378	\$ -	\$ -	\$ 35,378
Construction in Progress	1,710,227	6,494,355	-	8,204,582
Total Nondepreciable Historical Cost	<u>1,745,605</u>	<u>6,494,355</u>	<u>-</u>	<u>8,239,960</u>
 Capital Assets that are Depreciated				
Buildings	29,715,661	-	-	29,715,661
Furniture and Equipment	3,791,948	323,258	(237,190)	3,878,016
Total Depreciable Historical Cost	<u>33,507,609</u>	<u>323,258</u>	<u>(237,190)</u>	<u>33,593,677</u>
 Intangible Lease Assets				
Equipment	432,794	239,590	-	672,384
 Total Historical Cost	<u>35,686,008</u>	<u>7,057,203</u>	<u>(237,190)</u>	<u>42,506,021</u>
 (Less) Accumulated Depreciation				
Buildings	(12,486,678)	(739,243)	-	(13,225,921)
Furniture and Equipment	(2,216,130)	(236,417)	142,313	(2,310,234)
Total Accumulated Depreciation	<u>(14,702,808)</u>	<u>(975,660)</u>	<u>142,313</u>	<u>(15,536,155)</u>
 (Less) Accumulated Amortization				
Equipment	(290,452)	(131,082)	-	(421,534)
 Total Historical Cost, Net	<u><u>\$ 20,692,748</u></u>	<u><u>\$ 5,950,461</u></u>	<u><u>\$ (94,877)</u></u>	<u><u>\$ 26,548,332</u></u>

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

General Support	\$ 94,180
Instruction	781,178
Pupil Transportation	18,174
School Lunch Program	<u>213,210</u>
 Total	 <u><u>\$ 1,106,742</u></u>

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 6 Short-Term Debt

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of 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 School District did not issue or redeem any RANs or TANs during the year.

The School 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 an insufficient or no provision is 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 School District did not issue or redeem any budget notes during the year.

The School District may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. One BAN was outstanding at June 30, 2023.

BAN activity for the year is summarized below:

Description of Issue	Interest Rate	Maturity Date	Beginning Balance	Issued	Renewed or Redeemed	Ending Balance
BAN 2021 - Buses	0.30%	09/09/2022	\$ 782,268	\$ -	\$ (782,268)	\$ -
BAN 2022 - Capital	3.75%	09/08/2023	-	4,530,050	511,984	5,042,034
Total			\$ 782,268	\$ 4,530,050	\$ (270,284)	\$ 5,042,034

Interest expense related to short-term debt during the year was comprised of:

Interest Paid	\$ 2,347
(Less) Interest Accrued in the Prior Year	(1,917)
Interest Accrued in the Current Year	<u>154,938</u>

Total	\$ <u>155,368</u>
--------------	--------------------------

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 7 Long-Term Debt

At June 30, 2023, the total outstanding indebtedness of the School District represented 15.1% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows:

- Serial Bonds and Statutory Installment Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

The following is a summary of the School District's long-term debt for the year ended June 30, 2023:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
2010 Serial Bond	06/15/2010	06/15/2024	5.00%	\$ 185,000
2014 Serial Bond	06/15/2014	06/15/2032	5.00%	3,380,000
2017 Serial Bond	06/15/2017	06/15/2032	2.69%	565,000
2022 Revenue Bond	06/15/2017	06/15/2038	5.00%	1,280,000
Total Bonds				<u>5,410,000</u>
Unamortized Premium				<u>506,480</u>
Total				<u>\$ 5,916,480</u>

Interest expense related to long-term debt during the year was comprised of:

Interest Paid	\$ 306,176
(Less) Interest Accrued in the Prior Year	(12,153)
Interest Accrued in the Current Year	10,650
(Less) Amortization of Bond Premium	<u>(95,052)</u>
Total	<u>\$ 209,621</u>

Long-term debt balances and activity for the year are summarized as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Serial Bonds	\$ 6,120,000	\$ -	\$ (710,000)	\$ 5,410,000	\$ 765,000
Premium on Obligations	562,756	-	(56,276)	506,480	56,276
Total	<u>\$ 6,682,756</u>	<u>\$ -</u>	<u>\$ (766,276)</u>	<u>\$ 5,916,480</u>	<u>\$ 821,276</u>

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 7 **Long-Term Debt - Continued**

The following is a summary of the maturity of long-term indebtedness:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 765,000	\$ 252,293	\$ 1,017,293
2025	730,000	215,628	945,628
2026	710,000	180,813	890,813
2027	740,000	146,815	886,815
2028	685,000	111,317	796,317
2029-2033	1,475,000	247,133	1,722,133
2034-2038	<u>305,000</u>	<u>38,500</u>	<u>343,500</u>
Total	<u>\$ 5,410,000</u>	<u>\$ 1,192,499</u>	<u>\$ 6,602,499</u>

Note 8 **Compensated Absences**

Compensated absences represent funds accrued to pay for the School District's share of sick and vacation time. This liability is liquidated through the General Fund.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Total	<u>\$ 474,122</u>	<u>\$ 29,520</u>	<u>\$ -</u>	<u>\$ 503,642</u>

The change in compensated absences is recorded as a net change, as it is not feasible to separate out additions and deletions.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 9 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS) (System)

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

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary.

Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 9* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Plan Descriptions and Benefits Provided - Continued

Employees' Retirement System (ERS) (System)

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Plan Descriptions and Benefits Provided - Continued

Contributions

The School District is required to contribute at an actuarially determined rate. The School District's contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding Plan years were as follows:

	ERS	TRS
2023	\$ 153,651	\$ 467,358
2022	179,101	422,873
2021	182,846	393,153

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the School District reported the following (asset)/liability for its proportionate share of the net pension liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension (asset)/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	ERS	TRS
Actuarial Valuation Date	04/01/2022	06/30/2021
Net Pension (Asset)/Liability	\$ 21,444,032,790	\$ 1,918,891,690
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	1,150,374	515,127
School District's Share of the Plan's Net Pension (Asset)/Liability	0.0053645%	0.026845%

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended June 30, 2023, the School District recognized pension expense of \$414,342 for ERS and \$673,168 for TRS in the District-wide financial statements. At June 30, 2023 the School 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	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 122,524	\$ 539,788	\$ 32,307	\$ 10,322
Changes in Assumptions	558,696	999,259	6,175	207,508
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	665,592	6,758	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	52,085	72,976	40,007	46,127
School District's Contributions Subsequent to the Measurement Date	47,431	540,493	-	-
Total	\$ 780,736	\$ 2,818,108	\$ 85,247	\$ 263,957

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

Year Ending	ERS	TRS
2024	\$ 156,872	\$ 398,675
2025	(57,907)	218,285
2026	233,772	(76,278)
2027	315,321	1,306,294
2028	-	162,040
Thereafter	-	4,642

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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.

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Investment Rate of Return	5.9%	6.95%
Salary Increases	4.4%	1.95% - 5.18%
Cost of Living Adjustments	1.5%	1.3%
Inflation Rate	2.9%	2.4%

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

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. For TRS, the actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

For ERS, 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. For TRS, long-term expected 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. 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. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions - Continued

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Asset Type		
Domestic Equity	4.30%	6.50%
International Equity	6.85%	7.20%
Global Equity	-	6.90%
Real Estate	4.60%	6.20%
Private Equity	7.50%	9.90%
Opportunistic/ARS Portfolio	5.38%	-
Real Assets	5.84%	-
Cash	0.00%	-
Credit	5.43%	-
Fixed Income	1.50%	-
Domestic Fixed Income	-	1.10%
Global Bonds	-	0.60%
Private Debt	-	5.30%
Real Estate Debt	-	2.40%
High-Yield Bonds	-	3.30%
Cash Equivalents	-	(0.30)%

Discount Rate

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

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

The following presents the School District's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the School 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 or higher than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 2,779,961	\$ 1,150,374	\$ (211,335)
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 4,749,709	\$ 515,127	\$ (3,046,129)

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands	
	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Employers' Total Pension Liability	\$ 232,627,259	\$ 133,883,474
Plan Net Position	(211,183,223)	(131,964,582)
Employers' Net Pension (Asset)/Liability	\$ 21,444,036	\$ 1,918,892
Ratio of Plan Net Position to the Employers' Total Pension Liability	90.8%	98.6%

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are remitted monthly. 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 estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$47,431.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$596,028.

Current Year Activity

The following is a summary of current year activity:

	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
ERS			
Net Pension (Asset)/Liability	\$ (384,297)	\$ 1,534,671	\$ 1,150,374
Deferred Outflows of Resources	(747,207)	(33,529)	(780,736)
Deferred Inflows of Resources	1,337,272	(1,252,025)	85,247
Subtotal	<u>205,768</u>	<u>249,117</u>	<u>454,885</u>
TRS			
Net Pension (Asset)/Liability	(4,553,038)	5,068,165	515,127
Deferred Outflows of Resources	(2,702,889)	(115,219)	(2,818,108)
Deferred Inflows of Resources	5,082,699	(4,818,742)	263,957
Subtotal	<u>(2,173,228)</u>	<u>134,204</u>	<u>(2,039,024)</u>
Total	<u>\$ (1,967,460)</u>	<u>\$ 383,321</u>	<u>\$ (1,584,139)</u>

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 10* Other Postemployment Benefits**

General Information about the OPEB Plan

Plan Description - The School District provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the School District has in place with different classifications of employees. The School District acquires health insurance through a consortium known as the Broome-Tioga-Delaware Health Insurance Consortium. Benefits provided by the Consortium are administered by Blue Cross/Blue Shield. The Consortium plan covers medical and pharmaceutical costs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School 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 or Beneficiaries	
Currently Receiving Benefit Payments	163
Inactive Employees Entitled to	
But Not Yet Receiving Benefit Payments	-
Active Employees	<u>99</u>
Total	<u>262</u>

Total OPEB Liability

The School District's total OPEB liability of \$37,839,772 was measured as of June 30, 2023 and determined by an actuarial valuation as of July 1, 2022.

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

Long-Term Bond Rate	3.65%
Salary Increases Including Inflation	2.4%
Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	6.4% decreasing to an ultimate rate of 3.8% over 55 years for pre-65 5.8%

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10 Other Postemployment Benefits - Continued

The Bond Buyer General Obligation 20-Bond Municipal Index was used to determine the long-term bond rate above.

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching Positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement.

Termination rates were based on the percentage of employees who will terminate employment at the given age each year, for reasons other than death, or retirement. Retirement rates are representative assumed rates for eligible employees. Both termination and retirement rates are based on the assumptions used in the June 30, 2021 Actuarial Valuation Report for the New York State Teachers' Retirement System and the 2020 Annual Report to the Comptroller on Actuarial Assumptions for the New York State and Local Retirement System.

The actuarial assumptions used in the July 1, 2022 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 46,863,144</u>
Changes for the Year	
Service Cost	891,001
Interest Cost	1,663,475
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(12,976,471)
Changes in Assumptions	2,938,618
Benefit Payments	<u>(1,539,995)</u>
Net Change	<u>(9,023,372)</u>
Balance at June 30, 2023	<u>\$ 37,839,772</u>

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 10* Other Postemployment Benefits - Continued**

Changes in the Total OPEB Liability - Continued

Sensitivity of the total OPEB liability to changes in the discount rate - the following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	(2.65%)	(3.65%)	(4.65%)
Total OPEB Liability	\$ 43,445,526	\$ 37,839,772	\$ 33,280,124

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the current healthcare cost trend rate:

		Healthcare Cost	
		Trend Rate	
	1% Decrease	(6.4% to 3.8%)	1% Increase
Total OPEB Liability	\$ 34,107,524	\$ 37,839,772	\$ 42,506,606

For the year ended June 30, 2023, the School District recognized OPEB expense of \$221,139.

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

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Differences Between Expected and Actual Experience	\$ 180,121	\$ 11,327,707
Changes in Assumptions or Other Inputs	7,675,461	8,400,596
Total	\$ 7,855,582	\$ 19,728,303

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 10* Other Postemployment Benefits - Continued**

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

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

Fiscal Year	
Ending June 30,	Amount
2024	\$ (2,333,337)
2025	(1,910,909)
2026	(2,753,637)
2027	(2,803,535)
2028	(1,593,310)
Thereafter	(477,993)

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 46,863,144	\$ (9,023,372)	\$ 37,839,772
Deferred Outflows of Resources	(7,667,882)	(187,700)	(7,855,582)
Deferred Inflows of Resources	11,836,087	7,892,216	19,728,303
Total	\$ 51,031,349	\$ (1,318,856)	\$ 49,712,493

***Note 11* Commitments and Contingencies**

Risk Financing and Related Insurance - General Information

The School District is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. 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 three years.

Risk Financing and Related Insurance - Health Insurance

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by the Broome-Tioga-Delaware County Health Insurance Consortium. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members include 15 school districts and one BOCES, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 11* Commitments and Contingencies - Continued**

Risk Financing and Related Insurance - Health Insurance - Continued

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures totaling \$3,956,618.

Risk Financing and Related Insurance - Workers' Compensation Insurance

The School District participates in the Workers' Compensation Self-Insurance Alliance (Plan). The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. School districts joining the Plan must remain members for a minimum of one year; a member may withdraw from the Plan after that time by forwarding a resolution passed by the School District's Board of Education prior to the end of the fiscal year.

Plan members include 15 school districts and one BOCES, with the School District bearing its proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) reported but not settled, and claims incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures totaling \$59,108.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 11* Commitments and Contingencies - Continued**

Other Items

The School 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 audits, the School District's administration believes disallowances, if any, will be immaterial.

***Note 12* Fund Balance Detail**

At June 30, 2023, nonspendable, restricted, and assigned fund balance in the governmental funds was as follows:

	General Fund	Non-Major Funds
Nonspendable		
Inventory	\$ -	\$ 27,728
Total Nonspendable Fund Balance	\$ -	\$ 27,728
Restricted		
Workers' Compensation Reserve	\$ 157,214	\$ -
Reserve for Employees' Retirement Contributions	1,134,437	-
Reserve for Teachers' Retirement Contributions	453,040	-
Tax Certiorari Reserve	26,663	-
Unemployment Insurance Reserve	47,635	-
Employee Benefit Accrued Liability Reserve	67,050	-
Capital Reserve	2,606,262	-
Debt	-	274,704
School Lunch	-	164,687
Scholarships	-	32,308
Total Restricted Fund Balance	\$ 4,492,301	\$ 471,699
Assigned		
Appropriated for Next Year's Budget	\$ 500,000	\$ -
Encumbered for:		
General Support	173,987	-
Instruction	26,918	-
Pupil Transportation	2,500	-
Employee Benefits	59	-
Total Assigned Fund Balance	\$ 703,464	\$ -

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 13 Restricted Fund Balances

Portions of fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity for the year ended June 30, 2023 of the General Fund and Debt Service Fund restricted fund balances were as follows:

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Workers' Compensation Reserve	\$ 153,302	\$ -	\$ 3,912	\$ -	\$ 157,214
Reserve for Employees' Retirement Contributions	1,106,209	-	28,228	-	1,134,437
Reserve for Teachers' Retirement Contributions	350,943	93,141	8,956	-	453,040
Tax Certiorari Reserve	26,000	-	663	-	26,663
Unemployment Insurance Reserve	46,449	-	1,186	-	47,635
Employee Benefit Accrued Liability Reserve	65,382	-	1,668	-	67,050
Capital Reserve	2,137,151	415,000	54,111	-	2,606,262
Total General Fund	<u>\$ 3,885,436</u>	<u>\$ 508,141</u>	<u>\$ 98,724</u>	<u>\$ -</u>	<u>\$ 4,492,301</u>
Debt Service Fund	<u>\$ 194,074</u>	<u>\$ 40,458</u>	<u>\$ 69,172</u>	<u>\$ (29,000)</u>	<u>\$ 274,704</u>

Note 14 Tax Abatements

For the year ended June 30, 2023, the School District was subject to property tax abatements negotiated by Broome County IDA and Delaware County IDA for the purpose of economic development. School District property tax revenue was reduced by \$1,065. The School District received payment in lieu of tax (PILOT) payments totaling \$189,762.

	Taxable Assessed	Tax Value	PILOT Received	Taxes Abated
Delaware County IDA	\$ 156,054	\$ 51,750	\$ 51,363	\$ 387
Broome County IDA	3,433,817	81,245	80,637	608
Bluestone Wind LLC	-	57,762	57,762	-
Totals	<u>\$3,589,871</u>	<u>\$ 190,758</u>	<u>\$ 189,762</u>	<u>\$ 996</u>

Note 15 Stewardship, Compliance, and Accountability

Deficit Fund Balance

At June 30, 2023, the Capital Projects Fund - Buses and Capital Projects Fund - Construction had a deficit fund balance of \$719,984 and \$2,934,578 respectively. This deficit will be eliminated as short-term debt is redeemed or converted to long-term bond financing.

Deficit Net Position

At June 30, 2023, the District-wide Statement of Net Position had an unrestricted deficit of \$45,995,647. This is primarily the result of the requirement to record net other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 10). The deficit is not expected to be eliminated during the normal course of operations.

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 8,475,285	\$ 8,082,072	\$ 8,080,157	\$ (1,915)
Real Property Tax Items	216,272	609,483	602,692	(6,791)
Charges for Services	-	-	2,717	2,717
Use of Money and Property	242,395	242,395	393,854	151,459
Sale of Property and Miscellaneous	334,660	334,660	346,546	11,886
Total Local Sources	9,268,612	9,268,610	9,425,966	157,356
State Sources	7,738,402	7,738,402	7,749,624	11,222
Medicaid Reimbursement	50,000	50,000	43,153	(6,847)
Total Revenues	17,057,014	17,057,012	17,218,743	161,731
OTHER FINANCING SOURCES				
Operating Transfers In	29,000	29,000	87,617	58,617
Total Revenues and Other Financing Sources	17,086,014	17,086,012	<u><u>\$ 17,306,360</u></u>	<u><u>\$ 220,348</u></u>
Appropriated Fund Balance	500,000	500,000		
Appropriated Reserves	202,853	402,855		
Encumbrances Carried Forward From Prior Year	94,882	94,882		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u><u>\$ 17,883,749</u></u>	<u><u>\$ 18,083,749</u></u>		

See Notes to Required Supplementary Information

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of Education	\$ 27,490	\$ 27,490	\$ 21,655	\$ 73	\$ 5,762
Central Administration	206,911	233,172	228,432	181	4,559
Finance	286,337	331,398	323,680	850	6,868
Staff	128,300	123,505	74,574	-	48,931
Central Services	901,690	1,125,640	845,946	172,883	106,811
Special Items	159,719	165,627	163,216	-	2,411
Total General Support	1,710,447	2,006,832	1,657,503	173,987	175,342
Instruction					
Instruction, Administration, and Improvement	499,042	504,800	493,042	6,293	5,465
Teaching - Regular School	3,484,538	3,651,029	3,579,519	6,073	65,437
Programs for Children With Handicapping Conditions	2,238,465	2,069,599	1,827,791	459	241,349
Occupational Education	525,578	499,671	477,308	-	22,363
Teaching - Special School	750	750	-	-	750
Instructional Media	770,166	667,490	660,571	-	6,919
Pupil Services	839,654	862,667	775,883	14,093	72,691
Total Instruction	8,358,193	8,256,006	7,814,114	26,918	414,974
Pupil Transportation	858,336	814,293	660,298	2,500	151,495
Community Services	1,000	500	-	-	500
Employee Benefits	5,529,035	5,415,930	4,868,614	59	547,257
Debt Service					
Principal	998,284	1,135,796	1,135,796	-	-
Interest	283,454	308,524	308,523	-	1
Total Debt Service	1,281,738	1,444,320	1,444,319	-	1
Total Expenditures	17,738,749	17,937,881	16,444,848	203,464	1,289,569
OTHER FINANCING USES					
Operating Transfers Out	145,000	145,868	120,062	-	25,806
Total Expenditures and Other Financing Uses	\$ 17,883,749	\$ 18,083,749	16,564,910	\$ 203,464	\$ 1,315,375
Net Change in Fund Balance			741,450		
Fund Balance - Beginning of Year			5,184,863		
Fund Balance - End of Year			\$ 5,926,313		

See Notes to Required Supplementary Information

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<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>	<u>2014</u>
Contractually Required Contribution	\$ 153,651	\$ 179,101	\$ 182,846	\$ 186,408	\$ 184,713	\$ 184,765	\$ 175,650	\$ 194,399	\$ 210,250	\$ 214,781
Contributions in Relation to the Contractually Required Contribution	(153,651)	(179,101)	(182,846)	(186,408)	(184,713)	(184,765)	(175,650)	(194,399)	(210,250)	(214,781)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll for Year Ending June 30,	1,575,097	1,320,948	1,428,594	1,391,648	1,315,873	1,255,889	1,182,017	1,110,182	1,112,901	1,102,215
Contributions as a Percentage of Covered Employee Payroll	9.8%	13.6%	12.8%	13.4%	14.0%	14.7%	14.9%	17.5%	18.9%	19.5%

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<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>	<u>2014</u>
Contractually Required Contribution	\$ 540,493	\$ 467,358	\$ 422,873	\$ 393,153	\$ 465,910	\$ 450,272	\$ 540,458	\$ 573,461	\$ 760,222	\$ 728,433
Contributions in Relation to the Contractually Required Contribution	(540,493)	(467,358)	(422,873)	(393,153)	(465,910)	(450,272)	(540,458)	(573,461)	(760,222)	(728,433)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll for Year Ending June 30,	5,252,604	4,768,959	4,437,282	4,437,393	4,387,100	4,594,612	4,611,416	4,324,744	4,344,126	4,468,814
Contributions as a Percentage of Covered Employee Payroll	10.3%	9.8%	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%

See Notes to Required Supplementary Information

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.0053645%	0.0047011%	0.0045269%	0.0043199%	0.0044261%	0.0041245%	0.0039639%	0.0042580%	0.0040783%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,150,374	\$ 384,297	\$ 4,508	\$ 1,413,922	\$ 313,604	\$ 133,115	\$ 372,455	\$ 683,415	\$ 137,776
School District's Covered Employee Payroll During the Measurement Period	1,536,740	1,293,483	1,406,100	1,372,016	1,302,885	1,239,844	1,170,219	1,097,282	1,107,105
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	74.9%	29.7%	0.3%	103.1%	24.1%	10.7%	31.8%	62.3%	12.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.8%	103.7%	99.9%	96.3%	96.3%	98.2%	94.7%	97.9%	97.9%
The Following is a Summary of Changes of Assumptions									
Inflation	2.90%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	*
Salary Increases	4.40%	4.40%	4.50%	4.20%	3.80%	3.80%	3.80%	3.80%	*
Cost of Living Adjustments	1.50%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	*
Investment Rate of Return	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	*
Discount Rate	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	*

See Notes to Required Supplementary Information

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.026845%	0.026274%	0.026081%	0.0262650%	0.0273370%	0.0283130%	0.0274190%	0.0281870%	0.0281870%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 515,127	\$ (4,553,038)	\$ 720,693	\$ (682,376)	\$ (494,321)	\$ (215,205)	\$ 293,668	\$ (2,927,708)	\$(3,380,420)
School District's Covered Employee Payroll During the Measurement Period	4,768,959	4,437,282	4,437,393	4,387,100	4,594,612	4,611,416	4,324,744	4,344,126	4,468,814
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	10.8%	102.6%	16.2%	15.6%	10.8%	4.7%	6.8%	67.4%	75.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%
The Following is a Summary of Changes of Assumptions									
Inflation	2.40%	2.20%	2.20%	2.25%	2.25%	2.50%	3.00%	3.00%	*
Salary Increases	1.95% - 5.18%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	4.0% - 10.9%	4.0% - 10.9%	*
Cost of Living Adjustments	1.30%	1.30%	1.30%	1.50%	1.50%	1.50%	1.50%	1.63%	*
Investment Rate of Return	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	*
Discount Rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	*
Society of Actuaries' Mortality Scale	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	*

See Notes to Required Supplementary Information

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 891,001	\$ 1,804,213	\$ 1,592,398	\$ 1,273,420	\$ 1,548,775	\$ 1,492,086	\$ *	\$ *	\$ *	\$ *
Interest Cost	1,663,475	1,245,739	1,144,518	1,490,862	1,467,466	1,409,488	*	*	*	*
Changes of Benefit Terms	-	-	(187,778)	-	(952,262)	-	*	*	*	*
Differences Between Expected and Actual Experience	(12,976,471)	-	(267,871)	-	(1,246,802)	900,607	*	*	*	*
Changes in Assumptions or Other Inputs	2,938,618	(11,150,991)	5,202,989	7,818,669	(5,313,063)	-	*	*	*	*
Benefit Payments	(1,539,995)	(1,799,805)	(1,822,032)	(1,593,921)	(1,505,178)	(2,341,142)	*	*	*	*
	(9,023,372)	(9,900,844)	5,662,224	8,989,030	(6,001,064)	1,461,039	*	*	*	*
Total OPEB Liability - Beginning of Year	46,863,144	56,763,988	51,101,764	42,112,734	48,113,798	46,652,759	*	*	*	*
Total OPEB Liability - End of Year	\$ 37,839,772	\$ 46,863,144	\$ 56,763,988	\$ 51,101,764	\$ 42,112,734	\$ 48,113,798	\$46,652,759	\$ *	\$ *	\$ *
Covered Employee Payroll	\$ 5,147,681	\$ 4,418,113	\$ 4,418,113	\$ 4,685,173	\$ 4,685,173	\$ 5,612,909	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	735.1%	1060.7%	1284.8%	1090.7%	898.9%	857.2%	*	*	*	*
The Following is a Summary of Changes of Assumptions										
Healthcare Cost Trend Rates	6.40 to 3.80%	5.3% - 4.1%	5.3% - 4.1%	6.1% - 4.1%	6.1% - 4.1%	7.5% - 4.5%	*	*	*	*
Salary Increases	2.40%	2.60%	2.60%	2.60%	2.60%	2.60%	*	*	*	*
Discount Rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%	*	*	*	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2019	MP-2019	MP-2018	MP-2018	MP-2016	*	*	*	*

**Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it become available.*

See Notes to Required Supplementary Information

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

Note 1 **Budgetary Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education (Board) for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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.

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid, School Lunch, and Miscellaneous Special Revenue Fund). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid Funds may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund are established internally.

Note 2 **Reconciliation of the Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the General Fund excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are shown in a separate column and are not included in the actual results at June 30, 2023.

Note 3 **Schedule of Changes in the School District's Total OPEB Liability and Related Ratios Changes in Demographics**

From July 1, 2020 to July 1, 2022, overall membership increased from 255 to 262. The number of active members increase from 92 to 99, and the number of inactive members remained unchanged at 163.

Note 4 **Schedules of School District's Proportionate Share of the Net Pension (Asset)/Liability**

The Schedule of the School District's Proportionate Share of the Net Pension (Asset)/Liability will present ten years of information as it becomes available from the pension plans.

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

Note 5 **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

NYSLRS

Changes in Benefit Terms

The New York State Legislature lowered the vesting requirement for Tier 5 and Tier 6 from ten years to five years (Chapter 56 of the Laws of 2022), prior to the April 1, 2022 actuarial valuation.

NYSTRS

Changes in Benefit Terms

Effective with the 2022 actuarial valuation, the following plan change was effective: The number of years of credited service required for vesting changed from ten years to five years for Tier 5 and 6 members for purposes of eligibility for a service retirement benefit or a deferred-vested benefit.

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 17,788,867
Prior Year's Encumbrances	<u>94,882</u>
Original Budget	<u>17,883,749</u>
Budget Revisions:	
Appropriated Fund Balance	<u>200,000</u>
Total Additions	<u>200,000</u>
Final Budget	<u><u>\$ 18,083,749</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's 2023-2024 Voter Approved Budget	<u><u>\$ 18,638,677</u></u>
Maximum Allowed (4% of 2023-2024 Budget)	<u><u>\$ 745,547</u></u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law

Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 703,464
Unassigned Fund Balance	<u>730,548</u>
Total Unrestricted Fund Balance	<u><u>1,434,012</u></u>
(Less):	
Appropriated Fund Balance	\$ 500,000
Encumbrances Included in Assigned Fund Balance	<u>203,464</u>
Total Adjustments	<u><u>703,464</u></u>

General Fund Fund Balance Subject to §1318 of Real Property Law	<u><u>\$ 730,548</u></u>
--	---------------------------------

Actual Percentage	3.92%
-------------------	-------

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2023

PROJECT TITLE	Original Budget	Revised Budget	Expenditures				Unexpended Balance	Methods of Financing				Fund Balance June 30, 2023
			Prior Years	Current Year	Transfer to Debt Service / General Fund	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
2023 Buses	\$ 208,000	\$ 208,000	\$ -	\$ 206,318	\$ 1,682	\$ 208,000	\$ -	\$ 208,000	\$ -	\$ -	\$ 208,000	\$ - *
UPK Project 7999-03	100,000	100,000	100,000	-	-	100,000	-	-	-	242,252	242,252	142,252 *
2020-2021 Capital Project 9999-999	266,000	266,000	-	-	-	-	266,000	-	-	-	-	- *
\$3.1M Capital Improvements	-	678,343	241,033	-	-	241,033	437,310	294,629	-	-	294,629	53,596 *
Smart Bonds Jr./Sr. High School 0001-021	229,400	229,400	-	-	-	-	229,400	-	-	-	-	- *
\$3.1M L0001-025	-	-	204,616	629,895	-	834,511	(834,511)	769,957	-	-	769,957	(64,554) *
\$3.1M L0002-007	80,082	1,683	1,683	-	-	1,683	-	-	-	-	-	(1,683) *
\$3.1M L4004-008	-	470,216	16,000	-	-	16,000	454,216	-	-	-	-	(16,000) *
\$7.6M T0001-026	7,443,350	7,443,350	569,982	5,765,128	-	6,335,110	1,108,240	4,249,215	-	3,300,000	7,549,215	1,214,105 *
\$7.6M L4004-009	178,700	178,700	9,770	3,309	-	13,079	165,621	72,835	-	-	72,835	59,756 *
\$ 100k V0001-027	100,000	100,000	-	96,023	3,977	100,000	-	-	-	100,000	100,000	-
Smart Bonds Elementary School 0002-009	385,878	385,878	-	-	-	-	385,878	-	-	-	-	- *
Subtotal	8,991,410	10,061,570	1,143,084	6,700,673	5,659	7,849,416	2,212,154	5,594,636	-	3,642,252	9,236,888	1,387,472
GASB 87 - Leases	-	-	-	155,512	-	155,512	(155,512)	-	155,512	-	155,512	-
Unredeemed BANs - Construction	-	-	-	-	-	-	-	(4,322,050)	-	-	(4,322,050)	(4,322,050)
Unredeemed BANs - Buses	-	-	-	-	-	-	-	(719,984)	-	-	(719,984)	(719,984)
Total	\$ 8,991,410	\$ 10,061,570	\$ 1,143,084	\$6,856,185	\$ 5,659	\$ 8,004,928	\$ 2,056,642	\$ 552,602	\$ 155,512	\$ 3,642,252	\$ 4,350,366	\$ (3,654,562)

*Architectural and State approved budget modifications for sub-project reallocations not yet finalized and were unavailable at this report date.

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS JUNE 30, 2023

Capital Assets, Net	<u>\$ 26,548,332</u>
(Deduct):	
Premium on Bonds Payable - Short-Term Portion	<u>(56,276)</u>
Premium on Bonds Payable - Long-Term Portion	<u>(450,204)</u>
BANs Payable	<u>(5,042,034)</u>
Short-Term Portion of Bonds Payable	<u>(765,000)</u>
Long-Term Portion of Bonds Payable	<u>(4,645,000)</u>
Capital Accounts Payable	<u>(6,321)</u>
Unspent Bond Proceeds	<u>53,596</u>
Net Investment in Capital Assets	<u><u>\$ 15,637,093</u></u>

DEPOSIT CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	Special Revenue Funds			Debt Service Fund	Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund		
ASSETS					
Cash - Unrestricted	\$ 199,895	\$ -	\$ -	\$ -	\$ 199,895
Cash - Restricted	-	139,791	32,308	124,967	297,066
Investments - Unrestricted	-	-	-	146,783	146,783
Receivables:					
Due From Other Funds	-	73	-	2,954	3,027
State and Federal Aid	264,402	35,421	-	-	299,823
Other	-	4,669	-	-	4,669
Inventories	-	27,728	-	-	27,728
Total Assets	\$ 464,297	\$ 207,682	\$ 32,308	\$ 274,704	\$ 978,991
LIABILITIES					
Payables:					
Accounts Payable	\$ 3,491	\$ 708	\$ -	\$ -	\$ 4,199
Accrued Liabilities	13,912	11,609	-	-	25,521
Due to Other Funds	434,122	-	-	-	434,122
Due to Other Governments	-	520	-	-	520
Unearned Revenues	12,772	2,430	-	-	15,202
Total Liabilities	464,297	15,267	-	-	479,564
FUND BALANCES					
Nonspendable	-	27,728	-	-	27,728
Restricted	-	164,687	32,308	274,704	471,699
Total Fund Balances	-	192,415	32,308	274,704	499,427
Total Liabilities and Fund Balances	\$ 464,297	\$ 207,682	\$ 32,308	\$ 274,704	\$ 978,991

DEPOSIT CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds			Debt Service Fund	Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund		
REVENUES					
Use of Money and Property	\$ -	\$ 35	\$ 5	\$ 69,172	\$ 69,212
Miscellaneous	17,148	92	2,733	-	19,973
State Sources	182,562	42,109	-	-	224,671
Federal Sources	1,522,545	462,533	-	-	1,985,078
Sales - School Lunch	-	60,460	-	-	60,460
Total Revenues	1,722,255	565,229	2,738	69,172	2,359,394
EXPENDITURES					
Instruction	1,350,575	287,298	-	-	1,637,873
Pupil Transportation	50,408	-	-	-	50,408
Employee Benefits	286,621	133,865	-	-	420,486
Debt Service:					
Cost of Sales	-	299,518	-	-	299,518
Other Expenditures	-	-	2,543	-	2,543
Total Expenditures	1,687,604	720,681	2,543	-	2,410,828
Excess (Deficiency) of Revenues Over Expenditures	34,651	(155,452)	195	69,172	(51,434)
OTHER FINANCING SOURCES AND (USES)					
Premium on Obligations	-	-	-	38,776	38,776
Operating Transfers In	19,989	73	-	1,682	21,744
Operating Transfers (Out)	(54,640)	-	-	(29,000)	(83,640)
Total Other Sources (Uses)	(34,651)	73	-	11,458	(23,120)
Net Change in Fund Balance	-	(155,379)	195	80,630	(74,554)
Fund Balances - Beginning of Year	-	347,794	32,113	194,074	573,981
Fund Balances - End of Year	\$ -	\$ 192,415	\$ 32,308	\$ 274,704	\$ 499,427



**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
Deposit Central School District
Deposit, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information the Deposit Central School District (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 School District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

INSERO & Co. CPAs, LLP

The Highest Standard | (800) 232-9547 | www.inserocpa.com

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 12, 2023



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

Board of Education
Deposit Central School District
Deposit, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Deposit Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the 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 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 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 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 the 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.

Respectfully submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 12, 2023

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass - Through Grantor Program Title	Federal Assistance Listing #	Pass Through Grantor #	Pass - Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education				
Title I Grants to Local Educational Agencies	84.010	0021220175	\$ -	\$ 4,080
Title I Grants to Local Educational Agencies	84.010	0021230175	-	234,119
Subtotal			-	238,199
Supporting Effective Instruction State Grants	84.367	0147220175	-	25,897
Subtotal			-	25,897
Special Education Cluster:				
Special Education - Grants to States	84.027	0033230057	-	160,085
Special Education - Preschool Grants	84.173	0033230057	-	3,232
Special Education - Preschool Grants	84.173	0033220057	-	207
(COVID-19) Special Education - Grants to States	84.027X	5532220057	-	17,320
(COVID-19) Special Education - Preschool Grants	84.173X	5533220057	-	1,319
Total Special Education Cluster			-	182,163
Small Rural School Achievement Program	84.358A	0006230175		4,000
Subtotal			-	4,000
Full-Service Community Schools Program	84.215J	023SUB359	-	123,658
Full-Service Community Schools Program	84.215J	022SUB359	-	20,221
Subtotal			-	143,879
Title IV, Part A Student Support and Academic Enrichment Program	84.424A	0204230175	-	13,984
Subtotal			-	13,984
Education Stabilization Fund:				
(COVID-19) Elementary and Secondary School Emergency Relief Fund	84.425D	5891210175	-	430,539
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5880210175	-	483,884
Total Education Stabilization Fund			-	914,423
Total U.S. Department of Education			-	1,522,545
U.S. Department of Agriculture				
Passed Through NYS Department of Education				
Child Nutrition Cluster:				
National School Lunch Program	10.555	(1)	-	307,553
School Breakfast Program	10.553	(1)	-	91,562
Summer Food Program	10.559	(1)	-	23,687
Fresh Fruit and Vegetable Program	10.582	(1)	-	15,470
Total Child Nutrition Cluster			-	438,272
Direct Programs:				
(COVID-19) Pandemic EBT Administrative Costs	10.542	N/A	-	1,256
(COVID-19) Supply Chain Assistance	10.649	N/A	-	23,005
Total U.S. Department of Agriculture			-	462,533
Total Expenditures of Federal Awards			\$ -	\$ 1,985,078

(1) - Unable to determine.

See Notes to Schedule of Expenditures of Federal Awards

DEPOSIT CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2023

Note 1* **Basis of Presentation*

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

Note 2* **Basis of Accounting*

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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, preparation of the financial statements.

Note 3* **Indirect Costs*

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The Deposit Central School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4* **Matching Costs*

Matching costs, such as the Deposit Central School District's share of certain program costs, are not included in the reported expenditures.

Note 5* **Non-Monetary Federal Program*

The Deposit Central School District is the recipient of a Federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2023, the Deposit Central School District received \$25,386 worth of commodities under the National School Lunch Program (ALN #10.555).

Note 6* **Subrecipients*

No amounts were provided to subrecipients.

Note 7* **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 School District's casualty insurance policies.

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

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes √ no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? yes √ none reported

Noncompliance material to financial statements noted? yes √ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes √ no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? yes √ none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR §200 516(a)? yes √ no

Identification of major programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425</u>	<u>Education Stabilization Fund</u>

Dollar threshold used to distinguish between Type A and Type B
Programs: \$ 750,000

Auditee qualified as low risk? yes √ no

DEPOSIT CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

Section II Financial Statement Finding

None.

Section III Federal Award Findings and Questioned Costs

None.