

OLEAN CITY
SCHOOL DISTRICT, NEW YORK
*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and
Federal Awards Information for the Year Ended
June 30, 2023 and Independent Auditors' Reports*

OLEAN CITY SCHOOL DISTRICT, NEW YORK
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INDEPENDENT AUDITORS' REPORT

The Board of Education
Olean City School District, New York:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements 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 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's 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 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 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, we:

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

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

Required Supplementary Information

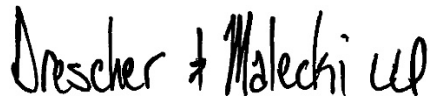
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, and the 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* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, 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 2, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Drescher & Malecki LLP". The signature is written in a cursive, flowing style.

October 2, 2023

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Management's Discussion and Analysis
Year Ended June 30, 2023

As management of the Olean City School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$55,821,275 (*net position*). Net position consists of \$38,634,039 net investment in capital assets, \$11,584,031 restricted for specific purposes, and unrestricted net position of \$5,603,205.
- The District's total net position increased by \$4,411,856 during the year ended June 30, 2023.
- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$905,564, a decrease of \$12,619,685 in comparison with the prior year's fund balance of \$13,525,249.
- At the end of the current fiscal year, *unassigned fund balance* of the General Fund was \$2,060,077, or approximately 4.5 percent of total General Fund expenditures and transfers out. This total amount is available for spending at the District's discretion and constitutes approximately 14.2 percent of the General Fund's total fund balance of \$14,480,289 at June 30, 2023.
- The District's total bond indebtedness decreased by \$2,975,000 as a result of scheduled principal payments made during the year ended June 30, 2023.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general support, instruction, pupil transportation, school food service, and interest and other fiscal charges. The District does not engage in any business-type activities.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures and changes in fund balances for the General Fund, Special Aid Fund, Student Activities Fund, School Lunch Fund, and Capital Projects Fund, which are considered major funds.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The District maintains two fiduciary funds, the Private Purpose Trust Fund and the Custodial Fund.

The fiduciary fund statements can be found on pages 18 and 19 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-48 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District’s net pension liabilities/(assets), the changes in the District’s total other postemployment benefits (“OPEB”) obligation, and the District’s budgetary comparison for the General Fund. Required supplementary information and the related notes to the required supplementary information can be found on pages 49-56 of this report.

Supplementary information is presented immediately following the required supplementary information in the Supplementary Information section of this report on pages 57-59.

The Federal Awards Information section presents the District’s Schedule of Expenditures of Federal Awards. This section can be found on pages 60-68 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55,821,275 at June 30, 2023, as compared to \$51,409,419, at the close of the year ended June 30, 2022.

Table 1, below, presents the condensed statements of net position of the District at June 30, 2023 and June 30, 2022.

Table 1 - Condensed Statements of Net Position

	June 30,	
	2023	2022
Current assets	\$ 30,404,639	\$ 24,268,691
Noncurrent assets	67,115,491	68,073,738
Total assets	97,520,130	92,342,429
Deferred outflows of resources	12,822,683	12,010,597
Current liabilities	29,519,942	10,769,583
Noncurrent liabilities	23,195,523	21,077,644
Total liabilities	52,715,465	31,847,227
Deferred inflows of resources	1,806,073	21,096,380
Net position:		
Net investment in capital assets	38,634,039	33,261,953
Restricted	11,584,031	11,180,128
Unrestricted	5,603,205	6,967,338
Total net position	\$ 55,821,275	\$ 51,409,419

The largest portion of the District's net position, \$38,634,039, reflects its investment in capital assets (e.g. land, construction in progress, buildings and site improvements, vehicles, furniture, equipment, and right-to-use leased equipment) net of accumulated depreciation/amortization, less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide a variety of services to students. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The next largest portion of the District's net position, \$11,584,031, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining balance of the District's net position, \$5,603,205, is considered unrestricted and represents resources that may be used to meet the District's ongoing operations.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2023 and June 30, 2022.

Table 2—Condensed Statements of Changes in Net Position

	Year Ended June 30,	
	2023	2022
Program revenues:		
Charges for services	\$ 341,931	\$ 409,947
Operating grants and contributions	7,216,268	5,655,329
General revenues	45,464,000	42,285,990
Total revenues	53,022,199	48,351,266
Program expenses	48,610,343	42,988,524
Change in net position	4,411,856	5,362,742
Net position—beginning	51,409,419	46,046,677
Net position—ending	<u>\$ 55,821,275</u>	<u>\$ 51,409,419</u>

Overall revenues increased 9.7 percent from the prior year, primarily due to an increase in unrestricted state aid and additional operating grants and contributions. Total expenses increased 13.1 percent from the prior year ended June 30, 2022, largely as a result of an increase in allocable employee benefits related to the District's net pension liabilities.

A summary of sources of revenues for the years ended June 30, 2023 and June 30, 2022 is presented in Table 3 on the following page.

Table 3—Summary of Sources of Revenues

	Year Ended June 30,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Charges for services	\$ 341,931	\$ 409,947	\$ (68,016)	(16.6)
Operating grants and contributions	7,216,268	5,655,329	1,560,939	27.6
Taxes	14,003,355	13,955,048	48,307	0.3
Use of money and property	360,104	197,603	162,501	82.2
Other items	917,789	695,526	222,263	32.0
State sources—unrestricted	<u>30,182,752</u>	<u>27,437,813</u>	<u>2,744,939</u>	10.0
Total revenues	<u>\$ 53,022,199</u>	<u>\$ 48,351,266</u>	<u>\$ 4,670,933</u>	9.7

The most significant sources of revenue for the year ended June 30, 2023 were State sources—unrestricted of \$30,182,752, or 56.9 percent of total revenues, taxes of \$14,003,355, or 26.4 percent of total revenues, and operating grants and contributions of \$7,216,268, or 13.6 percent of total revenues. Similarly, for the year ended June 30, 2022, the most significant sources of revenue were State sources—unrestricted of \$27,437,813, or 56.8 percent of total revenues, taxes of \$13,955,048, or 28.9 percent of total revenues, and operating grants and contributions of \$5,655,329, or 11.7 percent of total revenues.

A summary of program expenses for the years ended June 30, 2023 and June 30, 2022 is presented below in Table 4:

Table 4—Summary of Program Expenses

	Year Ended June 30,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
General support	\$ 8,705,583	\$ 8,144,751	\$ 560,832	6.9
Instruction	35,738,455	31,748,518	3,989,937	12.6
Pupil transportation	1,558,218	1,248,643	309,575	24.8
School food service	1,710,626	1,129,155	581,471	51.5
Student activities	128,735	118,260	10,475	8.9
Interest and other fiscal charges	<u>768,726</u>	<u>599,197</u>	<u>169,529</u>	28.3
Total program expenses	<u>\$ 48,610,343</u>	<u>\$ 42,988,524</u>	<u>\$ 5,621,819</u>	13.1

The most significant expense items for the year ended June 30, 2023 were instruction of \$35,738,455, or 73.5 percent of total expenses, general support of \$8,705,583, or 17.9 percent of total expenses, and school food service expenses of \$1,710,626, or 3.5 percent of total expenses. Similarly, for the year ended June 30, 2022, the most significant expense items were instruction of \$31,748,518, or 73.9 percent of total expenses, general support of \$8,144,751, or 19.0 percent of total expenses, and school food service expenses of \$1,129,155, or 2.6 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, *unassigned fund balance* and *fund balance assigned to specific use* in special revenue funds may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the District itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the Board of Education.

At June 30, 2023, the District’s governmental funds reported a combined ending fund balance of \$905,564, a decrease of \$12,619,685 from the prior year. Excluding the Capital Projects Fund fund balance deficit of \$14,746,665, the District’s governmental funds combined ending fund balances totaled \$15,652,229. Approximately 13.2 percent, \$2,060,077, of this amount constitutes *unassigned fund balance* which is available for spending at the District’s discretion. The remainder of fund balance is *nonspendable, restricted, or assigned*, to indicate that it is 1) not in spendable form, \$33,773, 2) restricted for particular purposes, \$11,584,031, or 3) assigned for particular purposes, \$1,974,348.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,060,077, while total fund balance increased to \$14,480,289. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 4.5 percent of total General Fund expenditures and transfers out, while total fund balance represents 31.9 percent of that same amount.

The total fund balance of the District’s General Fund increased by \$626,341 during the current fiscal year. During the annual budget process, the District anticipated utilizing \$851,500 of unrestricted fund balance (this included funds appropriated from fund balance, appropriated reserves, and the re-appropriation of prior year’s encumbrances). As a result of spending less than anticipated and receiving slightly more in revenues than anticipated, the District’s General Fund fund balance ended \$1,477,841 higher than expected.

The Special Aid Fund maintains funds that are received by the State and Federal governments. Expenditures totaled \$5,116,714 and were used toward the instruction and transportation of students while total revenues and transfers in were \$5,116,714 and were comprised of State, Federal, other local sources and transfers from the General Fund.

The Student Activities Fund reports a fund balance of \$66,931 at June 30, 2023, a decrease of \$5,961 from the prior year. This total fund balance amount is classified as restricted fund balance for the future payment of extraclassroom activities on behalf of the students.

The School Lunch Fund total fund balance at June 30, 2023 was \$1,105,009, of which \$33,773 is considered nonspendable fund balance. The total fund balance of the School Lunch Fund increased by \$186,978 during the current fiscal year due to an increase in federal aid.

At June 30, 2023, the District’s Capital Projects Fund fund balance decreased by \$13,427,043 to an ending fund balance of \$(14,746,665). The Capital Projects Fund deficit is expected to be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in). The District’s Capital Projects Fund had transfers in from the General Fund in the amount of \$1,525,000, revenues of \$202,110, and incurred capital outlay expenditures in the amount of \$15,154,153 during the fiscal year ended June 30, 2023.

General Fund Budgetary Highlights

The District's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the District has appropriately assigned an equal amount of fund balance at year-end for this purpose. A summary of revisions from adopted budget to final budget is presented in Table 5 below.

Table 5—General Fund Budget

Adopted budget, 2022-2023	\$ 47,334,987
Add: Prior year's encumbrances	<u>251,500</u>
Original budget, 2022-2023	<u>47,586,487</u>
Budget revisions:	
Voter approved use of capital reserve	<u>1,500,000</u>
Final budget, 2022-2023	<u>\$ 49,086,487</u>

More detailed information about the District's General Fund budget is presented in the Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget (Non-GAAP Basis) and Actual—General Fund within the Required Supplementary Information section of this report.

Capital Asset and Debt Administration

Capital assets—The District's investment in capital assets for its governmental activities as of June 30, 2023, amounted to \$67,115,491 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and site improvements, furniture and equipment, vehicles, and right-to-use leased equipment. All depreciable/amortizable capital assets were depreciated/amortized from acquisition date to the end of the current year as outlined in the District's capital asset policy.

Capital assets, net of depreciation/amortization for the governmental activities at June 30, 2023 and June 30, 2022 are presented in Table 6 below:

Table 6 – Summary of Capital Assets (Net of Accumulated Depreciation/Amortization)

	June 30,	
	2023	2022
Land	\$ 379,782	\$ 379,782
Construction in progress	17,175,659	2,103,563
Buildings and site improvements	46,028,757	46,488,877
Furniture and equipment	1,356,486	1,163,656
Vehicles	486,127	478,075
Right-to-use leased equipment	<u>1,688,680</u>	<u>1,221,410</u>
Total	<u>\$ 67,115,491</u>	<u>\$ 51,835,363</u>

Additional information on the District's capital assets is presented in Note 4 to the financial statements.

Long-term liabilities—At June 30, 2023, the District had total long-term liabilities of \$23,195,523, as compared to \$21,077,644 in the prior year. Of the total long-term debt outstanding at June 30, 2023, \$12,990,000 represents serial bonds issued by the District. During the year ended June 30, 2023, the District made scheduled bond principal payments of \$2,975,000.

A summary of the District’s long-term liabilities at June 30, 2023 and June 30, 2022 is presented in Table 7 below:

Table 7—Summary of Long-Term Liabilities

	June 30,	
	2023	2022
Serial bonds	\$ 12,990,000	\$ 15,965,000
Premium on serial bonds	1,481,540	1,696,090
Lease liability	81,512	137,332
OPEB obligation	2,629,294	2,397,164
Health reimbursement accrual	336,636	282,510
Compensated absences	565,563	599,548
Net pension liability	5,110,978	-
Total	<u>\$ 23,195,523</u>	<u>\$ 21,077,644</u>

Additional information on the District’s long-term liabilities can be found in Note 11 to the financial statements.

Economic Factors and Next Year’s Budget and Rates

The unemployment rate, not seasonally adjusted, for the region at June 30, 2023 was 3.7 percent. This compares to New York State’s average unemployment rate of 3.9 percent. These factors, as well as others, are considered in preparing the District’s budget.

During the current fiscal year, the District appropriated \$600,000 of the General Fund’s unassigned fund balance for spending in the District’s 2023-2024 fiscal year budget. The 2023-2024 adopted budget appropriations total of \$51,501,933 is an approximate increase of 8.8 percent as compared to \$47,334,987 in 2022-2023. The District’s total tax levy in 2023-2024 is \$13,888,098, remaining the same as the amount levied during the 2022-2023 year.

Request for Information

This financial report is designed to provide our taxpayers, customers and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jenny Bilotta, Business Administrator, Olean City School District, 410 West Sullivan Street, Olean New York 14760.

BASIC FINANCIAL STATEMENTS

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OLEAN CITY SCHOOL DISTRICT, NEW YORK
Statement of Net Position
June 30, 2023

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,375,360
Restricted cash and cash equivalents	22,892,339
Receivables	18,423
Intergovernmental receivables	3,084,744
Inventories	33,773
Capital assets not being depreciated/amortized	17,555,441
Capital assets, net of accumulated depreciation/amortization	49,560,050
Total assets	<u>97,520,130</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	11,641,215
Deferred outflows—relating to OPEB	1,002,305
Deferred charge on refunding	179,163
Total deferred outflows of resources	<u>12,822,683</u>
LIABILITIES	
Accounts payable	3,569,347
Accrued liabilities	132,312
Bond anticipation notes payable	23,890,000
Due to retirement systems	1,900,187
Intergovernmental payables	1,183
Unearned revenue	26,913
Noncurrent liabilities:	
Due within one year	2,803,856
Due within more than one year	20,391,667
Total liabilities	<u>52,715,465</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pensions	1,162,941
Deferred inflows—relating to OPEB	643,132
Total deferred inflows of resources	<u>1,806,073</u>
NET POSITION	
Net investment in capital assets	38,634,039
Restricted:	
Liability insurance	1,491,487
Tax certiorari	470,404
Unemployment insurance	381,795
Employee benefits	714,223
Debt service	367,736
Retirement contribution	4,463,051
Workers' compensation	308,351
Capital projects	3,320,053
Student activities	66,931
Unrestricted	5,603,205
Total net position	<u>\$ 55,821,275</u>

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Statement of Activities
Year Ended June 30, 2023

Function/Program	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Governmental activities:				
General support	\$ 8,705,583	\$ -	\$ -	\$ (8,705,583)
Instruction	35,738,455	165,010	5,605,626	(29,967,819)
Pupil transportation	1,558,218	-	-	(1,558,218)
School food service	1,710,626	54,147	1,610,642	(45,837)
Student activities	128,735	122,774	-	(5,961)
Interest and other fiscal charges	768,726	-	-	(768,726)
Total primary government	<u>\$ 48,610,343</u>	<u>\$ 341,931</u>	<u>\$ 7,216,268</u>	<u>(41,052,144)</u>
General revenues:				
Real property taxes and other tax items				14,003,355
Use of money and property				360,104
Sale of property and compensation for loss				21,272
Miscellaneous				896,517
State sources—unrestricted				<u>30,182,752</u>
Total general revenues				<u>45,464,000</u>
Change in net position				4,411,856
Net position—beginning				<u>51,409,419</u>
Net position—ending				<u>\$ 55,821,275</u>

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Balance Sheet—Governmental Funds
June 30, 2023

	Special Revenue				Capital Projects	Total Governmental Funds
	General	Special Aid	Student Activities	School Lunch		
ASSETS						
Cash and cash equivalents	\$ 4,368,488	\$ 6,872	\$ -	\$ -	\$ -	\$ 4,375,360
Restricted cash and cash equivalents	11,519,840	21,763	66,931	1,368	11,282,437	22,892,339
Receivables	18,423	-	-	-	-	18,423
Intergovernmental receivables	711,065	2,271,920	-	101,759	-	3,084,744
Due from other funds	2,096,654	66,825	-	1,182,698	692,265	4,038,442
Inventories	-	-	-	33,773	-	33,773
Total assets	<u>\$ 18,714,470</u>	<u>\$ 2,367,380</u>	<u>\$ 66,931</u>	<u>\$ 1,319,598</u>	<u>\$ 11,974,702</u>	<u>\$ 34,443,081</u>
LIABILITIES						
Accounts payable	\$ 648,895	\$ 79,238	\$ -	\$ 209,271	\$ 2,631,943	\$ 3,569,347
Accrued liabilities	110,720	-	-	725	-	111,445
Bond anticipation notes payable	-	-	-	-	23,890,000	23,890,000
Due to other funds	1,571,639	2,266,379	-	1,000	199,424	4,038,442
Due to retirement systems	1,900,187	-	-	-	-	1,900,187
Intergovernmental payables	-	-	-	1,183	-	1,183
Unearned revenue	2,740	21,763	-	2,410	-	26,913
Total liabilities	<u>4,234,181</u>	<u>2,367,380</u>	<u>-</u>	<u>214,589</u>	<u>26,721,367</u>	<u>33,537,517</u>
FUND BALANCES (DEFICIT)						
Nonspendable	-	-	-	33,773	-	33,773
Restricted	11,517,100	-	66,931	-	-	11,584,031
Assigned	903,112	-	-	1,071,236	-	1,974,348
Unassigned	2,060,077	-	-	-	(14,746,665)	(12,686,588)
Total fund balances (deficit)	<u>14,480,289</u>	<u>-</u>	<u>66,931</u>	<u>1,105,009</u>	<u>(14,746,665)</u>	<u>905,564</u>
Total liabilities and fund balances (deficit)	<u>\$ 18,714,470</u>	<u>\$ 2,367,380</u>	<u>\$ 66,931</u>	<u>\$ 1,319,598</u>	<u>\$ 11,974,702</u>	<u>\$ 34,443,081</u>

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances (deficit)—governmental funds (page 14)		\$ 905,564
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$103,063,150 and the accumulated depreciation/amortization is \$35,947,659.		67,115,491
Deferred charges associated with refunding of bonds are not reported in governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.		179,163
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 1,872,020	
Deferred outflows related to experience, changes in assumptions and investment earnings	9,769,195	
Deferred inflows of resources related to pension plans	<u>(1,162,941)</u>	10,478,274
Deferred outflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to experience and changes of assumptions	\$ 1,002,305	
Deferred inflows related to experience and changes of assumptions	<u>(643,132)</u>	359,173
Net accrued interest expense for serial bonds is not reported in the fund statements.		(20,867)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$ (12,990,000)	
Premium on serial bonds	(1,481,540)	
Lease liability	(81,512)	
OPEB obligation	(2,629,294)	
Health reimbursement accrual	(336,636)	
Compensated absences	(565,563)	
Net pension liability	<u>(5,110,978)</u>	<u>(23,195,523)</u>
Net position of governmental activities		<u>\$ 55,821,275</u>

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund
Balances (Deficit)—Governmental Funds
Year Ended June 30, 2023

		Special Revenue				Total
	General	Special Aid	Student Activities	School Lunch	Capital Projects	Governmental Funds
REVENUES						
Real property taxes	\$ 13,889,030	\$ -	\$ -	\$ -	\$ -	\$ 13,889,030
Real property tax items	114,325	-	-	-	-	114,325
Charges for services	165,010	-	-	-	-	165,010
Use of money and property	360,081	-	-	23	-	360,104
Sale of property and compensation for loss	21,272	-	-	-	-	21,272
Miscellaneous	682,068	3,931	-	8,408	202,110	896,517
State sources	30,408,549	701,869	-	28,642	-	31,139,060
Federal sources	330,440	4,347,520	-	1,582,000	-	6,259,960
Student activity collections	-	-	122,774	-	-	122,774
Sales—food service	-	-	-	54,147	-	54,147
Total revenues	<u>45,970,775</u>	<u>5,053,320</u>	<u>122,774</u>	<u>1,673,220</u>	<u>202,110</u>	<u>53,022,199</u>
EXPENDITURES						
Current:						
General support	6,077,864	-	-	-	-	6,077,864
Instruction	25,942,033	4,119,487	-	-	-	30,061,520
Pupil transportation	1,246,399	19,967	-	-	-	1,266,366
Employee benefits	6,530,937	977,260	-	99,082	-	7,607,279
Debt service:						
Principal	3,030,820	-	-	-	-	3,030,820
Interest and other fiscal charges	927,987	-	-	-	-	927,987
Student activities	-	-	128,735	-	-	128,735
Cost of sales (school lunch)	-	-	-	1,387,160	-	1,387,160
Capital outlay	-	-	-	-	15,154,153	15,154,153
Total expenditures	<u>43,756,040</u>	<u>5,116,714</u>	<u>128,735</u>	<u>1,486,242</u>	<u>15,154,153</u>	<u>65,641,884</u>
Excess (deficiency) of revenues over expenditures	<u>2,214,735</u>	<u>(63,394)</u>	<u>(5,961)</u>	<u>186,978</u>	<u>(14,952,043)</u>	<u>(12,619,685)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	63,394	-	-	1,525,000	1,588,394
Transfers out	(1,588,394)	-	-	-	-	(1,588,394)
Total other financing sources (uses)	<u>(1,588,394)</u>	<u>63,394</u>	<u>-</u>	<u>-</u>	<u>1,525,000</u>	<u>-</u>
Net change in fund balances (deficit)	626,341	-	(5,961)	186,978	(13,427,043)	(12,619,685)
Fund balances (deficit)—beginning	<u>13,853,948</u>	<u>-</u>	<u>72,892</u>	<u>918,031</u>	<u>(1,319,622)</u>	<u>13,525,249</u>
Fund balances (deficit)—ending	<u>\$ 14,480,289</u>	<u>\$ -</u>	<u>\$ 66,931</u>	<u>\$ 1,105,009</u>	<u>\$ (14,746,665)</u>	<u>\$ 905,564</u>

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances (deficit)—total governmental funds (page 16) \$ (12,619,685)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which depreciation/amortization expense exceeded capital outlays in the current period.

Capital asset additions	\$ 17,396,612	
Depreciation/amortization expense	<u>(2,116,484)</u>	15,280,128

Deferred charges and gains associated with refunding of bonds are not reported in the governmental funds. The charges and gains are reported as deferred outflows and inflows of resources on the statement of net position and are recognized as a component of interest expense over the life of the related debt.

(60,563)

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

District pension contributions	\$ 2,132,358	
Employee contributions net of benefits earned	<u>(3,394,668)</u>	(1,262,310)

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. This amount is shown net of current year amortization.

75,913

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.

5,274

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of serial bonds	\$ 2,975,000	
Amortization of premiums on serial bonds	214,550	
Repayment of lease liability	55,820	
Change in OPEB obligation	(232,130)	
Change in health reimbursement accrual	(54,126)	
Change in compensated absences	<u>33,985</u>	<u>2,993,099</u>

Change in net position of governmental activities \$ 4,411,856

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Funds
June 30, 2023

	Private Purpose Trust	Custodial Fund
ASSETS		
Restricted cash and cash equivalents	\$ 13,153	\$ 5,616
Restricted investments	70,916	-
Total assets	<u>84,069</u>	<u>5,616</u>
NET POSITION		
Restricted for scholarships	84,069	-
Restricted for organization and other governments	-	5,616
Total net position	<u>\$ 84,069</u>	<u>\$ 5,616</u>

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Statement of Changes in Fiduciary Net Position—Fiduciary Funds
Year Ended June 30, 2023

	Private Purpose Trust	Custodial Fund
ADDITIONS		
Contributions	\$ 42,427	\$ 50
Total additions	<u>42,427</u>	<u>50</u>
DEDUCTIONS		
Scholarships and awards	42,859	-
Total deductions	<u>42,859</u>	<u>-</u>
Change in fiduciary net position	(432)	50
Net position—beginning	84,501	5,566
Net position—ending	<u>\$ 84,069</u>	<u>\$ 5,616</u>

The notes to the financial statements are an integral part of this statement.

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OLEAN CITY SCHOOL DISTRICT, NEW YORK
Notes to the Financial Statements
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Olean City School District, New York (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District reports no business-type activities or component units.

Reporting Entity

The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the District is to provide education for pupils. Support services such as transportation of pupils, food service, administration, finance, and plant maintenance are also included.

The financial reporting entity includes all funds, functions and organizations over which the District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Extraclassroom Activity Funds—The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management; however, since the District has administrative involvement with these funds they are reported within the District’s Student Activities Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office.

Joint Venture—The District is one of the twenty-two component school districts in the Board of Cooperative Education Services of Cattaraugus, Allegany, Erie and Wyoming counties (“BOCES”). BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs, and also provides educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES is organized under §1950 of the New York State Education Law. The 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 are also considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

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

During the year ended June 30, 2023, the District was billed \$9,215,607 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$3,235,351. Financial statements for BOCES are available from the BOCES administrative offices.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds even though the fiduciary funds are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the District’s various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the District and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is State sources.
- *Special Aid Fund*—The Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with federal and state grants.

- *Student Activities Fund*—The Student Activities fund is used to account for Extraclassroom transactions, which represents funds of the students of the District. The District exercises administrative involvement over these funds.
- *School Lunch Fund*—The School Lunch Fund is used to account for transactions of the District’s food service operations.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

Additionally, the District reports the following fund type:

Fiduciary Funds—These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary Funds include a *Private Purpose Trust Fund* and an *Custodial Fund*.

- *Private Purpose Trust Fund*—The Private Purpose Trust Fund is used to account for assets held by the District for scholarships.
- *Custodial Fund*—The Custodial Fund is used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period and certain grant revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and pensions are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The Private Purpose Trust Fund and Custodial Fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The District's cash and cash equivalents consist of cash on hand, demand deposits, time deposits, and short-term, highly liquid investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Permissible investments include obligations of the U.S. Treasury and U.S. Government Agencies, repurchase agreements and obligations of New York State or its localities. Investments are stated at fair value in accordance with GASB.

Restricted Cash, Cash Equivalents and Investments—Restricted cash and cash equivalents represent amounts to support fund balance restrictions, unspent proceeds of debt, unearned revenues, and amounts held on behalf of others.

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

Inventories—Inventories of food and/or supplies 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 market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Capital Assets—Capital assets, which include land, construction in progress, building and site improvements, furniture and equipment and vehicles, and right-to-use leased equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than an established threshold of \$5,000 for the type of asset and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at estimated fair market value of the item at the date of its donation. Major outlays for capital assets and improvements are capitalized as projects are completed. Right-to-use leased equipment are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs and are amortized on a straight line basis over their useful lives.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

	Capitalization Threshold	Estimated Useful Life (Years)
Land	\$ 1	n/a
Buildings	5,000	20-60
Site improvements	5,000	20
Furniture, equipment and vehicles	5,000	5-15
Right-to-use leased equipment	5,000	5-15

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new school bus included as part of *expenditures—pupil transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2023, the District has three items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the District's proportion of the collective net pension liability/(asset), and the difference during the measurement period between the District's contributions, its proportionate share of total contribution to the pension systems not included in pension expense, and any contributions to the pension systems subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and

represents the effects of the change in the District's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The third item is a deferred charge on refunding which the District reports within its governmental activities. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2023, the District reports two deferred inflows of resources on the government-wide financial statements related to pensions and OPEB, respectively. The first item represents the effect of the net change in the District's proportion of the collective net pension liability/(asset) and the difference during the measurement periods between the District's contributions, and its proportionate share of total contributions to the pension systems not included in pension expense. The second item represents the effects of the change in the District's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

Net Position Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized both the Business Administrator and the Superintendent to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes—Real property taxes are levied annually no later than September 1 by the Board of Education and attached as an enforceable lien. Uncollected real property taxes are subsequently enforced by the County of Cattaraugus. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than April 1st.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At June 30, 2023, the District reported \$2,740, \$21,763 and \$2,410 of unearned revenues in the General Fund, Special Aid Fund and School Lunch Fund, respectively. The District has received tuition, grant and school lunch money in advance but has not performed the services and therefore recognizes a liability.

Health Reimbursement Accrual—The District labor agreements and District rules and regulations state that the District shall establish a health reimbursement account for any unit member who is participating in a District health insurance plan. The District shall choose the plan administrator and pay the administrative fees.

Compensated Absences—The District labor agreements and District rules and regulations provide for sick leave and vacation. Upon retirement certain eligible employees qualify for payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

Pension Plans—The District is mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees, as discussed in Note 7.

Other

Estimates—The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America (“GAAP”), requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended June 30, 2023, the District implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnerships arrangements (“PPPs”). GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements (“SBITAs”) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. A portion of GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature related to GASB Statements No. 94 and 96. The implementation of GASB Statements No. 94, 96, and a portion of 99 did not have a material impact on the District’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The District has not completed the process of evaluating the impact that will result from adopting the remainder of GASB Statement No. 99, *Omnibus 2022*; and No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the year ending June 30, 2024, and No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. The District is, therefore, unable to disclose the impact that adopting GASB Statements No. 99, 100, and 101 will have on its financial position and results of operations when such statements are adopted.

Deficit Fund Balance—The Capital Projects Fund reports a deficit fund balance of \$14,746,665 at June 30, 2023. The deficit exists because the District issued bond anticipation notes (“BAN”), which do not qualify for treatment as a long-term liability. Accordingly, the BAN is reported as a fund liability in the Capital Projects Fund (rather than an other financing source on the statement of revenues, expenditures, and changes in fund balances). This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BAN.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The District’s investment policies are governed by State statutes. District monies must be deposited in FDIC-Insured commercial banks or trust companies located within New York State. The District’s Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits, time deposits and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash and cash equivalents reported by the District at June 30, 2023, are shown below.

	Governmental Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 260	\$ -	\$ 260
Deposits	27,271,143	18,769	27,289,912
Total	<u>\$ 27,271,403</u>	<u>\$ 18,769</u>	<u>\$ 27,290,172</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2023 as follows:

	Bank Balance	Carrying Balance
FDIC insured	\$ 500,000	\$ 500,000
Uninsured:		
Collateral held pledging bank's agent in the District's name	32,218,992	26,789,912
Total	<u>\$ 32,718,992</u>	<u>\$ 27,289,912</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2023, the District's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the District's name.

Restricted Cash and Cash Equivalents—The District reports unspent proceeds of debt, unearned revenues, amounts held on behalf of others, and amounts to support restricted fund balances as restricted cash and cash equivalents. At June 30, 2023, the District reported \$22,892,339 of restricted cash within its governmental funds and \$18,769 within its fiduciary funds.

Investments—The District categorizes its fair value measurements into the fair value hierarchy established by GASB.

The authoritative guidance on fair value measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

- Level 2: Inputs to the valuation methodology include the following:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The District records restricted investments, including long-term money market funds at June 30, 2023, in the amount of \$70,916 in the Private Purpose Trust Fund which are considered to be Level 1 inputs.

Interest Rate Risk—In accordance with its investment policy, the District manages exposures by limiting investments to low risk type investments governed by New York State statutes.

3. RECEIVABLES

Major revenues accrued by the District at June 30, 2023 consisted of the following:

Receivables—Represents amounts due from various sources for out-of-district tuition, commissions, reimbursements and other services provided. The District report amounts of \$18,423 in the General Fund.

Intergovernmental Receivables—Represent amounts due from other units of government, such as Federal, New York State and other local governments. Intergovernmental receivables at June 30, 2023 are presented on the following page.

General Fund:			
New York State—Excess Cost Aid	\$	595,974	
New York State—Medicaid		47,488	
Other School Districts—Tuition		27,096	
Miscellaneous		<u>40,507</u>	\$ 711,065
Special Aid Fund:			
New York State—Summer Handicapped Program		55,490	
New York State—Universal Pre-k		176,337	
New York State—Employment Preparation Education Program		2,970	
Federal Government—Title I		385,978	
Federal Government—Title IIA		30,044	
Federal Government—Title IV		14,948	
Federal Government—Title V		23,038	
Federal Government—Section 611/619 IDEA		197,334	
Federal Government—CRSSA/ARP		1,004,504	
Miscellaneous		<u>381,277</u>	2,271,920
School Lunch Fund:			
Federal Government—Breakfast and lunch programs			<u>101,759</u>
Total governmental funds			<u>\$ 3,084,744</u>

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2023 was as follows:

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023
Capital assets, not being depreciated/amortized:				
Land	\$ 379,782	\$ -	\$ -	\$ 379,782
Construction in progress	2,103,563	15,154,153	82,057	17,175,659
Total capital assets, not being depreciated/amortized	<u>2,483,345</u>	<u>15,154,153</u>	<u>82,057</u>	<u>17,555,441</u>
Capital assets, being depreciated/amortized:				
Buildings and site improvements	76,952,102	954,532	-	77,906,634
Furniture and equipment	3,685,396	313,997	16,720	3,982,673
Vehicles	1,041,507	130,724	-	1,172,231
Right-to-use leased equipment	2,181,238	925,263	660,330	2,446,171
Total capital assets, being depreciated/amortized	<u>83,860,243</u>	<u>2,324,516</u>	<u>677,050</u>	<u>85,507,709</u>
Less accumulated depreciation/amortization for:				
Buildings and site improvements	30,463,225	1,414,652	-	31,877,877
Furniture and equipment	2,521,740	121,167	16,720	2,626,187
Vehicles	563,432	122,672	-	686,104
Right-to-use leased equipment	959,828	457,993	660,330	757,491
Total accumulated depreciation/amortization	<u>34,508,225</u>	<u>2,116,484</u>	<u>677,050</u>	<u>35,947,659</u>
Total capital assets, being depreciated/amortized, net	<u>49,352,018</u>	<u>208,032</u>	<u>-</u>	<u>49,560,050</u>
Governmental activities capital assets, net	<u>\$ 51,835,363</u>	<u>\$ 15,362,185</u>	<u>\$ 82,057</u>	<u>\$ 67,115,491</u>

Depreciation/amortization expense was charged to the functions and programs of governmental activities as follows:

General support	\$ 1,509,075
Instruction	480,131
Pupil transportation	<u>127,278</u>
Total	<u>\$ 2,116,484</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2023, were as follows:

	General Fund	School Lunch Fund	Total Governmental Funds
Salaries and employee benefits	\$ 110,720	\$ 725	\$ 111,445
Total accrued liabilities	<u>\$ 110,720</u>	<u>\$ 725</u>	<u>\$ 111,445</u>

6. PENSION PLANS

The District participates in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS") (the "Systems"). These cost-sharing multiple-employer public employee retirement systems compute contribution retirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Descriptions and Benefits Provided

Teachers' Retirement System—TRS 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. TRS is governed by a 10 member Board of Trustees. TRS 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 TRS, 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 TRS, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found at the TRS website at www.nystrs.org.

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

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

Pension Liability/(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2023, the District reported the following liability/(asset) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension liability/(asset) was measured as of June 30, 2022 for TRS and March 31, 2023 for ERS. The total pension liability used to calculate the net pension (asset) was determined by actuarial valuations as of June 30, 2021 and April 1, 2022, respectively, with update procedures used to rollforward the total pension liability to the measurement dates. The District's proportion of the net pension liability/(asset) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
Net pension liability/(asset)	\$ 1,753,604	\$ 3,357,374
District's portion of the Plan's total net pension liability/(asset)	0.091386%	0.0156564%

For the year ended June 30, 2023, the District recognized pension expense of \$2,200,661 and \$1,259,748 for TRS and ERS, respectively. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from sources shown below:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Difference between expected and actual experiences	\$ 1,837,555	\$ 357,587	\$ 35,139	\$ 94,288
Changes of assumptions	3,401,695	1,630,557	706,401	18,021
Net difference between projected and actual earnings on pension plan investments	2,265,823	-	-	19,724
Changes in proportion and differences between the District's contributions and proportionate share of contributions	62,426	213,552	279,982	9,386
District contributions subsequent to the measurement date	1,715,377	156,643	-	-
Total	<u>\$ 9,282,876</u>	<u>\$ 2,358,339</u>	<u>\$ 1,021,522</u>	<u>\$ 141,419</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ending 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 June 30,	TRS	ERS
2024	\$ 1,275,674	\$ 513,614
2025	630,814	(118,910)
2026	(324,332)	725,010
2027	4,421,243	940,563
2028	539,072	-
Thereafter	3,506	-

Actuarial Assumptions—The total pension liability as of the measurement dates was determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liability to the respective measurement dates. The actuarial valuations used the following actuarial assumptions:

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Interest rate	6.95%	5.90%
Salary scale	1.95%-5.18%	4.40%
Decrement tables	July 1, 2015 - June 30, 2020	April 1, 2015 - March 31, 2020
Inflation rates	2.40%	2.90%
Cost-of-living adjustments	1.30%	1.50%

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2020, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2020.

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

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

Measurement date Asset class:	Target Allocation		Long-Term Expected Real Rate of Return	
	TRS	ERS	TRS	ERS
			June 30, 2022	March 31, 2023
Domestic equities	33.0 %	32.0 %	6.5 %	4.3 %
International equities	16.0	15.0	7.2	6.9
Global equities	4.0	0.0	6.9	0.0
Private equity	8.0	10.0	9.9	7.5
Real estate	11.0	9.0	6.2	4.6
Opportunistic portfolio/Absolute return strategies	0.0	3.0	0.0	5.4
Credit	0.0	4.0	0.0	5.4
Domestic fixed income securities	16.0	0.0	1.1	0.0
Global bonds	2.0	0.0	0.6	0.0
High-yield bonds	1.0	0.0	3.3	0.0
Private debt	2.0	0.0	5.3	0.0
Real assets	0.0	3.0	0.0	5.8
Real estate debt	6.0	0.0	2.4	0.0
Fixed income	0.0	23.0	0.0	0.0
Cash	1.0	1.0	(0.3)	0.0
Total	<u>100.0 %</u>	<u>100.0 %</u>		

Discount Rate—The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.90% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart on the following page presents the District’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the District’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.95% for TRS and 4.90% for ERS) or one percentage-point higher (7.95% for TRS and 6.90% for ERS) than the current assumption.

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
<hr/>			
TRS			
Employer's proportionate share of the net pension liability/(asset)	\$ 16,169,051	\$ 1,753,604	\$ (10,369,692)
<hr/>			
	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
<hr/>			
ERS			
Employer's proportionate share of the net pension liability/(asset)	\$ 8,113,333	\$ 3,357,374	\$ (616,783)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability/(asset) of the employers as of the respective valuation dates, were as follows:

	(Dollar in Thousands)	
	TRS	ERS
Valuation date	June 30, 2021	April 1, 2022
Employers' total pension liability	\$ 133,883,474	\$ 232,627,259
Plan fiduciary net position	131,964,582	211,183,223
Employers' net pension liability/(asset)	<u>\$ 1,918,892</u>	<u>\$ 21,444,036</u>
System fiduciary net position as a percentage of total pension liability	98.6%	90.8%

Payables to the Pension Plan—For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS 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 \$1,715,377.

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$184,810.

7. OTHER POSTEMPLOYMENT BENEFIT ("OPEB") OBLIGATION

Plan Description—In addition to pension benefits, the District provides postemployment health insurance coverage to retired employees at the cost of the retiree in accordance with the provisions of various employment contracts. The benefit level, employee contributions and employer contributions are governed by the District's contractual agreements.

The Olean City School District administers the Olean City School District Retiree Medical Plan (the "Plan") as a single-employer defined benefit other post-employment benefit plan. The plan provides for continuation of medical insurance benefits for certain retirees at the cost of the retirees. The plan

and required contributions and benefits thereof can be amended by action of the District subject to an applicable collective bargaining and employment agreements. The plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying the benefits under the plan.

Employees Covered by Benefit Terms—At July 1, 2022, the valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	72
Active employees	<u>292</u>
Total	<u><u>364</u></u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

Total OPEB Liability

The District’s total OPEB liability of \$2,629,294 was measured as of July 1, 2022, and was determined by an interim actuarial valuation as of the same date.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the July 1, 2022 actuarial valuation, the entry age normal method, over a level percent of salary was used. The discount rate of 4.09% was used which is based on a yield for 20-year tax-exempt general obligation bonds with an average rating of AA/Aa or higher. This is a change from the prior valuation discount rate of 2.19%. The salary scale for non-teacher employees is based on the NYSERS valuation as of March 31, 2020. Teacher and Administration employees’ payroll growth is based on the NYSTRS valuation as of June 30, 2021. The initial healthcare trend rate was based on a combination of employer history, national trend surveys, and professional judgment. The ultimate trend rate was selected based on historical medical CPI information. An initial health care trend rate of 7.50% was used, decreasing by 0.50% annually to an ultimate rate of 4.50%.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of a July 1, 2022 measurement date, and were reported as of June 30, 2023.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at June 30, 2022	\$ 2,397,164
Changes for the year:	
Service cost	186,111
Interest	55,449
Changes of assumptions	(332,562)
Differences between expected and actual experience	426,364
Benefit payments	(103,232)
Net changes	232,130
Balance at June 30, 2023	\$ 2,629,294

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB liability	\$ 2,823,985	\$ 2,629,294	\$ 2,447,844

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (7.50%) and ultimate (4.50%) healthcare cost trend rates.

	1% Decrease (6.5%/3.5%)	Healthcare Cost Trend Rates (7.5%/4.5%)	1% Increase (8.5%/5.5%)
Total OPEB liability	\$ 2,364,069	\$ 2,629,294	\$ 2,937,253

Funding Policy—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the District's Board of Education. The District recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. District governmental activities contributed \$103,232 for the fiscal year ended June 30, 2023. The District's contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 14. Any amendments to the employer's contributions are subject to the collective bargaining units.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The District reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. The table below presents the District’s deferred outflows of resources and deferred inflows of resources at June 30, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 522,458	\$ 269,650
Changes of assumptions	359,559	373,482
Benefit payments subsequent to the measurement date	120,288	-
Total	<u>\$ 1,002,305</u>	<u>\$ 643,132</u>

The District’s benefit payments subsequent to the measurement date will be recognized as reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2024	\$ 34,945
2025	34,945
2026	34,948
2027	(3,093)
2028	25,469
Thereafter	111,671

8. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets, vehicle liability, injuries to employees, health insurance, unemployment insurance, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The District purchases insurance for: real and business personal property for direct physical loss including mechanical breakdown, flood and earthquake; commercial general liability; educators’ legal liability; business automobile; crime and miscellaneous property; and umbrella liability. The blanket buildings’ and contents’ coverage is \$116,971,365. There have not been any significant changes in any of the insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past three fiscal years.

Workers’ Compensation—The District is one of twenty-two participants in a risk sharing pool, Allegany Cattaraugus Workmen’s Compensation, to insure workers’ compensation claims. This is a public entity risk pool created under Article 5, Workers’ Compensation Law, to finance liability and risk related to Workers’ Compensation claims. For the year ended June 30, 2023, the District paid premiums or contribution expenditures totaling \$64,335.

At June 30, 2023, the General Fund maintains a restricted fund balance in the amount of \$308,351 for the purpose of funding the District’s future claim liabilities.

9. LEASES

The District is a lessee for noncancellable leases of various equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rates charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

During the year ended June 30, 2022, the District entered into a long-term lease agreement as the lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$169,596.

As of June 30, 2023, the total value of the lease liability was \$81,512. The District is required to make monthly principal and interest payments on the equipment in the amount of \$4,885. The leases have an interest rate of 2.51%. The value of the right-to-use assets as of the end of the current fiscal year was \$2,446,171 and had accumulated amortization of \$757,491.

The future principal and interest payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 57,237	\$ 1,390	\$ 58,627
2025	24,275	153	24,428
	<u>\$ 81,512</u>	<u>\$ 1,543</u>	<u>\$ 83,055</u>

10. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. A summary of the District’s short-term debt for the fiscal year ended June 30, 2023 follows:

Description	Interest Rate	Maturity Date	Balance 7/1/2022	Issued	Redeemed	Balance 6/30/2023
Capital Projects Fund:						
Various capital projects	4.00%	6/29/2023	\$ 7,515,000	\$ -	\$ 7,515,000	\$ -
Various capital projects	4.50%	6/29/2024	-	23,890,000	-	23,890,000
Total			<u>\$ 7,515,000</u>	<u>\$ 23,890,000</u>	<u>\$ 7,515,000</u>	<u>\$ 23,890,000</u>

11. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

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

The District’s outstanding long-term liabilities include serial bonds, premiums on serial bonds, leases, other postemployment benefits obligation (“OPEB”), health reimbursement accrual, compensated absences and net pension liability. The serial bonds of the District are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the District’s long-term liabilities for the year ended June 30, 2023 follows:

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
Serial bonds	\$ 15,965,000	\$ -	\$ 2,975,000	\$ 12,990,000	\$ 2,380,000
Premiums on serial bonds	1,696,090	-	214,550	1,481,540	214,550
Bonds payable, net	17,661,090	-	3,189,550	14,471,540	2,594,550
Lease liability	137,332	-	55,820	81,512	57,237
OPEB obligation	2,397,164	667,924	435,794	2,629,294	-
Health reimbursement accrual	282,510	54,126	-	336,636	95,513
Compensated absences	599,548	-	33,985	565,563	56,556
Net pension liability*	-	5,110,978	-	5,110,978	-
Total	<u>\$ 21,077,644</u>	<u>\$ 5,833,028</u>	<u>\$ 3,715,149</u>	<u>\$ 23,195,523</u>	<u>\$ 2,803,856</u>

(*Reductions to the net pension liability are shown net of additions.)

Serial Bonds—The District issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and

credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 8 to 16 years.

Principal is paid annually, interest is paid semi-annually; these payments are recorded in the General Fund. A summary of additions and payments for the year ended June 30, 2023 is shown below:

Description	Year of Issue/ Maturity	Interest Rate (%)	Balance 7/1/2022	Additions	Payments	Balance 6/30/2023
Reconstruction of school buildings 2015	2015/2031	2.00 - 3.12	\$ 1,675,000	\$ -	\$ 190,000	\$ 1,485,000
Refunding 2018 bonds	2018/2026	1.25 - 5.00	7,090,000	-	1,695,000	5,395,000
Reconstruction of school buildings 2019	2019/2035	3.00 - 5.00	7,200,000	-	1,090,000	6,110,000
Total			<u>\$ 15,965,000</u>	<u>\$ -</u>	<u>\$ 2,975,000</u>	<u>\$ 12,990,000</u>

In the event of a default in the payment of the principal of or interest on the serial bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

The District does not hold any lines of credit.

Premiums on Serial Bonds—The District has outstanding premiums related to the 2018 refunding bonds and 2019 serial bonds. These premiums are being amortized on a straight-line basis over the life of the bonds. The total remaining unamortized premium on bonds at June 30, 2023 is \$1,481,540.

Lease Liability—The District entered into long-term leases for various equipment. The outstanding balance at June 30, 2023 was \$81,512. Refer to Note 9 for additional information related to the District's leases.

OPEB Obligation—As explained in Note 7, the District provides health insurance coverage for certain retirees. The District's annual OPEB cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The long-term OPEB obligation is estimated to be \$2,629,294 at June 30, 2023.

Health Reimbursement Accrual—As explained in Note 1, the District records the value of its health reimbursement accrual. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at June 30, 2023 for governmental activities is \$336,636. Management estimates that \$95,513 is due within one year. Since payment of the health reimbursement accrual is dependent upon many factors, the timing of future payments is not readily determinable.

Compensated Absences—As explained in Note 1, the District records the value of compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at June 30, 2023 for governmental activities is \$565,563. Management estimates that \$56,556 is due within one year and since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

Net Pension Liability—The District reported liabilities, \$1,753,604 and \$3,357,374, for its proportionate share of the net pension liability for the Teachers' Retirement System and Employees' Retirement System, respectively. Refer to Note 6 for additional information related to the District's net pension liabilities.

The following is a maturity schedule of the District's indebtedness:

Year Ending June 30,	Serial Bonds	Premiums on Serial Bonds	Leases	OPEB Liability	Health Reimbursement Accrual	Compensated Absences	Net Pension Liability	Total
2024	\$ 2,380,000	\$ 214,550	\$ 57,237	\$ -	\$ 95,513	\$ 56,556	\$ -	\$ 2,803,856
2025	2,445,000	214,550	24,275	-	-	-	-	2,683,825
2026	2,500,000	209,507	-	-	-	-	-	2,709,507
2027	710,000	93,656	-	-	-	-	-	803,656
2028	740,000	93,656	-	-	-	-	-	833,656
2029-2033	3,455,000	468,280	-	-	-	-	-	3,923,280
2034-2038	760,000	187,341	-	-	-	-	-	947,341
2039 and beyond	-	-	-	2,629,294	241,123	509,007	5,110,978	8,490,402
Total	<u>\$ 12,990,000</u>	<u>\$ 1,481,540</u>	<u>\$ 81,512</u>	<u>\$ 2,629,294</u>	<u>\$ 336,636</u>	<u>\$ 565,563</u>	<u>\$ 5,110,978</u>	<u>\$ 23,195,523</u>

Interest requirements on serial bonds and leases are as follows:

Year Ending June 30,	Serial Bonds	Leases
2024	\$ 500,814	\$ 1,390
2025	416,714	153
2026	336,088	-
2027	238,726	-
2028	208,212	-
2029-2033	583,700	-
2034-2038	40,700	-
Total	<u>\$ 2,324,954</u>	<u>\$ 1,543</u>

12. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets into one component of net position. Accumulated depreciation/amortization and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- **Restricted Net Position**—This category presents external restriction imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**—This category represents net position of the District not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the District at June 30, 2023 includes:

- ***Inventory***—Representing the portion of fund balance, \$33,773 composed of inventory. This balance is nonspendable as the inventory does not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. At June 30, 2023, the District had restricted funds as shown below.

	General Fund	Student Activities Fund	Total
Liability insurance	\$ 1,491,487	\$ -	\$ 1,491,487
Tax certiorari	470,404	-	470,404
Unemployment insurance	381,795	-	381,795
Employee benefits	714,223	-	714,223
Debt service	367,736	-	367,736
Retirement contribution	4,463,051	-	4,463,051
Workers' compensation	308,351	-	308,351
Capital projects	3,320,053	-	3,320,053
Student activities	-	66,931	66,931
Total	<u>\$ 11,517,100</u>	<u>\$ 66,931</u>	<u>\$ 11,584,031</u>

- ***Restricted for Liability Insurance***—According to General Municipal Law Section 6-n, this reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.
- ***Restricted for Tax Certiorari***—According to Education Law Section 3651.1-a, this restriction must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the restriction shall not exceed the amount that 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 proceeds 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.

- ***Restricted for Unemployment Insurance***—According to General Municipal Law Section 6-m, this restriction must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The restriction may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.
- ***Restricted for Employee Benefits***—According to General Municipal Law Section 6-p, this restriction must be used for the payment of accrued employee benefit 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.
- ***Restricted for Debt Service***—According to General Municipal Law Section 6-l, the mandatory reserve for debt service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement.
- ***Restricted for Retirement Contribution***—According to General Municipal Law Section 6-r, this restriction must be used for financing retirement contributions within the ERS and TRS. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.
- ***Restricted for Workers' Compensation***—According to General Municipal Law Section 6-j, this restriction must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this 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 sixty days after the end of the 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.
- ***Restricted for Capital Projects***—According to Education Law Section 3651, this restriction must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the restriction 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 Section 3651 of the Education Law.

- ***Restricted for Student Activities***—Amounts generated by the Extraclassroom Activities at the District which are restricted for use only within the Student Activities Fund for specified student activities.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority. As of June 30, 2023, the District reported no committed fund balance.

In the fund financial statements, assignments are not legally required segregations, but are segregated for a specific purpose by the District at June 30, 2023 and include:

	General Fund	School Lunch Fund	Total
Subsequent year's expenditures	\$ 600,000	\$ -	\$ 600,000
Encumbrances	303,112	309,966	613,078
Specific use:			
School lunch	-	761,270	761,270
Total	<u>\$ 903,112</u>	<u>\$ 1,071,236</u>	<u>\$ 1,974,348</u>

- ***Assigned to Subsequent Year's Expenditures***—Representing available fund balance being appropriated to meet expenditure requirements in the 2023-24 fiscal year.
- ***Assigned to Encumbrances***—Representing amounts related to unperformed (executory) contracts for goods and services.
- ***Assigned for Specific Use***—Representing fund balance within the special revenue funds that is assigned for a specific purpose. The assignment's purpose relates to each fund's operations and represents the remaining amounts within the funds that is not restricted or committed.

If the District must use funds for emergency expenditures the Board of Education shall authorize the District Business Administrator to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the District will use unassigned fund balance.

13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2023 is presented below:

	Receivable	Payable
Governmental Funds:		
General Fund	\$ 2,096,654	\$ 1,571,639
Special Aid Fund	66,825	2,266,379
School Lunch Fund	1,182,698	1,000
Capital Projects Fund	692,265	199,424
Total Governmental Funds	<u>\$ 4,038,442</u>	<u>\$ 4,038,442</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The District made the following transfers during the year ended June 30, 2023:

Fund	Transfers out:
	General Fund
Transfers in:	
Special Aid Fund	\$ 63,394
Capital Projects Fund	1,525,000
Total	<u>\$ 1,588,394</u>

Transfers are used primarily to support deficits in the Special Aid Fund and capital project expenditures.

14. LABOR CONTRACTS

District employees are represented by three bargaining units, with the balance governed by Board of Education rules and regulations. Negotiated contracts are in place through August 31, 2025 for the Olean Teachers Association, June 30, 2025 for the Olean Educational Support Personnel Association and June 30, 2026 for the Olean Administrators/Supervisory Association.

15. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. The District considers encumbrances significant if they are in excess of \$20,000. The significant encumbrances of the District as of June 30, 2023 are as follows:

Fund	Purpose	Amount Encumbered
General Fund	Furniture, vehicles and equipment	\$ 229,794
Special Aid Fund	Equipment and materials	784,441
School Lunch Fund	Equipment and materials	274,852
Capital Projects Fund	Construction	10,574,885
Capital Projects Fund	System updates	396,568
Capital Projects Fund	Equipment and materials	327,147
Capital Projects Fund	Technical Services	76,353

16. TAX ABATEMENTS

The District is subject to tax abatements granted by the Cattaraugus County Industrial Development Agency (“CCIDA”) and the City of Olean (the “City”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the CCIDA and the City and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the District, the abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by CCIDA the District collected \$42,399 during the 2022-2023 fiscal year in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$175,049 in property taxes. Additionally, through an agreement entered into by the City, the District collected \$38,645 of PILOT revenue. The amount of property taxes that would be collected if this agreement was not in place is not known.

17. CONTINGENCIES

Litigation—Various legal actions are pending against the District. The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the District.

Grants—In the normal course of operations, the District receives grant funds from various federal and state agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the District. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any such amounts to be immaterial.

Other—The District is also involved in litigation arising in the ordinary course of its operations. The District believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the District’s financial condition or results of operations.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 2, 2023, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—
Teachers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	<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>
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
District's proportion of the net pension liability/(asset)	0.091386%	0.087255%	0.088797%	0.087843%	0.087739%	0.086393%	0.088325%	0.089180%	0.089163%	0.090906%
District's proportionate share of the net pension liability/(asset)	<u>\$ 1,753,604</u>	<u>\$ (15,120,383)</u>	<u>\$ (2,453,692)</u>	<u>\$ (2,282,167)</u>	<u>\$ (1,586,549)</u>	<u>\$ (656,671)</u>	<u>\$ 946,002</u>	<u>\$ (9,262,912)</u>	<u>\$ (9,932,226)</u>	<u>\$ (598,393)</u>
District's covered payroll	\$ 16,750,252	\$ 15,114,723	\$ 15,448,591	\$ 15,069,854	\$ 14,680,906	\$ 13,992,173	\$ 13,931,398	\$ 13,675,885	\$ 13,451,496	\$ 13,216,725
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	10.5%	(100.0%)	(15.9%)	(15.1%)	(10.8%)	(4.7%)	6.8%	(67.7%)	(73.8%)	(4.5%)
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%	100.7%

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Teachers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	<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	\$ 1,586,555	\$ 1,411,384	\$ 1,335,345	\$ 1,557,149	\$ 1,400,583	\$ 1,604,517	\$ 1,807,272	\$ 2,348,315	\$ 2,140,254	\$ 1,642,191
Contributions in relation to the contractually required contribution	<u>(1,586,555)</u>	<u>(1,411,384)</u>	<u>(1,335,345)</u>	<u>(1,557,149)</u>	<u>(1,400,583)</u>	<u>(1,604,517)</u>	<u>(1,807,272)</u>	<u>(2,348,315)</u>	<u>(2,140,254)</u>	<u>(1,642,191)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 16,452,444	\$ 16,750,252	\$ 15,114,723	\$ 15,448,591	\$ 15,069,854	\$ 14,680,906	\$ 13,992,173	\$ 13,931,398	\$ 13,675,885	\$ 13,451,496
Contributions as a percentage of covered payroll	9.6%	8.4%	8.8%	10.1%	9.3%	10.9%	12.9%	16.9%	15.6%	12.2%

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	<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>
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
District's proportion of the net pension liability/(asset)	0.0156564%	0.0136764%	0.0138282%	0.0134959%	0.0135533%	0.0136056%	0.0137673%	0.0142399%	0.0142886%	0.0142886%
District's proportionate share of the net pension liability/(asset)	<u>\$ 3,357,374</u>	<u>\$ (1,117,992)</u>	<u>\$ 13,769</u>	<u>\$ 3,573,783</u>	<u>\$ 960,293</u>	<u>\$ 439,112</u>	<u>\$ 1,293,602</u>	<u>\$ 2,285,539</u>	<u>\$ 482,706</u>	<u>\$ 645,684</u>
District's covered payroll	\$ 3,043,622	\$ 2,549,407	\$ 3,386,240	\$ 2,639,502	\$ 4,301,576	\$ 4,109,867	\$ 3,971,491	\$ 3,909,364	\$ 3,961,881	\$ 3,948,623
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	110.3%	(43.9%)	0.4%	135.4%	22.3%	10.7%	32.6%	58.5%	12.2%	16.4%
Plan fiduciary net position as a percentage of the total pension liability	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	<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	\$ 545,803	\$ 695,869	\$ 626,063	\$ 604,618	\$ 585,160	\$ 580,493	\$ 590,430	\$ 706,201	\$ 681,186	\$ 866,486
Contributions in relation to the contractually required contribution	<u>(545,803)</u>	<u>(695,869)</u>	<u>(626,063)</u>	<u>(604,618)</u>	<u>(585,160)</u>	<u>(580,493)</u>	<u>(590,430)</u>	<u>(706,201)</u>	<u>(681,186)</u>	<u>(866,486)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,115,075	\$ 2,567,377	\$ 3,577,358	\$ 4,123,471	\$ 4,294,452	\$ 4,275,277	\$ 4,020,579	\$ 3,984,937	\$ 3,996,558	\$ 3,979,542
Contributions as a percentage of covered payroll	17.5%	27.1%	17.5%	14.7%	13.6%	13.6%	14.7%	17.7%	17.0%	21.8%

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OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Changes in the District's Total OPEB Liability and Related Ratios—
Last Seven Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service cost	\$ 186,111	\$ 173,662	\$ 120,907	\$ 116,055	\$ 126,702	\$ 141,350	\$ 99,874
Interest	55,449	63,813	64,365	69,741	67,809	61,517	69,624
Changes of assumptions	(332,562)	76,218	252,067	44,463	(79,898)	(85,576)	305,467
Differences between expected and actual experience	426,364	(91,593)	171,499	(103,985)	(107,882)	(200,116)	59,780
Benefit payments	<u>(103,232)</u>	<u>(99,879)</u>	<u>(92,722)</u>	<u>(105,961)</u>	<u>(91,704)</u>	<u>(117,295)</u>	<u>(115,422)</u>
Net changes in total OPEB liability	232,130	122,221	516,116	20,313	(84,973)	(200,120)	419,323
Total OPEB liability—beginning	2,397,164	2,274,943	1,758,827	1,738,514	1,823,487	2,023,607	1,604,284
Total OPEB liability—ending	<u>\$ 2,629,294</u>	<u>\$ 2,397,164</u>	<u>\$ 2,274,943</u>	<u>\$ 1,758,827</u>	<u>\$ 1,738,514</u>	<u>\$ 1,823,487</u>	<u>\$ 2,023,607</u>
Plan Fiduciary Net Position							
Contributions—employer	\$ 103,232	\$ 99,879	\$ 92,722	\$ 105,961	\$ 91,704	\$ 117,295	\$ 115,422
Benefit payments	<u>(103,232)</u>	<u>(99,879)</u>	<u>(92,722)</u>	<u>(105,961)</u>	<u>(91,704)</u>	<u>(117,295)</u>	<u>(115,422)</u>
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability—ending	<u>\$ 2,629,294</u>	<u>\$ 2,397,164</u>	<u>\$ 2,274,943</u>	<u>\$ 1,758,827</u>	<u>\$ 1,738,514</u>	<u>\$ 1,823,487</u>	<u>\$ 2,023,607</u>
Covered-employee payroll	\$ 17,677,774	\$ 17,861,975	\$ 17,426,317	\$ 16,495,542	\$ 16,093,212	\$ 15,008,790	\$ 14,816,180
District's net OPEB liability as a percentage of covered-employee payroll	14.9%	13.4%	13.1%	10.7%	10.8%	12.1%	13.7%

*Information prior to the year ended June 30, 2017 is not available.

The notes to the Required Supplementary Information are an integral part of this schedule.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP) and Actual—General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local sources:				
Real property taxes	\$ 13,888,098	\$ 13,888,098	\$ 13,889,030	\$ 932
Real property tax items	109,664	109,664	114,325	4,661
Charges for services	150,000	150,000	165,010	15,010
Use of money and property	154,000	154,000	360,081	206,081
Sale of property and compensation for loss	-	-	21,272	21,272
Miscellaneous	<u>563,000</u>	<u>563,000</u>	<u>682,068</u>	<u>119,068</u>
Total local sources	14,864,762	14,864,762	15,231,786	367,024
State sources	30,232,725	30,232,725	30,408,549	175,824
Federal sources:				
Medicaid assistance	<u>1,250,000</u>	<u>1,250,000</u>	<u>330,440</u>	<u>(919,560)</u>
Total revenues	<u>46,347,487</u>	<u>46,347,487</u>	<u>45,970,775</u>	<u>(376,712)</u>
OTHER FINANCING SOURCES				
Transfers in	145,000	145,000	-	(145,000)
Appropriated reserves	<u>242,500</u>	<u>242,500</u>	<u>-</u>	<u>(242,500)</u>
Total other financing sources	<u>387,500</u>	<u>387,500</u>	<u>-</u>	<u>(387,500)</u>
Total revenues and other financing sources	<u>\$ 46,734,987</u>	<u>\$ 46,734,987</u>	<u>\$ 45,970,775</u>	<u>\$ (764,212)</u>

(continued)

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP) and Actual—General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Encumbrances</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>		<u>Final Budget</u>
EXPENDITURES					
General support:					
Board of education	\$ 39,650	\$ 33,284	\$ 32,913	\$ 160	\$ 211
Central administration	261,442	293,918	291,163	1,470	1,285
Finance	377,983	422,774	414,257	-	8,517
Staff	983,310	1,090,300	1,046,262	-	44,038
Central services	3,737,955	4,035,648	3,556,655	175,760	303,233
Special items	718,532	744,108	736,614	-	7,494
Instruction:					
Instruction, administration and improvement	2,350,226	2,456,483	2,365,608	13,485	77,390
Teaching—regular school	12,647,425	12,547,191	11,855,770	3,847	687,574
Programs for students with handicapping conditions	8,115,935	7,560,269	6,881,558	46,440	632,271
Occupational education	1,075,034	1,056,908	1,056,908	-	-
Teaching—special schools	251,677	229,057	80,225	-	148,832
Instructional media	1,728,593	1,804,904	1,709,491	46,040	49,373
Pupil services	2,155,888	2,170,986	1,992,473	15,910	162,603
Pupil transportation	1,466,291	1,451,291	1,246,399	-	204,892
Employee benefits	7,584,284	7,482,559	6,530,937	-	951,622
Debt service:					
Principal	3,000,000	3,055,820	3,030,820	-	25,000
Interest	865,262	927,987	927,987	-	-
Total expenditures/encumbrances	47,359,487	47,363,487	43,756,040	303,112	3,304,335
OTHER FINANCING USES					
Transfers out	227,000	1,723,000	1,588,394	-	134,606
Total expenditures/encumbrances and other financing uses	47,586,487	49,086,487	45,344,434	303,112	3,438,941
Net change in fund balance*	(851,500)	(2,351,500)	626,341		
Fund balance—beginning	13,853,948	13,853,948	13,853,948		
Fund balance—ending	<u>\$ 13,002,448</u>	<u>\$ 11,502,448</u>	<u>\$ 14,480,289</u>		

*The net change in fund balance was included as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The notes to the Required Supplementary Information are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Notes to the Required Supplementary Information
Year Ended June 30, 2022

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the S&P Municipal Bond 20-Year High Grade rate as of the measurement date, which increased from 2.19% to 4.09% at the July 1, 2022 measurement date. Mortality rates were updated to rates based on the SOA Pub-2010 Total Dataset Mortality Table fully generational using Scale MP-2021. Finally, the healthcare cost trend rate has an initial rate of 7.50% decreasing by 0.50% annually to an ultimate rate of 4.50%.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the Special Aid, Student Activities, and School Lunch funds. Appropriation limits, where applicable, for the Special Aid Fund are maintained based on debt schedules and individual grants accepted by the Board of Education. The periods of such grants may vary from the District's fiscal year. No budget is adopted for the Student Activities Fund as the extraclassroom activities of the District are maintained by the individual clubs. A budget is maintained for the School Lunch Fund as a management tool for internal control purposes.

The appropriated budget is prepared by fund, function, and department. The District's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

SUPPLEMENTARY INFORMATION

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit—General Fund
Year Ended June 30, 2023

Changes from Adopted Budget to Final Budget

Adopted budget, 2022-2023	\$ 47,334,987
Add: Prior year's encumbrances	<u>251,500</u>
Original budget, 2022-2023	47,586,487
Budget revision:	
Voter approved use of capital reserve	<u>1,500,000</u>
Final budget, 2022-2023	<u><u>\$ 49,086,487</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2023-2024 voter approved expenditure budget	<u>\$ 51,501,933</u>	
Maximum allowed (4% of 2023-2024 budget)		\$ 2,060,077
General Fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	\$ 903,112	
Unassigned fund balance	<u>2,060,077</u>	
Total unrestricted fund balance		\$ 2,963,189
Less:		
Appropriated fund balance	\$ 600,000	
Encumbrances included in assigned fund balance	<u>303,112</u>	
Total adjustments		<u>903,112</u>
General Fund fund balance subject to Section 1318 of Real Property Tax Law		<u><u>\$ 2,060,077</u></u>
Actual percentage		4.00%

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

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Capital Projects Expenditures
Year Ended June 30, 2023

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance
			Prior Years	Current Year	Total	
2020 Capital Project	\$ 24,800,000	\$ 24,800,000	\$ 2,103,564	\$ 15,072,096	\$ 17,175,660	\$ 7,624,340
2022-2023 Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>82,057</u>	<u>82,057</u>	<u>17,943</u>
Total	<u>\$ 24,900,000</u>	<u>\$ 24,900,000</u>	<u>\$ 2,103,564</u>	<u>\$ 15,154,153</u>	<u>\$ 17,257,717</u>	<u>\$ 7,642,283</u>

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
June 30, 2023

Capital assets, net of accumulated depreciation/amortization		\$ 67,115,491
Add:		
Unspent debt proceeds	\$ 9,782,437	
Deferred charge on refunding	<u>179,163</u>	9,961,600
Deduct:		
Serial bonds	(12,990,000)	
Premium on serial bonds	(1,481,540)	
Bond anticipation notes payable	(23,890,000)	
Lease liability	<u>(81,512)</u>	<u>(38,443,052)</u>
Net investment in capital assets		<u>\$ 38,634,039</u>

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FEDERAL AWARDS INFORMATION

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor /Pass-through Grantor/Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub- recipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF AGRICULTURE:				
<i>Passed through New York State Department of Agriculture:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	n/a	\$ -	\$ 367,140
National School Lunch Program	10.555	n/a	-	1,214,860
Total Child Nutrition Cluster			-	1,582,000
Farm to School State Formula Grant	10.645	n/a	-	43,501
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	1,625,501
U.S. DEPARTMENT OF EDUCATION:				
<i>Passed through New York State Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010A	0021-22-0245	-	30,647
Title I Grants to Local Educational Agencies	84.010A	0021-23-0245	-	1,096,011
Title I Grants to Local Educational Agencies	84.010A	0011-22-3102	-	28,862
Title I Grants to Local Educational Agencies	84.010A	0011-23-3102	-	14,278
Total Title I Grants to Local Educational Agencies			-	1,169,798
Special Education Cluster:				
Special Education - Grants to States	84.027	0032-23-0079	-	605,949
Special Education - Grants to States (ARP)	84.027X	5532-22-0079	-	4,896
Special Education - Preschool Grants	84.173	0033-23-0079	-	45,993
Special Education - Preschool Grants (ARP)	84.173X	5533-22-0079	-	3,654
Total Special Education Cluster			-	660,492
Rural Education	84.358	0006-22-0245/0006-23-0245	-	36,828
Supporting Effective Instruction State Grants	84.367	0147-22-0245/0147-23-0245	-	86,062
Student Support and Academic Enrichment Program	84.424	0204-22-0245	-	28,407
Student Support and Academic Enrichment Program	84.424	0204-23-0245	-	6,706
Total Support and Academic Enrichment Program			-	35,113
Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	5891-21-0245	-	956,404
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0245	-	1,359,322
Total Education Stabilization Fund			-	2,315,726
TOTAL U.S. DEPARTMENT OF EDUCATION			-	4,304,019
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			\$ -	\$ 5,929,520

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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OLEAN CITY SCHOOL DISTRICT, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Olean City School District, New York (the "District") under programs of federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. The following notes were identified on the Schedule:

- a) Includes all federal award programs of the Olean City School District, New York.
- b) Source: Federal Assistance Listing Numbers, previously known as Catalog of Federal Domestic Assistance.
- c) Pass-through entity identifying numbers are presented where available.
- d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- e) Total federal expenditures for the District's 2022-2023 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	\$ 5,929,520
Medicaid reimbursement	311,257
Total Federal sources per financial statements	<u>\$ 6,240,777</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2023, the District used \$85,234 worth of commodities.

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

The Board of Education
Olean City School District, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Olean City School District, New York (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 2, 2023.

Report on Internal Control Over Financial Reporting

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

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

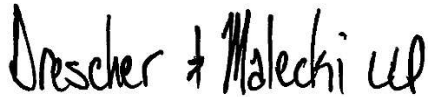
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Drescher & Malecki LLP". The signature is written in a cursive, flowing style.

October 2, 2023

DRESCHER & MALECKI LLP

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Elma, New York 14059
Telephone: 716.565.2299
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Board of Education
Olean City School District, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

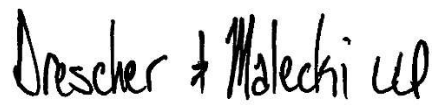
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

A handwritten signature in black ink that reads "Drescher & Malecki LLP". The signature is written in a cursive, flowing style.

October 2, 2023

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Findings and Questioned Costs
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?	<u> </u> Yes	<u> ✓ </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> ✓ </u> None reported
Noncompliance material to the financial statements noted?	<u> </u> Yes	<u> ✓ </u> No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> Yes	<u> ✓ </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> ✓ </u> None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> Yes	<u> ✓ </u> No
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Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number</u>
Title I Grants to Local Education Agencies	84.010A
Education Stabilization Fund	84.425C/84.425U

Dollar threshold used to distinguish between Type A and Type B programs?	<u> </u> \$ <u>750,000</u>
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Auditee qualified as low-risk auditee?	<u> ✓ </u> Yes	<u> </u> No
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Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023
(Follow-up on June 30, 2022 Findings)

No findings were reported.