



2023-24 External Audit Corrective Action Plan

To: Dr. Raymond Kilmer, Superintendent
From: Peter A. Colucci, Executive Director of Business and Finance
Date: October 17, 2024
RE: External Audit Corrective Action Plan 2023-2034

Prior Year Deficiency Pending Corrective Action:

School Lunch Fund –

During the course of our examination, we noted that the fund balance in the School Lunch Fund at June 30, 2024 totaled \$900,980. This balance appears to be in excess of three months average expenditures level recommended by Federal Regulation #7CFR Part 210.14.

We recommend the District continue to develop the corrective action necessary for compliance with the Federal Regulation.

*The District has developed a process to assess surplus and fund balance and to strategically update and upgrade the equipment needed within the program. This past spring the district invested in the tear out and rebuild of a walk-in cooler at the warehouse. During the 2024-25 budget year the District intends to purchase a new delivery truck. We will continue to consult with the director and manage the fund balance and surplus within the Federal Regulations. **Correction Action ongoing.***

Current Year Deficiencies in Internal Control:

Capital Projects –

During our review of fixed asset account balances, we noted multiple prior year capital projects in the construction in progress balance. It appears some of these projects have been completed yet have not been capitalized.

We recommend the District review these old projects and capitalize as necessary.

*The District will work with the external auditor to identify projects and phases of projects that should be capitalized and maintain a schedule to assess and capitalize future projects and those currently in process. **Corrective Action in process with completion expected by December 31, 2024.***

Self-Funded Health Insurance –

As a result of challenges with the self-funded health insurance programs and significant unanticipated increases in claims the District had to amend their budget by \$6,977,572.

We recommend the District continue to monitor the health insurance program to ensure budgets and stop-loss insurance limits are adequate to support the program. In addition, the District should consider working with their State representatives in order to expand the use of an insurance reserve to include self-funded health insurance claims.

The District's Health Insurance Committee regularly meets with its consultant to review the plan and investigate recommendations to mitigate and reduce claims. Although the plan does have stop-loss insurance for high cost claims, the high cost claims are still recorded as an expense in the appropriations budget, without a reflection of the revenue generated by the reimbursement of the stop loss claim revenue, thus pushing the claims appropriations out of balance with the original projection. In addition, administration is in consultation with the External Auditor and similarly situated Districts with self-funded plans to meet the recommended requirements and legislative action necessary to establish a "Health Insurance Reserve". **Corrective Action is in process with optimistic resolution in spring/summer 2025.**

School Lunch Deposit –

As part of our examination over cash receipts we noted 21 instances in the various schools in which deposits were made untimely to the bank during the week of January 8, 2024.

We recommend every effort be made to deposit cash receipts to the bank within 3-5 business days of receipt. In addition, the District should develop a plan to ensure deposits are timely in case an anticipated absence takes place.

The District has delegated and given access to additional employees to make deposits if in fact the primary employee responsible for the daily deposit is not in attendance. The District will make every effort to ensure that deposits funds are deposited regularly and without lag. **Item corrected September 2024.**

Other Item:

The following item is not considered to be a deficiency in internal control; however, we consider it another item which we would like to communicate to you as follows:

Cyber Risk Management –

The District's IT personnel routinely assesses cyber risk as part of their normal operating procedures. The District should continue to document their cyber risk assessment process in writing which should include the risk assessment process, the frequency of the risk assessment, how findings are to be communicated to the appropriate level of management, and how the process will be monitored.

The IT personnel currently implements the District's Incident Response Plan as needed and documents all occurrences in the Cyber Risk Register. In addition, the Director and his staff communicates with the Superintendent, cabinet level administrators and others as needed depending on the risk. We will as a District team continue to review and enhance our response, reports and documentation given advancement of methods and recommendations from SED and others. The Internal Auditors are performing an analysis of the process this year.

OSWEGO CITY SCHOOL DISTRICT

NEW YORK

LETTER OF COMMUNICATION

For Year Ended June 30, 2024



BUSINESS
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BUSINESS
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October 2, 2024

To the Board of Education
Oswego City School District, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oswego City School District, New York (the District) for the year ended June 30, 2024, and have issued our report thereon dated October 2, 2024. Professional standards require that we provide you with the following information related to our audit.

A. Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 3, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

B. Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

C. Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced person who reviews draft financial statements prior to issuance and accepts responsibility for them.

D. Significant Risks Identified

Professional standards require that we identify and assess risks and design and perform our audit procedures to assess those risks. The two risks which are always identified in an audit are management override of internal controls and revenue recognition. The identification of a risk does not mean that it has occurred, but rather it has the potential to impact the financial statements.

E. Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As described in the Notes to the financial statements, during the year, the District changed its method of accounting by adopting GASB Statement 99, *Omnibus 2022* and GASB Statement No. 100, *Accounting for Changes and Error Correction as-an Amendment of GASB Statement No. 62*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements.

The most sensitive accounting estimates affecting the financial statements are as follows:

1. Management's estimate of the other postemployment benefits and related deferred inflows/outflows is based on an actuarial calculation provided by a third party.
2. Management's estimate of the net pension asset/liability and deferred outflows/inflows is based on actual assumptions provided by the individual state plans.

We evaluated the factors and assumptions used to develop the above noted estimates and determined that they are (it is) reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgement and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to the other post employment benefits and pension plans.

F. Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

G. Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

H. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter which could be significant to the District's financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

I. Representations Requested from Management

We have requested certain representations from management that are included in the management representation letter dated October 2, 2024.

J. Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

K. Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

L. Other Matters

We applied certain limited procedures to the management's discussion and analysis, schedule of changes in District's total OPEB liability and related ratio, schedule of District's proportionate share of the net pension liability, schedule of District contributions, and budget comparisons, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information accompanying the financial statements (as listed in the table of contents) but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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This report is intended solely for the use of the Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Rochester, New York
October 2, 2024

Mengel, Metzger, Baw & Co. LLP

OSWEGO CITY SCHOOL DISTRICT

NEW YORK

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT**

For Year Ended June 30, 2024



BUSINESS
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October 2, 2024

To the Board of Education
Oswego City School District, New York

In planning and performing our audit of the financial statements of Oswego City School District as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Oswego City School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oswego City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oswego City School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 2, 2024 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Prior Year Deficiency Pending Corrective Action:

School Lunch Fund –

During the course of our examination, we noted that the fund balance in the School Lunch Fund at June 30, 2024 totaled \$900,980. This balance appears to be in excess of three months average expenditures level recommended by Federal Regulation #7CFR Part 210.14.

We recommend the District continue to develop the corrective action necessary for compliance with the Federal Regulation.

Current Year Deficiencies In Internal Control:

Capital Projects –

During our review of fixed asset account balances, we noted multiple prior year capital projects in the construction in progress balance. It appears some of these projects have been completed yet have not been capitalized.

We recommend the District review these old projects and capitalize as necessary.

Self-Funded Health Insurance –

As a result of challenges with the self-funded health insurance programs and significant unanticipated increases in claims the District had to amend their budget by \$6,977,572.

We recommend the District continue to monitor the health insurance program to ensure budgets and stop loss insurance limits are adequate to support the program. In addition, the District should consider working with their State representatives in order to expand the use of an insurance reserve to include self-funded health insurance claims.

School Lunch Deposit –

As part of our examination over cash receipts we noted 21 instances in the various schools in which deposits were made untimely to the bank during the week of January 8, 2024.

We recommend every effort be made to deposit cash receipts to the bank within 3-5 business days of receipt. In addition, the District should develop a plan to ensure deposits are timely in case an anticipated absence takes place.

Other Item:

The following item is not considered to be a deficiency in internal control; however, we consider it an other item which we would like to communicate to you as follows:

Cyber Risk Management –

The District's IT personnel routinely assesses cyber risk as part of their normal operating procedures. The District should continue to document their cyber risk assessment process in writing which should include the risk assessment process, the frequency of the risk assessment, how findings are to be communicated to the appropriate level of management, and how the process will be monitored.

Prior Year Recommendations:

The following prior year recommendations have been implemented to our satisfaction:

1. The hourly employees tested had summarized time reports approved by the department head.
2. The flexible benefit accounts were reconciled to the third-party reports as of June 30, 2024.

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We believe that the implementation of these recommendations will provide Oswego City School District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 2, 2024

OSWEGO CITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2024



BUSINESS
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Oswego 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 Oswego City School District, New York, as of and for the year ended June 30, 2024, 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 Oswego City School District, New York, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oswego City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Oswego City School 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, schedule of changes in District's total OPEB liability and related ratio, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4-15 and 53-57 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 Oswego City School District's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents and 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 schedule of expenditures of federal awards is 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, 2024 on our consideration of Oswego City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Oswego City School District's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 2, 2024

Oswego City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

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

Financial Highlights

At the close of the fiscal year, the total liabilities plus deferred inflows (what the district owes) exceeded its total assets plus deferred outflows (what the district owns) by \$181,073,610 (net position) an increase of \$5,424,788 from the prior year.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$30,355,403 an increase of \$25,994,168 in comparison with the prior year.

General revenues which include Federal and State Aid, Real Property Taxes, Investment Earnings, Compensation for Loss, and Miscellaneous accounted for \$117,291,384 or 92% of all revenues. Program specific revenues in the form of Charges for Services and Operating Grants and Contributions accounted for \$10,362,080 or 8% of total revenues.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the School District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, with the difference between the two 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 School District is improving or deteriorating.

The *statement of activities* presents information showing how the government'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.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

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 School 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 School District can be divided into two categories: governmental funds and fiduciary 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 the School District'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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, Miscellaneous Special Revenue Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the capital projects fund which are reported as major funds. Data for the special aid fund, the school lunch fund, the miscellaneous special revenue fund, and the debt service fund are aggregated into a single column and reported as a non-major fund.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

<u>Major Feature of the District-Wide and Fund Financial Statements</u>			
	Government-Wide Statements	Fund Financial Statements	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education, scholarship programs, and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

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 following the basic financial statement section of this report.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District As A Whole

Net Position

	<u>Governmental Activities</u>		<u>Total Variance</u>
	<u>2024</u>	<u>2023</u>	
<u>ASSETS:</u>			
Current and Other Assets	\$ 90,171,075	\$ 56,972,155	\$ 33,198,920
Capital Assets	118,202,445	109,452,493	8,749,952
Total Assets	<u>\$ 208,373,520</u>	<u>\$ 166,424,648</u>	<u>\$ 41,948,872</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	<u>\$ 52,691,382</u>	<u>\$ 59,682,505</u>	<u>\$ (6,991,123)</u>
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 328,108,586	\$ 293,764,365	\$ 34,344,221
Other Liabilities	60,939,473	53,496,974	7,442,499
Total Liabilities	<u>\$ 389,048,059</u>	<u>\$ 347,261,339</u>	<u>\$ 41,786,720</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	<u>\$ 53,090,453</u>	<u>\$ 65,344,212</u>	<u>\$ (12,253,759)</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 62,097,402	\$ 58,424,796	\$ 3,672,606
<u>Restricted For:</u>			
Debt Service Reserve	4,781,285	2,144,318	2,636,967
Workers Compensation	4,938,009	1,383,825	3,554,184
Unemployment Insurance Reserve	7,890,968	5,310,127	2,580,841
Capital Reserves	10,190,049	10,037,759	152,290
Other Purposes	13,086,980	10,873,107	2,213,873
Unrestricted	(284,058,303)	(274,672,330)	(9,385,973)
Total Net Position	<u>\$ (181,073,610)</u>	<u>\$ (186,498,398)</u>	<u>\$ 5,424,788</u>

Key Variances

- Current and Other Assets increased \$33,198,920 as a result of the issuance of Dorm bonds in June to repay the band anticipation note (BAN), however, the BAN is not due until July.
- Deferred Outflow of Resources decreased \$6,991,123 as a result of the TRS pension system changes in assumptions and net difference between projected and actual earnings on pension assets decreasing.
- Long-Term Debt Obligations increased \$34,344,221 as a result of the issuance of bonds totaling \$22,940,000 and the net OPEB obligation increasing \$18,000,337.
- Other Liabilities increased \$7,442,499 as a result of the increased to the incurred but not yet reported claims liability for the health insurance program and an increase to the BAN totaling \$3,980,000.
- Deferred Inflows of Resources decreased \$12,253,759 as a result of decreases to the TRS pension system changes in assumptions and the OPEB differences between expected and actual experience and assumptions.

By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District reports deficit unrestricted net position and total net position as a result of the recognition of the OPEB obligation totalling \$278,862,360 in the current year and included in long-term debt obligations.

Changes in Net Position

The District’s total revenue increased 12% to \$127,653,464. State and federal aid 45% and property taxes 41% accounted for most of the District’s revenue. The remaining 14% of the revenue comes from charges for services, operating grants, investment earnings, compensation for loss, and miscellaneous revenues.

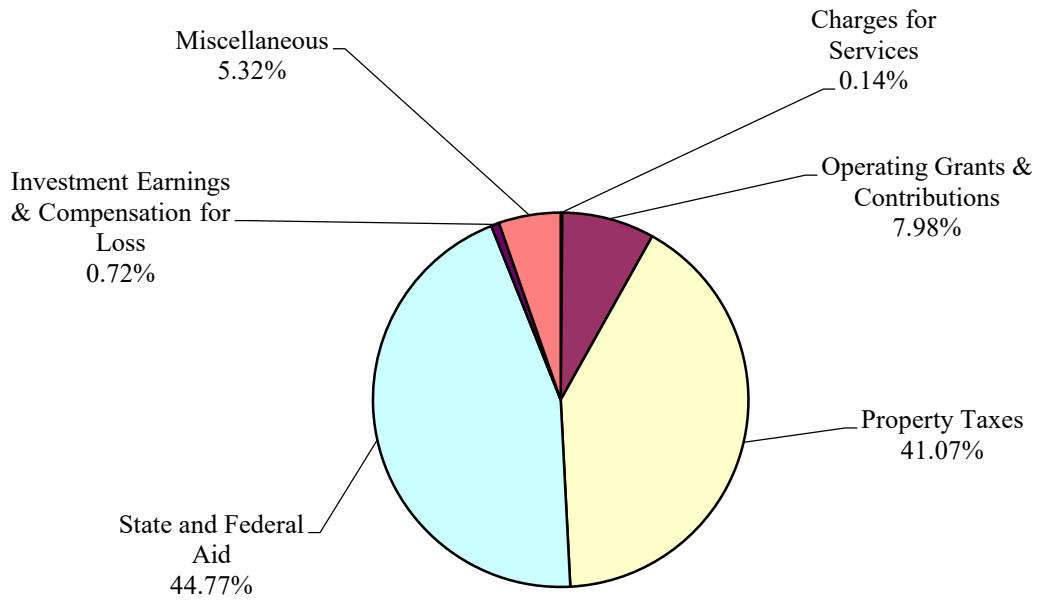
The total cost of all the programs and services increased 15% to \$122,228,676. The District’s expenses are predominately related to education and caring for the students (Instruction) 78%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 13% of the total costs. See table below:

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2024</u>	<u>2023</u>	<u>Variance</u>
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 178,642	\$ 137,839	\$ 40,803
Operating Grants & Contributions	10,183,438	11,169,032	(985,594)
Total Program	\$ 10,362,080	\$ 11,306,871	\$ (944,791)
<u>General -</u>			
Property Taxes	\$ 52,421,915	\$ 51,983,865	\$ 438,050
State and Federal Aid	57,156,375	47,046,522	10,109,853
Investment Earnings	711,337	192,861	518,476
Compensation for Loss	207,781	54,637	153,144
Miscellaneous	6,793,976	3,647,523	3,146,453
Total General	\$ 117,291,384	\$ 102,925,408	\$ 14,365,976
TOTAL REVENUES	\$ 127,653,464	\$ 114,232,279	\$ 13,421,185
<u>EXPENSES:</u>			
General Support	\$ 16,240,225	\$ 14,471,481	\$ 1,768,744
Instruction	95,412,265	79,534,971	15,877,294
Pupil Transportation	5,009,878	7,101,755	(2,091,877)
School Lunch	2,372,453	2,083,190	289,263
Interest	3,193,855	2,638,167	555,688
TOTAL EXPENSES	\$ 122,228,676	\$ 105,829,564	\$ 16,399,112
CHANGE IN NET POSITION	\$ 5,424,788	\$ 8,402,715	
NET POSITION, BEGINNING OF YEAR	(186,498,398)	(194,901,113)	
NET POSITION, END OF YEAR	\$ (181,073,610)	\$ (186,498,398)	

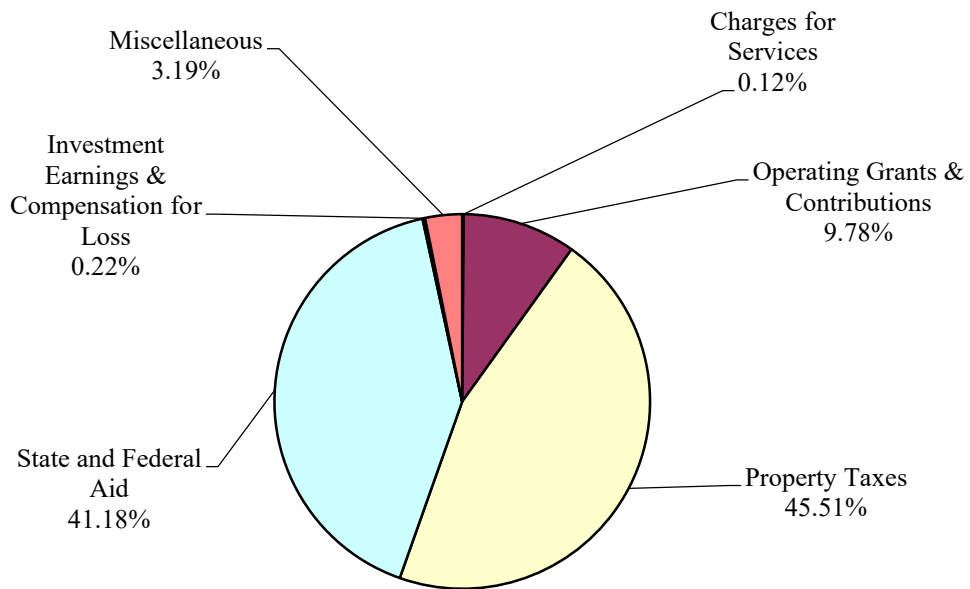
Key Variances

- State and Federal Aid increased \$10,109,853 as a result of change4s to the formula aid.
- Miscellaneous increased \$3,146,453 as a result of stop loss reimbursement and prescription drug rebates.
- Instruction increased \$15,877,294 as a result of additional spending in the benefits and salaries in the instructional categories.

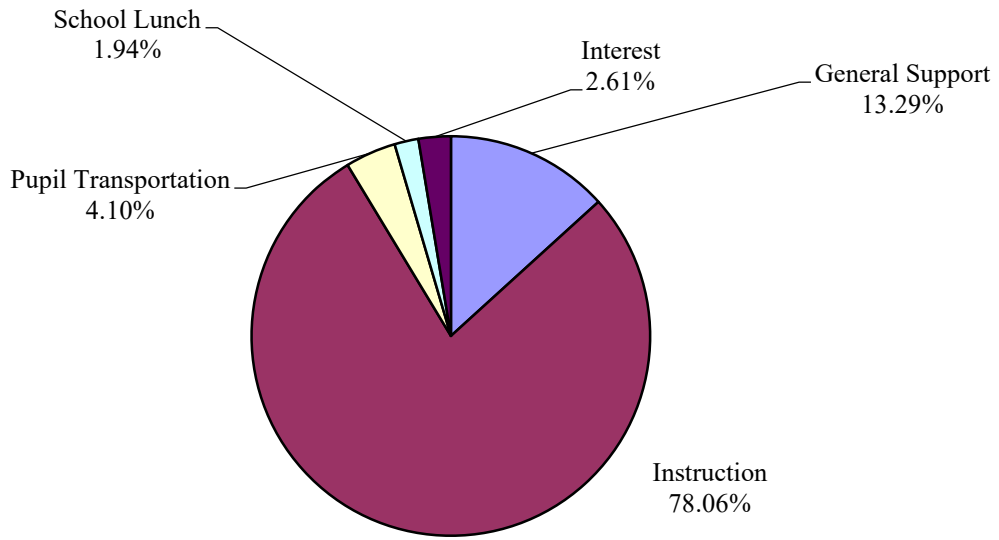
Revenue for 2023-24



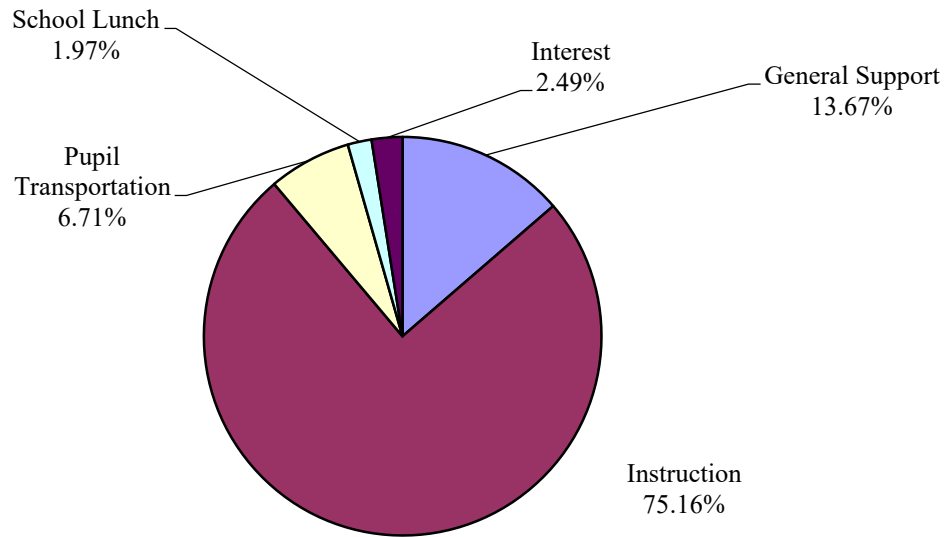
Revenue for 2022-23



Expenses for 2023-24



Expenses for 2022-23



Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$30,355,403 which is more than last year's ending fund balance of \$4,361,235.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$40,374,099. Fund balance for the General Fund increased by \$8,564,377 compared with the prior year. See table below:

<u>General Fund Balances:</u>	<u>2024</u>	<u>2023</u>	<u>Total Variance</u>
Restricted	\$ 35,303,515	\$ 27,256,521	\$ 8,046,994
Assigned	584,424	419,888	164,536
Unassigned	4,486,160	4,133,313	352,847
Total General Fund Balances	<u>\$ 40,374,099</u>	<u>\$ 31,809,722</u>	<u>\$ 8,564,377</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$8,001,042 which is attributable to \$419,888 of carryover encumbrances from the 2022-23 school year, \$6,977,572 as a result of health insurance claims, \$498,000 as a result of emergency health center project, and \$105,582 for school resource officer and miscellaneous adjustment.

The key factors for budget variances in the general fund are listed below along with explanations for each.

Revenue Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Miscellaneous	\$4,452,044	Additional revenues for stop loss and prescription rebates
Expenditure Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
General Support	(\$607,365)	Reallocated to health insurance
Instructional	(\$1,677,153)	Reallocated to health insurance
Employee Benefits	\$9,939,377	Additional cost incurred for self-funded health insurance

	Budget Variance Amended Vs. Actual	
Revenue Items:		Explanation for Budget Variance
Use of Money and Property	\$616,141	Investment program in NYLAF
Miscellaneous	\$762,038	Additional stop loss and prescription rebates
State Sources	\$7,520,694	Change in Formula Aid
Expenditure Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Employee Benefits	\$2,214,942	Budget amendment was made prior to reducing health insurance for the retirees and employees share

Capital Asset and Debt Administration

Capital Assets

By the end of the 2024 fiscal year, the District had invested \$117,870,631 in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2024</u>	<u>2023</u>
<u>Capital Assets</u>		
Land	\$ 1,020,361	\$ 1,020,361
Work in Progress	48,339,867	38,529,503
Buildings and Improvements	63,543,189	65,978,402
Machinery and Equipment	4,967,214	3,542,514
Total Capital Assets	<u>\$ 117,870,631</u>	<u>\$ 109,070,780</u>
<u>Lease Assets</u>		
Equipment	\$ 331,814	\$ 381,713
Total Lease Assets	<u>\$ 331,814</u>	<u>\$ 381,713</u>

More detailed information can be found in the notes to the financial statements.

Long-Term Debt

At year end, the District had \$328,108,586 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2024</u>	<u>2023</u>
Serial Bonds	\$ 36,705,000	\$ 19,873,000
Unamortized Bond Premium	2,438,776	-
Workers' Comp Claims	263,512	229,423
Lease Liability	64,439	116,908
OPEB	278,862,360	260,862,023
Net Pension Liability	6,090,150	9,108,454
BOCES Preschool Deficit	337,128	337,128
Retainage	324,385	346,019
Compensated Absences	3,022,836	2,891,410
Total Long-Term Obligations	<u>\$ 328,108,586</u>	<u>\$ 293,764,365</u>

More detailed information can be found in the notes to the financial statements.

Factors Bearing on the District's Future

Property Tax Cap:

During 2011 the Governor signed Chapter 97 of the Laws of 2011, Part A- Property Tax Cap, affecting all local governments and establishing a property tax cap. The tax cap went into effect for the District's 2012-13 budget and under this law the growth in the property tax levy, the total amount to be raised through property taxes charged on the District's taxable assessed value of property, is capped at two percent or the rate of inflation, whichever is less, with some exceptions. Additionally, the district will have debt falling off that also affects the district ability to raise taxes.

A 63.1 M capital project was approved by the voters and although tiered over four (4) phases should help to mitigate the debt fall off. The district is currently Phase 3B of the project. In addition, the District has adopted a long-range facilities plan that will include the presentation of building project to voters of approximately \$45 million each in years 2024, 2026, 2028 and 2030 with a plan to use state aid and capital reserve funds to fund each project. This plan will permit the district to fund the projects without any impact on the taxpayer and stabilize and maintain the District's long-term debt load.

PILOT Agreements:

The District's Intermunicipal agreement with the County of Oswego, Town of Scriba and Nine Mile I and Nine Mile II Nuclear Power Plants will expire during the 2024-25 budget year. The negotiated payment for both 2023-24 and 2024-25 is \$20,892,500 annually. This represents a significant portion of the District's general fund revenues. The district has started preparing for negotiations for a successor agreement.

Post-Employment Health Benefits:

In fiscal year 2009, the District was required to report more accurately post-employment benefit costs. An actuarial study to calculate the total post-employment benefit liability was performed. The District has elected to recognize these costs of \$278,862,360 over thirty years.

Employee Contract Negotiations:

The District is currently negotiating a successor agreement with OCTA for the agreement that expired on June 30, 2024. The durations of the collective bargaining agreements are as follows:

CSEA 7/1/21 to 06/30/25

AAP 7/1/23 to 06/30/27

COASA 7/1/23 to 06/30/27

OCTA 7/1/21 to 06/30/24 (expired)

Online Computer Based Testing:

The New York State Education Department continues to transition to computer-based testing (CBT) as part of its commitment to both meeting the needs of 21st century learners and improving test delivery, test integrity, scoring validity, and turn-around time on testing results. Beginning with 2016, New York State started administering some statewide assessments on computer. Grades 3-8 computer-based testing has been fully implemented.

Lead & Carbon Monoxide Testing:

New York State has adopted a rule that amends the Uniform Fire Prevention and Building Code by adding provisions requiring the installation of carbon monoxide detection in all new and existing commercial buildings that have appliances, devices or systems that may emit carbon monoxide, effective on June 27, 2015. Carbon Monoxide detectors with 10-year batteries have been installed at all locations where necessary.

In September 2016, legislation was passed requiring all school districts and BOCES in NYS to test potable water systems for lead contamination and take responsive actions. The district did test all potable sources and implemented short term measures to correct these issues.

Lead testing was done again in 2021. Schools included in the capital project have had lead remediation done as part of the Capital Project. The district is closely monitoring state mandates with regards to lead in schools are currently in compliance. While these efforts keep the school district in compliance, long term corrections need to be put in place and included as part of any new capital project.

The District is scheduled to perform another round of water testing in late 2024.

Staffing Shortages and Student Needs:

COVID 19 issues continue to create staffing problems in our schools. Teacher Substitutes are not available as in previous years. There is a shortage of qualified people willing to work in all areas including support staff. There is a nation-wide shortage of bus drivers, and we do not see an end to this issue in the near future. Mental health and other student support systems are continuing to be difficult to find and deploy.

Electric Buses:

The state requires all new school buses to be zero-emissions (electric or hydrogen) by 2027 and all school buses to be zero emissions by 2035. SED may delay implementation if the 2027 deadline cannot be met without unreasonable cost parts from overseas. School districts may apply for a one-time, two-year implementation waiver from SED. The current cost of an electric bus is 3 times the cost of a diesel. Costs also do not include any retrofitting of transportation departments to accommodate charging stations. Significant investment will have to be made to the district's infrastructure and transportation facility in order to comply with the current legislation as presently written.

Federal Grants:

The 2023-2024 school year was the last year for the Federal ARP funding. Otherwise, subsidizing staff and services funded with ARRP will fall to the general fund in future years.

Foundation Aid:

The 2023-2024 school year was the last year for large increases in Foundation Aid for small city school districts. Going forward Foundation Aid increases will be held to a small percentage annual increase if the state budget permits.

Currently, the Rockefeller Institute is engaged in a comprehensive study of the foundation aid education funding formula as imposed by New York State's 2024-25 budget. It is unknown at this time what impact a change in the formula will have on the district if in fact a change is made at the conclusion of the study. Current foundation aid is not keeping up with the rate of inflation. The 2024-25 state aid budget included an adjustment to the foundation aid formula that resulted in a loss of funding to the district.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Oswego City School District
Education Center
120 East First Street, Oswego New York 13126

OSWEGO CITY SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2024

	Governmental <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 56,040,115
Cash with fiacial agent	23,665,000
Accounts receivable	10,396,749
Inventories	69,211
Capital Assets:	
Land	1,020,361
Work in progress	48,339,867
Other capital assets (net of depreciation)	68,842,217
TOTAL ASSETS	<u>\$ 208,373,520</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 52,691,382</u>
 LIABILITIES	
Accounts payable	\$ 643,248
Accrued liabilities	6,918,681
Unearned revenues	59,144
Due to other governments	135
Due to teachers' retirement system	4,311,901
Due to employees' retirement system	306,759
Bond anticipation notes payable	48,555,000
Other Liabilities	144,605
Long-Term Obligations:	
Due in one year	5,865,497
Due in more than one year	322,243,089
TOTAL LIABILITIES	<u>\$ 389,048,059</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 53,090,453</u>
 NET POSITION	
Net investment in capital assets	\$ 62,097,402
Restricted For:	
Debt service	4,781,285
Worker's compensation reserve	4,938,009
Unemployment insurance reserve	7,890,968
Capital reserves	10,190,049
Other purposes	13,086,980
Unrestricted	(284,058,303)
TOTAL NET POSITION	<u>\$ (181,073,610)</u>

(See accompanying notes to financial statements)

OSWEGO CITY SCHOOL DISTRICT, NEW YORK

Statement of Activities

For The Year Ended June 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Primary Government -				
General support	\$ 16,240,225	\$ -	\$ -	\$ (16,240,225)
Instruction	95,412,265	76,298	7,682,285	(87,653,682)
Pupil transportation	5,009,878	-	-	(5,009,878)
School lunch	2,372,453	102,344	2,501,153	231,044
Interest	3,193,855	-	-	(3,193,855)
Total Primary Government	<u>\$ 122,228,676</u>	<u>\$ 178,642</u>	<u>\$ 10,183,438</u>	<u>\$ (111,866,596)</u>
General Revenues:				
Property taxes				\$ 52,421,915
State and federal aid				57,156,375
Investment earnings				711,337
Compensation for loss				207,781
Miscellaneous				6,793,976
Total General Revenues				<u>\$ 117,291,384</u>
Changes in Net Position				\$ 5,424,788
Net Position, Beginning of Year				<u>(186,498,398)</u>
Net Position, End of Year				<u>\$ (181,073,610)</u>

(See accompanying notes to financial statements)

OSWEGO CITY SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2024

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 42,376,973	\$ 7,343,462	\$ 6,319,680	\$ 56,040,115
Cash with fiscal agent	-	23,665,000	-	23,665,000
Receivables	5,637,299	-	4,759,450	10,396,749
Inventories	-	-	69,211	69,211
Due from other funds	7,948,955	4,139,287	3,231,603	15,319,845
TOTAL ASSETS	<u>\$ 55,963,227</u>	<u>\$ 35,147,749</u>	<u>\$ 14,379,944</u>	<u>\$ 105,490,920</u>
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ 520,476	\$ 430	\$ 122,342	\$ 643,248
Accrued liabilities	4,507,481	-	27,007	4,534,488
Notes payable - bond anticipation notes	-	48,555,000	-	48,555,000
Due to other funds	4,538,127	2,711,295	8,070,423	15,319,845
Due to other governments	-	-	135	135
Due to TRS	4,311,901	-	-	4,311,901
Due to ERS	306,759	-	-	306,759
Other liabilities	144,605	-	-	144,605
Compensated absences	164,197	-	613	164,810
Unearned revenue	-	-	59,144	59,144
TOTAL LIABILITIES	<u>\$ 14,493,546</u>	<u>\$ 51,266,725</u>	<u>\$ 8,279,664</u>	<u>\$ 74,039,935</u>
Deferred Inflows -				
Deferred inflows of resources	\$ 1,095,582	\$ -	\$ -	\$ 1,095,582
Fund Balances -				
Nonspendable	\$ -	\$ -	\$ 69,211	\$ 69,211
Restricted	35,303,515	1,697,102	5,130,749	42,131,366
Assigned	584,424	-	900,980	1,485,404
Unassigned	4,486,160	(17,816,078)	(660)	(13,330,578)
TOTAL FUND BALANCE	<u>\$ 40,374,099</u>	<u>\$ (16,118,976)</u>	<u>\$ 6,100,280</u>	<u>\$ 30,355,403</u>
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 55,963,227</u>	<u>\$ 35,147,749</u>	<u>\$ 14,379,944</u>	

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

Capital assets/right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	118,202,445
Taxes receivable is deferred for those amounts collected after ninety (90) days on fund basis, while those amounts are recorded as revenue on the full accrual basis.	1,095,582
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(2,384,193)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(36,705,000)
Unamortized bond premium	(2,438,776)
Leases	(64,439)
Retainage	(324,385)
OPEB	(278,862,360)
Compensated absences	(2,858,026)
BOCES obligations	(337,128)
Workers' compensation claims	(263,512)
Deferred outflow - pension	18,833,433
Deferred outflow - OPEB	33,857,949
Net pension liability	(6,090,150)
Deferred inflow - pension	(4,140,596)
Deferred inflow - OPEB	(48,949,857)
Net Position of Governmental Activities	<u>\$ (181,073,610)</u>

(See accompanying notes to financial statements)

OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes and tax items	\$ 51,988,833	\$ -	\$ -	\$ 51,988,833
Charges for services	76,298	-	-	76,298
Use of money and property	644,141	-	67,196	711,337
Sale of property and compensation for loss	207,781	-	-	207,781
Miscellaneous	6,290,079	-	59,126	6,349,205
Interfund revenues	10,772	-	-	10,772
State sources	56,708,759	-	1,179,593	57,888,352
Federal sources	447,616	-	9,003,845	9,451,461
Sales	-	-	102,344	102,344
TOTAL REVENUES	<u>\$ 116,374,279</u>	<u>\$ -</u>	<u>\$ 10,412,104</u>	<u>\$ 126,786,383</u>
EXPENDITURES				
General support	\$ 11,242,228	\$ -	\$ 313,776	\$ 11,556,004
Instruction	48,846,867	-	6,053,952	54,900,819
Pupil transportation	3,760,806	158,208	29,350	3,948,364
Employee benefits	34,329,729	-	1,299,853	35,629,582
Debt service - principal	7,285,469	-	-	7,285,469
Debt service - interest	2,536,152	-	-	2,536,152
Cost of sales	-	-	1,169,892	1,169,892
Other expenses	-	-	882,482	882,482
Capital outlay	-	9,831,998	-	9,831,998
TOTAL EXPENDITURES	<u>\$ 108,001,251</u>	<u>\$ 9,990,206</u>	<u>\$ 9,749,305</u>	<u>\$ 127,740,762</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 8,373,028</u>	<u>\$ (9,990,206)</u>	<u>\$ 662,799</u>	<u>\$ (954,379)</u>
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ 750,822	\$ 498,000	\$ 61,473	\$ 1,310,295
Transfers - out	(559,473)	-	(750,822)	(1,310,295)
Proceeds from obligations	-	22,940,000	-	22,940,000
BAN's redeemed from appropriations	-	1,125,000	-	1,125,000
Premium on obligations issued	-	-	2,883,547	2,883,547
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 191,349</u>	<u>\$ 24,563,000</u>	<u>\$ 2,194,198</u>	<u>\$ 26,948,547</u>
NET CHANGE IN FUND BALANCE	<u>\$ 8,564,377</u>	<u>\$ 14,572,794</u>	<u>\$ 2,856,997</u>	<u>\$ 25,994,168</u>
FUND BALANCE, BEGINNING OF YEAR	<u>31,809,722</u>	<u>(30,691,770)</u>	<u>3,243,283</u>	<u>4,361,235</u>
FUND BALANCE, END OF YEAR	<u>\$ 40,374,099</u>	<u>\$ (16,118,976)</u>	<u>\$ 6,100,280</u>	<u>\$ 30,355,403</u>

(See accompanying notes to financial statements)

OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2024

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS \$ 25,994,168

Amounts reported for governmental activities in the Statement of Activities are different because: 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 expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$	9,831,998	
Additions to Assets, Net		2,470,508	
Depreciation and Amortization		<u>(3,552,554)</u>	
			8,749,952

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$	7,285,469	
Proceeds from Bond Issuance		(22,940,000)	
Proceeds from BAN Redemption		(1,125,000)	
Unamortized Bond Premium		<u>(2,438,776)</u>	
			(19,218,307)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (657,703)

The retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds 21,634

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 433,082

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (6,273,028)

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System		(2,734,322)	
Employees' Retirement System		(712,047)	

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences	\$	(144,552)	
Workers' Compensation Claims		<u>(34,089)</u>	
			<u>(178,641)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 5,424,788**

OSWEGO CITY SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2024

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 177,486
TOTAL ASSETS	<u>\$ 177,486</u>
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 177,486
TOTAL NET POSITION	<u><u>\$ 177,486</u></u>

Statement of Changes in Fiduciary Net Position

For The Year Ended June 30, 2024

	Custodial Funds
ADDITIONS	
Library taxes	\$ 1,416,208
Student activity	223,968
TOTAL ADDITIONS	<u>\$ 1,640,176</u>
DEDUCTIONS	
Student activity	\$ 230,572
Library taxes	1,416,208
TOTAL DEDUCTIONS	<u>\$ 1,646,780</u>
CHANGE IN NET POSITION	\$ (6,604)
NET POSITION, BEGINNING OF YEAR	<u>184,090</u>
NET POSITION, END OF YEAR	<u><u>\$ 177,486</u></u>

OSWEGO CITY SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2024

I. Summary of Significant Accounting Policies

The financial statements of the Oswego City School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 61, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held for various student organizations in the fiduciary fund.

(I.) (Continued)

B. Joint Venture

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

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

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

During the year, the District was billed \$11,795,003 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$5,116,290.

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

C. Basis of Presentation

1. Districtwide Statements

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

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

(I.) (Continued)

2. **Fund Statements**

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

Capital Projects Fund - Used to account for the acquisition construction or major repair of capital facilities and bus purchases.

b. **Nonmajor Governmental Funds** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

School Lunch Fund - Used to account for transactions of the District's lunch, breakfast and milk programs.

Special Aid Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

Miscellaneous Special Revenue Fund - used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

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

Custodial Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

(I.) (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 19, 2023. Taxes are collected during the period October 2, 2023 to February 29, 2024.

The City and Counties in which the District is located enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the District within two years from the return of unpaid taxes to the City. Real property taxes receivable expected to be collected within 60 days of year-end, less similar amounts collected during this period in the preceding year are recognized as revenues. Otherwise, deferred revenues offset real property taxes receivable.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

(I.) (Continued)

G. Interfund Transactions

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

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

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

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

H. Estimates

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

I. Cash and Cash Equivalents

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

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

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

(I.) (Continued)

J. Receivables

Receivables are shown net of an allowance for uncollectible accounts which has been provided for certain amounts that may not be collectible.

K. Inventory and Prepaid Items

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

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

L. Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives and capitalization threshold by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

(I.) (Continued)

M. Right To Use Assets

The District-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 3 and 10 years based on the contract terms and/or estimated replacement of the assets.

N. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

O. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

P. Vested Employee Benefits

1. Compensated Absences

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

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

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

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

(I.) (Continued)

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

Q. Other Benefits

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

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

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

R. Short-Term Debt

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that a BAN issued for capital purposes be converted to long-term financing within five years after the original issue date.

S. Accrued Liabilities and Long-Term Obligations

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

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

T. Equity Classifications

1. District-Wide Statements

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

(I.) (Continued)

a. **Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<u>Total</u>
Capital Projects	\$ 453,467
Retirement Contribution - TRS	1,846,754
Retirement Contribution - ERS	3,146,812
Tax Certiorari	2,654,914
Scholarships	349,024
Liability	2,009,744
Employee Benefit Accrued Liability	<u>2,626,265</u>
Total Net Position - Restricted for Other Purposes	<u><u>\$ 13,086,980</u></u>

c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications . The reported deficit of \$284,058,303 at year end is the result of full implementation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

2. **Fund Statements**

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

a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes:

	<u>Total</u>
Inventory in School Lunch	\$ 69,211
Total Nonspendable Fund Balance	<u><u>\$ 69,211</u></u>

(I.) (Continued)

b. **Restricted Fund Balances** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the general fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Capital Reserve - According to Education Law §3651, 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. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The Reserve is accounted for in the General Fund under restricted fund balance. Year end balances are as follows:

<u>Name of Reserve</u>	<u>Maximum Funding</u>	<u>Total Funding Provided</u>	<u>Total Year to Date Balance</u>
2020 Capital Reserve	\$ 10,000,000	\$ 10,000,000	\$ 10,190,049
2023 Technology Equipment	\$ 3,000,000	\$ -	\$ -
2023 Bus Reserve	\$ 5,000,000	\$ -	\$ -

Reserve for Debt Service - According to General Municipal Law §6-1, the 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 the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

Employee Benefit Accrued Liability Reserve - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to 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.

Liability Reserve - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used financing retirement contributions. 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.

(I.) (Continued)

Teachers' Retirement Reserve – General Municipal Law §6-r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous year's TRS salary.

Tax Certiorari Reserve - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeding 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.

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

Workers' Compensation Reserve - According to General Municipal Law §6-j, 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 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.

Nuclear Facility Stabilization Fund - Chapter 202 of the New York State Laws of 2001 authorizes the establishment of a nuclear facility stabilization fund by school districts in which a nuclear-powered electric generating facility is located. The Board of Education created this reserve fund on October 25, 2014, however, no funding has been set aside.

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

(I.) (Continued)

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Workers' Compensation	\$ 4,938,009
Unemployment Costs	7,890,968
Retirement Contribution - ERS	3,146,812
Retirement Contribution - TRS	1,846,754
Tax Certiorari	2,654,914
Liability	2,009,744
Capital Reserves	10,190,049
Employee Benefit Accrued Liability	2,626,265
<u>Capital Projects Fund -</u>	
Capital Projects	1,697,102
<u>Misc Special Revenue Fund -</u>	
Scholarships	349,464
<u>Debt Service Fund -</u>	
Debt Service	4,781,285
Total Restricted Fund Balance	<u><u>\$ 42,131,366</u></u>

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2024.

d. **Assigned Fund Balance** – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District’s purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

Management has determined significant encumbrances for the General Fund to be \$135,000, the Special Aid Fund to be \$24,000, and the Capital Projects Fund to be \$18,000. The District reports the following significant encumbrances:

<u>General Fund -</u>	
General Support	\$ 451,372
<u>Capital Projects Fund -</u>	
Capital Improvements	\$ 4,575,963
Bus Purchases	\$ 1,219,028
<u>Special Aid Fund -</u>	
Instructional	\$ 101,358

(I.) (Continued)

Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 584,424
School Lunch Fund - Year End Equity	900,980
Total Assigned Fund Balance	<u>\$ 1,485,404</u>

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

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

3. **Order of Use of Fund Balance**

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

U. **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2024, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 99, *Omnibus 2022 (financial guarantees and derivative instruments)*.

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*.

V. **Future Changes in Accounting Standards**

GASB has issued Statement No. 101, *Compensated Absences*, which will be effective for fiscal years beginning after December 15, 2023.

(I.) (Continued)

GASB has issued Statement No. 102, *Certain risk Disclosures*, which will be effective for fiscal years beginning after June 15, 2024.

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, which will be effective for fiscal years beginning after June 15, 2025.

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

II. Stewardship, Compliance and Accountability

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The 2023-24 budget was amended for \$419,888 of encumbrances from the prior year, \$6,977,572 for Health Insurance revenues, \$498,000 for the Emergency Health Center project, and \$105,582 for an additional school resource officer and miscellaneous adjustment.

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

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

(II.) (Continued)

B. Encumbrances

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

C. Deficit Net Position

The District-wide net position reported a deficit at June 30, 2024 totaling \$181,073,610. The deficit is a result of unfunded liabilities, such as compensated absences, net pension obligations, and other postemployment benefits. New York State does not allow for a funding mechanism relating to other postemployment benefits or pension obligations.

D. Deficit Fund Balance – Capital Projects Fund

The Capital Projects Fund had a deficit fund balance of \$16,118,976 at June 30, 2024, which is a result of expenses incurred by the HCIP 18-19 project before receiving permanent financing.

III. Cash and Cash Equivalents

Credit risk: In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

Concentration of Credit risk: To promote competition in rates and service cost, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District's investment policy limits the amounts that may be deposited with any one financial institution.

Interest rate risk: The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

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

Uncollateralized	\$	-
Collateralized within Trust Department or Agent		<u>35,967,676</u>
Total	\$	<u>35,967,676</u>

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$42,131,366 within the governmental funds and \$177,486 in the fiduciary funds.

V. Investment Pool

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year end are \$20,427,706, which consisted of \$4,494,095 in repurchase agreements, \$7,149,697 in U.S. Treasury Securities, and \$8,783,914 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Amount</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
General	\$ 20,427,706	\$ 20,427,706	NYLAF

V. Receivables

Receivables at June 30, 2024 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Accounts Receivable	\$ 111,345	\$ 884	\$ 112,229
Due From State and Federal	1,819,588	4,758,566	6,578,154
Due From Other Governments	2,304,278	-	2,304,278
Taxes Receivable	1,402,088	-	1,402,088
Total Receivables	\$ 5,637,299	\$ 4,759,450	\$ 10,396,749

VI. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2024 were as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 7,948,955	\$ 4,538,127	\$ 750,822	\$ 559,473
Capital Projects Fund	4,139,287	2,711,295	498,000	-
Non-major Funds	3,231,603	8,070,423	61,473	750,822
Total	\$ 15,319,845	\$ 15,319,845	\$ 1,310,295	\$ 1,310,295

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures and debt service expenditures.

VII. Capital Assets and Lease Assets

A. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2024</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 1,020,361	\$ -	\$ -	\$ 1,020,361
Work in progress	38,529,503	9,810,364	-	48,339,867
<i>Total Nondepreciable</i>	<u>\$ 39,549,864</u>	<u>\$ 9,810,364</u>	<u>\$ -</u>	<u>\$ 49,360,228</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 135,612,586	\$ -	\$ -	\$ 135,612,586
Machinery and equipment	12,142,120	2,337,905	2,843,922	11,636,103
<i>Total Depreciated Assets</i>	<u>\$ 147,754,706</u>	<u>\$ 2,337,905</u>	<u>\$ 2,843,922</u>	<u>\$ 147,248,689</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 69,634,184	\$ 2,435,213	\$ -	\$ 72,069,397
Machinery and equipment	8,599,606	887,690	2,818,407	6,668,889
<i>Total Accumulated Depreciation</i>	<u>\$ 78,233,790</u>	<u>\$ 3,322,903</u>	<u>\$ 2,818,407</u>	<u>\$ 78,738,286</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 69,520,916</u>	<u>\$ (984,998)</u>	<u>\$ 25,515</u>	<u>\$ 68,510,403</u>
Total Capital Assets	<u>\$ 109,070,780</u>	<u>\$ 8,825,366</u>	<u>\$ 25,515</u>	<u>\$ 117,870,631</u>

B. Lease Assets

A summary of the lease asset activity during the year ended June 30, 2024 is as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2024</u>
<u>Lease Assets:</u>				
Equipment	\$ 1,270,768	\$ 179,752	\$ 623,120	\$ 827,400
<i>Total Lease Assets</i>	<u>\$ 1,270,768</u>	<u>\$ 179,752</u>	<u>\$ 623,120</u>	<u>\$ 827,400</u>
<u>Less Accumulated Amortization -</u>				
Equipment	\$ 889,055	\$ 229,651	\$ 623,120	\$ 495,586
<i>Total Accumulated Amortization</i>	<u>\$ 889,055</u>	<u>\$ 229,651</u>	<u>\$ 623,120</u>	<u>\$ 495,586</u>
<i>Total Lease Assets, Net</i>	<u>\$ 381,713</u>	<u>\$ (49,899)</u>	<u>\$ -</u>	<u>\$ 331,814</u>

C. Other Capital Assets (net of depreciation and amortization):

Depreciated Capital Assets, net	\$ 68,510,403
Amortized Lease Assets, net	331,814
Total Other Assets, Net	<u>\$ 68,842,217</u>

(VII.) (Continued)

D. Depreciation/Amortization expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General Government Support	\$ 95,774	\$ -	\$ 95,774
Instruction	2,436,185	229,651	2,665,836
Pupil Transportation	704,500	-	704,500
School Lunch	86,444	-	86,444
Total Depreciation and Amortization Expense	\$ 3,322,903	\$ 229,651	\$ 3,552,554

VIII. Short-Term Debt Obligations

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
BAN	7/21/2023	3.75%	\$ 44,570,000	\$ -	\$ 44,570,000	\$ -
BAN	7/19/2024	4.75%	-	48,555,000	-	48,555,000
Total Short-Term Debt			\$ 44,570,000	\$ 48,555,000	\$ 44,570,000	\$ 48,555,000

Interest on short-term debt for June 30, 2024 was composed of:

Interest Paid	\$ 1,671,375
Less: Interest Accrued in the Prior Year	(1,573,878)
Plus: Interest Accrued in the Current Year	2,178,232
Total Short-Term Interest Expense	\$ 2,275,729

IX. Long-Term Debt Obligations

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

	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>	<u>Due Within One Year</u>
Governmental Activities:					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 19,873,000	\$ 22,940,000	\$ 6,108,000	\$ 36,705,000	\$ 5,130,000
Lease Liability	116,908	-	52,469	64,439	58,704
Unamortized Bond Premium	-	2,438,776	-	2,438,776	187,598
Total Bonds and Notes Payable	\$ 19,989,908	\$ 25,378,776	\$ 6,160,469	\$ 39,208,215	\$ 5,376,302
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 9,108,454	\$ -	\$ 3,018,304	\$ 6,090,150	\$ -
OPEB	260,862,023	18,000,337	-	278,862,360	-
BOCES Preschool Deficit	337,128	-	-	337,128	-
Workers' Compensation Claims	229,423	34,089	-	263,512	-
Retainage	346,019	-	21,634	324,385	324,385
Compensated Absences	2,891,410	131,426	-	3,022,836	164,810
Total Other Liabilities	\$ 273,774,457	\$ 18,165,852	\$ 3,039,938	\$ 288,900,371	\$ 489,195
Total Long-Term Obligations	\$ 293,764,365	\$ 43,544,628	\$ 9,200,407	\$ 328,108,586	\$ 5,865,497

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

(IX.) (Continued)

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2024</u>
Serial Bonds -					
Reconstruction	\$ 985,000	2013	2028	2%-5%	\$ 335,000
BOCES Capital Project	\$ 6,853,601	2014	2029	2.00%-3.25%	2,575,000
DASNY	\$ 11,985,000	2016	2030	2%-5%	6,190,000
Refunding	\$ 12,080,000	2018	2025	2%-5%	2,635,000
Buses	\$ 911,000	2019	2025	1.625-1.75%	190,000
Buses	\$ 220,000	2021	2026	1.20%	90,000
Buses	\$ 1,125,000	2022	2027	0.50%-1.51%	685,000
Buses	\$ 1,303,000	2023	2028	4%-5%	1,065,000
Reconstruction	\$ 21,540,000	2024	2037	5.00%	21,540,000
Buses	\$ 1,400,000	2024	2039	3.750%3.875%	1,400,000
Total Serial Bonds					\$ 36,705,000
Leases -					
Leases	\$ 195,997	2022	2026	1.1%	\$ 64,439
Total Leases					\$ 64,439

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>		<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 5,130,000	\$ 2,038,013	\$ 58,704	\$ 4,283
2026	3,775,000	1,480,055	5,735	64
2027	3,870,000	1,326,730	-	-
2028	3,805,000	1,156,994	-	-
2029	3,605,000	987,525	-	-
2030-34	10,795,000	2,982,250	-	-
2035-37	5,725,000	519,250	-	-
Total	\$ 36,705,000	\$ 10,490,817	\$ 64,439	\$ 4,347

On June 18, 2024 the District issued \$21,540,000 in serial bonds with a \$2,438,775 premium through the NYS Dormitory Authority in which the proceeds will be used to repay a portion of the \$48,555,000 bond anticipation note due July 19, 2024. The NYS Dormitory Authority is holding onto those funds which are reported in the financial statements as cash with fiscal agent. On July 19, 2024 the NYS Dormitory Authority will release the proceeds and pay down \$23,665,000 of the bond anticipation note.

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$2,750,000 of bonds outstanding are considered defeased.

(IX.) (Continued)

Interest on long-term debt for June 30, 2024 was composed of:

Interest Paid	\$ 864,777
Less: Interest Accrued in the Prior Year	(152,612)
Plus: Interest Accrued in the Current Year	205,961
Total Long-Term Interest Expense	<u><u>\$ 918,126</u></u>

X. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 18,833,433	\$ 4,140,596
OPEB	33,857,949	48,949,857
Total	<u><u>\$ 52,691,382</u></u>	<u><u>\$ 53,090,453</u></u>

XI. Pension Plans

A. General Information

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

B. Provisions and Administration

A 10 member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the system, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

(XI.) (Continued)

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 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 for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year.

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

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ 1,038,189	\$ 4,311,901

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

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

(XI.) (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Net pension assets/(liability)	\$ (3,779,720)	\$ (2,310,430)
District's portion of the Plan's total net pension asset/(liability)	0.026%	0.202%

For the year ended June 30, 2024, the District recognized pension expenses of \$1,784,464 for ERS and \$6,458,0004 for TRS. At June 30, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 1,217,445	\$ 5,602,179	\$ 103,063	\$ 13,845
Changes of assumptions	1,429,027	4,974,288	-	1,084,119
Net difference between projected and actual earnings on pension plan investments	-	1,181,046	1,846,373	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	338,675	61,817	36,459	1,056,737
Subtotal	<u>\$ 2,985,147</u>	<u>\$ 11,819,330</u>	<u>\$ 1,985,895</u>	<u>\$ 2,154,701</u>
District's contributions subsequent to the measurement date	306,759	3,722,197	-	-
Grand Total	<u>\$ 3,291,906</u>	<u>\$ 15,541,527</u>	<u>\$ 1,985,895</u>	<u>\$ 2,154,701</u>

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ -	\$ 651,802
2025	(582,370)	(1,453,342)
2026	795,730	9,098,243
2027	1,159,835	543,966
2028	(373,943)	473,516
Thereafter	-	350,444
Total	<u>\$ 999,252</u>	<u>\$ 9,664,629</u>

E. Actuarial Assumptions

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

(XI.) (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18%-1.95%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

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

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 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 as of March 31, 2024 are summarized as follows:

<u>Long Term Expected Rate of Return</u>		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
<u>Asset Type -</u>		
Domestic equity	4.00%	6.80%
International equity	6.65%	7.60%
Global equity	0.00%	7.20%
Private equity	7.25%	10.10%
Real estate	4.60%	6.30%
Opportunistic portfolios	5.25%	0.00%
Real assets	5.79%	0.00%
Global bonds	0.00%	1.60%
Cash	0.25%	0.30%
Private debt	0.00%	6.00%
Real estate debt	0.00%	3.20%
High-yield bonds	0.00%	4.40%
Domestic fixed income	0.00%	2.20%
Fixed income	1.50%	0.00%
Credit	5.40%	0.00%

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

(XI.) (Continued)

F. Discount Rate

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

G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption

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

	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (11,883,825)	\$ (3,779,720)	\$ 2,988,889
	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (35,189,025)	\$ (2,310,430)	\$ 25,341,890

H. Pension Plan Fiduciary Net Position

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

	(In Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Employers' total pension liability	\$ 240,696,851	\$ 138,365,122
Plan net position	225,972,801	137,221,537
Employers' net pension asset/(liability)	<u>\$ (14,724,050)</u>	<u>\$ (1,143,585)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	93.88%	99.20%

(XI.) (Continued)

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$306,759.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$4,311,901.

XII. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	652
Active Employees	<u>651</u>
Total	<u><u>1303</u></u>

B. Total OPEB Liability

The District’s total OPEB liability of \$278,862,360 was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

(XII.) (Continued)

Inflation	2.70 percent
Salary Increases	3.00 percent, average, including inflation
Discount Rate	3.65 percent
Healthcare Cost Trend Rates	Initial rate of 6.80% decreasing to an ultimate rate of 3.14%
Retirees' Share of Benefit-Related Costs	Varies depending on contract

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond index.

Mortality rates were based on Pub-2010 Mortality Table for employees: sex distinct, job category-specific, headcount weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

C. **Changes in the Total OPEB Liability**

Balance at June 30, 2023	<u>\$ 260,862,023</u>
<u>Changes for the Year -</u>	
Service cost	\$ 9,271,559
Interest	9,439,461
Differences between expected and actual experience	(4,795,354)
Changes in assumptions or other inputs	11,048,982
Benefit payments	<u>(6,964,311)</u>
Net Changes	<u>\$ 18,000,337</u>
Balance at June 30, 2024	<u><u>\$ 278,862,360</u></u>

Changes to Assumptions and Other Inputs

- Increased the discount rate from 3.54% to 3.65%. The discount rates are inputs taken from the rate for a 20-year high-quality tax-exempt municipal bond index as of each measurement date.
- Updated the mortality tables to the sex-distinct and job category-specific headcount weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis. This assumption was based on review of published mortality tables and the demographics of the plan.
- Updated the TRS turnover/retirement rates with the tables from the NYSTRS Office of the Actuary dated October 19, 2021 and the ERS turnover/retirement rates with the NYSERS Office of Actuary rates from their report dated August 2020.

(XII.) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>(2.65%)</u>	<u>(3.65%)</u>	<u>(4.65%)</u>
Total OPEB Liability	\$ 330,212,853	\$ 278,862,360	\$ 238,313,753

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	<u>(5.80%</u>	<u>(6.80%</u>	<u>(7.80%</u>
	<u>Decreasing</u>	<u>Decreasing</u>	<u>Decreasing</u>
	<u>to 3.14%</u>	<u>to 4.14%</u>	<u>to 5.14%</u>
Total OPEB Liability	\$ 234,517,599	\$ 278,862,360	\$ 336,892,013

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$6,678,199. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 34,228,764
Changes of assumptions	26,004,214	14,721,093
Contributions after measurement date	7,853,735	-
Total	<u>\$ 33,857,949</u>	<u>\$ 48,949,857</u>

(XII.) (Continued)

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

<u>Year</u>	
2025	\$ (2,047,577)
2026	(6,701,279)
2027	(12,123,110)
2028	(2,355,186)
2029	281,509
Total	<u><u>\$ (22,945,643)</u></u>

XIII. Risk Management

A. General Information

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

B. Self-Funded Medical Plan

The District participates in a self-funded medical plan administered by AETNA. The Plan is referred to as a premium credit plan. The District pays actual claim expenses and administrative charges. The District also, has stop-loss insurance coverage on specific claims in excess of \$300,000.

Liabilities are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

The incurred but not reported claims (IBNR's) are fully funded and reported in the General Fund as part of the accrued liabilities balances at June 30, 2024.

A reconciliation of the claims recorded for 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Beginning liabilities	\$ 1,323,291	\$ 1,213,207
Incurred claims	22,128,402	15,144,494
Claims payments	(19,571,964)	(15,034,410)
Ending Liabilities	<u><u>\$ 3,879,729</u></u>	<u><u>\$ 1,323,291</u></u>

(XIII.) (Continued)

The following statistical information is presented:

<u>Year</u>	<u>Contribution Revenue</u>	<u>Actual Claim Expense</u>
2024	\$ 22,128,402	\$ 19,571,964
2023	\$ 15,144,494	\$ 15,034,410
2022	\$ 13,347,865	\$ 13,161,366
2021	\$ 14,272,337	\$ 14,211,212
2020	\$ 16,934,037	\$ 17,152,837
2019	\$ 11,323,248	\$ 11,262,305
2018	\$ 11,722,388	\$ 11,723,670
2017	\$ 12,523,082	\$ 12,566,710
2016	\$ 9,112,055	\$ 9,254,985
2015	\$ 10,332,190	\$ 10,072,620

Contribution revenues consist of the expenditures charged to the funds plus the employee's payroll withholding plus the retiree's contribution. There are additional revenues which offset the claim expense such as rebates and refunds which are not included in contribution revenues.

The Plan has funded the incurred but not yet reported claims liability. The funding of this liability indicates that the plan's self-funded insurance program is fully funded.

C. Workers' Compensation

The District has elected to self-fund for workers' compensation claims in the 2023-23 fiscal year. As of June 30, 2024 there are no open claims. In addition, the District purchases stop-loss insurance to cover individual claims over \$500,000.

Liabilities of the Plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for considering the effects of inflation, recent claim settlement trends including frequency and amount of payout, and other economic and social factors. Changes in the balances of claims liabilities related to workers' compensation for the current and prior fiscal years are as follows:

	<u>2024</u>	<u>2023</u>
Beginning liabilities	\$ 299,423	\$ 154,138
Incurred claims	202,506	421,756
Claims payments	<u>(238,417)</u>	<u>(276,471)</u>
Ending Liabilities	<u>\$ 263,512</u>	<u>\$ 299,423</u>

(XIII.) (Continued)

The following statistical information is presented:

<u>Year</u>	<u>Contribution</u> <u>Revenue</u>	<u>Actual Claim</u> <u>Expense</u>
2024	\$ 202,506	\$ 238,417
2023	\$ 421,756	\$ 276,471
2022	\$ 293,028	\$ 240,892
2021	\$ 274,470	\$ 322,465
2020	\$ 222,470	\$ 284,421
2019	\$ 243,670	\$ 221,547
2018	\$ 232,153	\$ 175,893
2017	\$ 167,572	\$ 177,544

The District does maintain a workers' compensation reserve totaling \$4,938,009.

D. Dental Coverage

The District self-insures for dental coverage for its non-instructional employees. The District uses a third-party administrator who is responsible for processing claims and estimating liabilities. The District does not carry excess insurance coverage relative to this Plan. The District records expenditures as claims are presented for payment. The annual maximum benefit per employee and dependent is \$1,500 per year. Liabilities are reported when it is probable that a loss has occurred, and the amount of loss can be reasonably estimated. The expenditures of this program totaled \$498,806 for the 2023-24 fiscal year. At year end the District is not aware of any loss contingencies or incurred but not reported claims.

E. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2023-24 fiscal year totaled \$26,812. The balance of the fund at June 30, 2024 was \$7,890,968 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2024, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XIV. Commitments and Contingencies

A. Litigation

The District has one pending civil claim which is believed to be covered by insurance and several tax certiorari claims filed as of the date of this report in which the District has established a tax certiorari reserve to help offset any potential liability.

(XIV.) (Continued)

B. Grants

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

XV. Tax Abatement

The County of Oswego IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result, the District property tax revenue was reduced \$28,927,632. The District received payment in lieu of tax (PILOT) payment totaling \$25,299,367 to help offset the property tax reduction. The Constellation Nuclear and Sitle Energies represent \$23,251,885 and \$3,349,520, respectively of the total abated tax and \$20,892,500 and \$3,555,698, respectively of the PILOT payments.

XVI. Subsequent Event

On July 18, 2024, the District borrowed a construction Bond Anticipation Note in the amount of \$22,660,000 at an interest rate of 4.50%.

Required Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of Changes in District's Total OPEB Liability and Related Ratio
For The Year Ended June 30, 2024

TOTAL OPEB LIABILITY							
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 9,271,559	\$ 11,856,575	\$ 10,749,715	\$ 7,747,532	\$ 6,597,898	\$ 7,535,004	\$ 11,038,711
Interest	9,439,461	5,965,503	7,212,168	8,892,509	9,889,694	9,321,250	9,425,013
Changes in benefit terms	-	-	-	(179,187)	(454,016)	(821,409)	(15,098,360)
Differences between expected and actual experiences	(4,795,354)	-	(57,706,051)	-	(15,196,329)	-	9,233,530
Changes of assumptions or other inputs	11,048,982	(20,585,740)	(1,592,162)	60,746,616	4,110,745	(11,302,626)	(76,175,877)
Benefit payments	(6,964,311)	(6,559,140)	(8,143,077)	(7,734,747)	(7,412,425)	(6,929,745)	(6,466,146)
Net Change in Total OPEB Liability	\$ 18,000,337	\$ (9,322,802)	\$ (49,479,407)	\$ 69,472,723	\$ (2,464,433)	\$ (2,197,526)	\$ (68,043,129)
Total OPEB Liability - Beginning	\$ 260,862,023	\$ 270,184,825	\$ 319,664,232	\$ 250,191,509	\$ 252,655,942	\$ 254,853,468	\$ 322,896,597
Total OPEB Liability - Ending	\$ 278,862,360	\$ 260,862,023	\$ 270,184,825	\$ 319,664,232	\$ 250,191,509	\$ 252,655,942	\$ 254,853,468
Covered Employee Payroll	\$ 48,667,265	\$ 46,331,210	\$ 40,617,312	\$ 39,494,680	\$ 39,513,332	\$ 37,135,900	\$ 32,947,562
Total OPEB Liability as a Percentage of Covered Employee Payroll	573.00%	563.04%	665.20%	809.39%	633.18%	680.35%	773.51%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
For The Year Ended June 30, 2024

NYSERS Pension Plan										
	<u>2024</u>	<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>
Proportion of the net pension liability (assets)	0.0257%	0.0243%	0.0226%	0.0236%	0.023247%	0.022742%	0.023079%	0.025089%	0.027176%	0.027666%
Proportionate share of the net pension liability (assets)	\$ 3,779,720	\$ 5,214,427	\$ (1,847,696)	\$ 23,460	\$ 6,155,911	\$ 1,611,341	\$ 744,871	\$ 2,357,408	\$ 4,361,882	\$ 934,624
Covered-employee payroll	\$ 8,617,575	\$ 8,142,430	\$ 7,516,372	\$ 7,896,945	\$ 7,425,885	\$ 7,114,966	\$ 6,901,264	\$ 7,576,412	\$ 7,591,556	\$ 7,966,217
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	43.861%	64.040%	-24.582%	0.297%	82.898%	22.647%	10.793%	31.115%	57.457%	11.732%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
NYSTRS Pension Plan										
	<u>2024</u>	<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>
Proportion of the net pension liability (assets)	0.2020%	0.2029%	0.1876%	0.1827%	0.178793%	0.172153%	0.167682%	0.187688%	0.197922%	0.191938%
Proportionate share of the net pension liability (assets)	\$ 2,310,430	\$ 3,894,027	\$ (32,507,957)	\$ 5,047,849	\$ (4,645,051)	\$ 3,112,972	\$ (1,274,547)	\$ 2,010,214	\$ (20,557,757)	\$ (21,380,687)
Covered-employee payroll	\$ 38,137,264	\$ 35,816,162	\$ 35,944,092	\$ 32,044,085	\$ 31,356,569	\$ 30,327,464	\$ 28,576,655	\$ 27,050,459	\$ 28,962,100	\$ 30,217,447
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	6.058%	10.872%	-90.440%	15.753%	-14.814%	10.265%	-4.460%	7.431%	-70.982%	-70.756%
Plan fiduciary net position as a percentage of the total pension liability	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

(See accompanying notes to financial statements)

Required Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
For The Year Ended June 30, 2024

NYSERS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,038,189	\$ 890,786	\$ 1,163,521	\$ 1,116,650	\$ 1,063,084	\$ 1,032,640	\$ 1,117,639	\$ 1,157,543	\$ 1,296,816	\$ 1,607,339
Contributions in relation to the contractually required contribution	(1,038,189)	(890,786)	(1,163,521)	(1,116,650)	(1,063,084)	(1,032,640)	(1,117,639)	(1,157,543)	(1,296,816)	(1,607,339)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 8,617,575	\$ 8,142,430	\$ 7,516,372	\$ 7,896,945	\$ 7,425,885	\$ 7,114,966	\$ 6,901,264	\$ 7,576,412	\$ 7,591,556	\$ 7,966,217
Contributions as a percentage of covered-employee payroll	12.05%	10.94%	15.48%	14.14%	14.32%	14.51%	16.19%	15.28%	17.08%	20.18%
NYSTRS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 4,311,901	\$ 4,382,435	\$ 4,069,869	\$ 4,069,869	\$ 3,092,010	\$ 3,498,692	\$ 3,075,297	\$ 3,343,060	\$ 4,099,961	\$ 5,545,606
Contributions in relation to the contractually required contribution	(4,311,901)	(4,382,435)	(4,069,869)	(4,069,869)	(3,092,010)	(3,498,692)	(3,075,297)	(3,343,060)	(4,099,961)	(5,545,606)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 38,137,264	\$ 35,816,162	\$ 35,944,092	\$ 32,044,085	\$ 31,356,569	\$ 30,327,464	\$ 28,576,655	\$ 27,050,459	\$ 28,962,100	\$ 30,217,447
Contributions as a percentage of covered-employee payroll	11.31%	12.24%	11.32%	12.70%	9.86%	11.54%	10.76%	12.36%	14.16%	18.35%

(See accompanying notes to financial statements)

Required Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Revenues</u>	<u>Over (Under) Revised Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 27,027,338	\$ 24,074,811	\$ 23,629,167	\$ (445,644)
Real property tax items	25,374,378	28,326,905	28,359,666	32,761
Charges for services	-	-	76,298	76,298
Use of money and property	28,000	28,000	644,141	616,141
Sale of property and compensation for loss	20,000	20,000	207,781	187,781
Miscellaneous	1,076,000	5,528,044	6,290,079	762,035
Interfund revenues	40,000	40,000	10,772	(29,228)
State Sources -				
Basic formula	44,558,766	44,479,724	42,974,431	(1,505,293)
Lottery aid	-	-	8,256,760	8,256,760
BOCES	4,300,000	4,300,000	5,116,290	816,290
Textbooks	211,564	211,564	213,661	2,097
All Other Aid -				
Computer software	124,083	124,083	77,532	(46,551)
Library loan	22,694	22,694	70,085	47,391
Other aid	50,000	50,000	-	(50,000)
Federal Sources	<u>300,000</u>	<u>300,000</u>	<u>447,616</u>	<u>147,616</u>
TOTAL REVENUES	<u>\$ 103,132,823</u>	<u>\$ 107,505,825</u>	<u>\$ 116,374,279</u>	<u>\$ 8,868,454</u>
Other Sources -				
Transfer - in	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 750,822</u>	<u>\$ 550,822</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 103,332,823</u>	<u>\$ 107,705,825</u>	<u>\$ 117,125,101</u>	<u>\$ 9,419,276</u>
Appropriated fund balance	<u>\$ -</u>	<u>\$ 3,208,152</u>		
Prior year encumbrances	<u>\$ 419,888</u>	<u>\$ 419,888</u>		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u><u>\$ 103,752,711</u></u>	<u><u>\$ 111,333,865</u></u>		

(See accompanying notes to financial statements)

Required Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2024

	Original	Amended	Current		Unencumbered
	<u>Budget</u>	<u>Budget</u>	Year's	<u>Encumbrances</u>	<u>Balances</u>
			<u>Expenditures</u>		
EXPENDITURES					
General Support -					
Board of education	\$ 35,660	\$ 23,373	\$ 23,032	\$ 316	\$ 25
Central administration	534,230	477,197	477,193	-	4
Finance	1,004,364	931,116	910,832	20,260	24
Staff	616,353	546,715	544,167	2,533	15
Central services	7,493,674	7,316,784	6,888,409	428,263	112
Special items	2,616,881	2,398,612	2,398,595	-	17
Instructional -					
Instruction, administration and improvement	3,905,065	3,437,364	3,397,372	39,889	103
Teaching - regular school	24,338,213	24,553,093	24,490,637	26,067	36,389
Programs for children with handicapping conditions	11,309,372	10,658,436	10,608,023	50,401	12
Occupational education	1,817,120	1,817,120	1,817,120	-	-
Teaching - special schools	2,470,895	2,349,497	2,349,497	-	-
Instructional media	2,858,228	2,350,862	2,348,818	2,014	30
Pupil services	3,982,671	3,838,039	3,835,400	2,631	8
Pupil Transportation	3,806,055	3,772,878	3,760,806	12,050	22
Employee Benefits	26,605,294	36,481,658	34,329,729	-	2,151,929
Debt service - principal	7,233,000	7,285,496	7,285,469	-	27
Debt service - interest	2,975,636	2,536,152	2,536,152	-	-
TOTAL EXPENDITURES	<u>\$ 103,602,711</u>	<u>\$ 110,774,392</u>	<u>\$ 108,001,251</u>	<u>\$ 584,424</u>	<u>\$ 2,188,717</u>
Other Uses -					
Transfers - out	\$ 150,000	\$ 559,473	\$ 559,473	\$ -	\$ -
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 103,752,711</u>	<u>\$ 111,333,865</u>	<u>\$ 108,560,724</u>	<u>\$ 584,424</u>	<u>\$ 2,188,717</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 8,564,377		
FUND BALANCE, BEGINNING OF YEAR	<u>31,809,722</u>	<u>31,809,722</u>	<u>31,809,722</u>		
FUND BALANCE, END OF YEAR	<u>\$ 31,809,722</u>	<u>\$ 31,809,722</u>	<u>\$ 40,374,099</u>		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Schedule of Change From Adopted Budget To Final Budget
And The Real Property Tax Limit
For The Year Ended June 30, 2024

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget		\$ 103,332,823
Prior year's encumbrances		419,888
Original Budget		\$ 103,752,711
Budget revisions -		
Health Insurance Claims		6,977,572
Emergency Health Center Project		498,000
School Resource Officer/Miscellaneous		105,582
FINAL BUDGET		\$ 111,333,865

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2024-25 voter approved expenditure budget		\$ 112,153,995
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$ 584,424	
Unassigned fund balance	4,486,160	
Total Unrestricted fund balance	\$ 5,070,584	
<u>Less adjustments:</u>		
Encumbrances included in assigned fund balance	\$ 584,424	
Total adjustments	\$ 584,424	
General fund fund balance subject to Section 1318 of		
Real Property Tax Law		4,486,160
ACTUAL PERCENTAGE		4.00%

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
For The Year Ended June 30, 2024

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>			<u>Fund Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Obligations</u>	<u>Local Sources</u>	<u>Total</u>	
HCIP 18-19	\$ 63,100,000	\$ 63,100,000	\$ 36,593,613	\$ 9,509,446	\$ 46,103,059	\$ 16,996,941	\$ 22,665,000	\$ 5,900,000	\$ 28,565,000	\$ (17,538,059)
2022-23 Bus Purchase	1,303,000	1,303,000	1,301,157	-	1,301,157	1,843	1,303,000	-	1,303,000	1,843
2023-24 Bus Purchases	1,400,000	1,400,000	-	158,208	158,208	1,241,792	1,400,000	-	1,400,000	1,241,792
2023-24 Energy Project	5,000,000	5,000,000	-	212,499	212,499	4,787,501	-	-	-	(212,499)
SSBA	934,182	934,182	-	65,520	65,520	868,662	-	-	-	(65,520)
School Based Health	-	-	-	44,533	44,533	(44,533)	-	498,000	498,000	453,467
TOTAL	\$ 71,737,182	\$ 71,737,182	\$ 37,894,770	\$ 9,990,206	\$ 47,884,976	\$ 23,852,206	\$ 25,368,000	\$ 6,398,000	\$ 31,766,000	\$ (16,118,976)

(See accompanying notes to financial statements)

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund	Debt Service Fund	
ASSETS					
Cash and cash equivalents	\$ 1,978,116	\$ 1,922,110	\$ 349,464	\$ 2,069,990	\$ 6,319,680
Receivables	4,304,404	455,046	-	-	4,759,450
Inventories	-	69,211	-	-	69,211
Due from other funds	405,919	114,389	-	2,711,295	3,231,603
TOTAL ASSETS	\$ 6,688,439	\$ 2,560,756	\$ 349,464	\$ 4,781,285	\$ 14,379,944
LIABILITIES AND FUND BALANCES					
<u>Liabilities -</u>					
Accounts payable	\$ 12,731	\$ 109,611	\$ -	\$ -	\$ 122,342
Accrued liabilities	-	27,007	-	-	27,007
Due to other funds	6,635,972	1,434,451	-	-	8,070,423
Due to other governments	-	135	-	-	135
Compensated Absences	-	613	-	-	613
Unearned revenue	40,396	18,748	-	-	59,144
TOTAL LIABILITIES	\$ 6,689,099	\$ 1,590,565	\$ -	\$ -	\$ 8,279,664
<u>Fund Balances -</u>					
Nonspendable	\$ -	\$ 69,211	\$ -	\$ -	\$ 69,211
Restricted	-	-	349,464	4,781,285	5,130,749
Assigned	-	900,980	-	-	900,980
Unassigned	(660)	-	-	-	(660)
TOTAL FUND BALANCE	\$ (660)	\$ 970,191	\$ 349,464	\$ 4,781,285	\$ 6,100,280
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,688,439	\$ 2,560,756	\$ 349,464	\$ 4,781,285	\$ 14,379,944

(See accompanying notes to financial statements)

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2024

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund		
REVENUES					
Use of money and property	\$ -	\$ -	\$ -	\$ 67,196	\$ 67,196
Miscellaneous	-	39,371	19,755	-	59,126
State sources	815,340	364,253	-	-	1,179,593
Federal sources	6,866,945	2,136,900	-	-	9,003,845
Sales	-	102,344	-	-	102,344
TOTAL REVENUES	\$ 7,682,285	\$ 2,642,868	\$ 19,755	\$ 67,196	\$ 10,412,104
EXPENDITURES					
General support	\$ -	\$ -	\$ -	\$ 313,776	\$ 313,776
Instruction	6,053,952	-	-	-	6,053,952
Pupil transportation	29,350	-	-	-	29,350
Employee benefits	1,026,677	273,176	-	-	1,299,853
Cost of sales	-	1,169,892	-	-	1,169,892
Other expenses	-	863,167	19,315	-	882,482
TOTAL EXPENDITURES	\$ 7,109,979	\$ 2,306,235	\$ 19,315	\$ 313,776	\$ 9,749,305
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 572,306	\$ 336,633	\$ 440	\$ (246,580)	\$ 662,799
OTHER FINANCING SOURCES (USES)					
Transfers - in	\$ 61,473	\$ -	\$ -	\$ -	\$ 61,473
Transfers - out	(633,779)	(117,043)	-	-	(750,822)
Premium on obligations issued	-	-	-	2,883,547	2,883,547
TOTAL OTHER FINANCING SOURCES (USES)	\$ (572,306)	\$ (117,043)	\$ -	\$ 2,883,547	\$ 2,194,198
NET CHANGE IN FUND BALANCE	\$ -	\$ 219,590	\$ 440	\$ 2,636,967	\$ 2,856,997
FUND BALANCE, BEGINNING OF YEAR	(660)	750,601	349,024	2,144,318	3,243,283
FUND BALANCE, END OF YEAR	\$ (660)	\$ 970,191	\$ 349,464	\$ 4,781,285	\$ 6,100,280

(See accompanying notes to financial statements)

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets/Right to Use Assets
For The Year Ended June 30, 2024

Capital assets/right to use assets, net		\$ 118,202,445
Add:		
Unspent bond proceeds	<u>\$ 1,243,635</u>	1,243,635
Deduct:		
Bond payable	\$ 36,705,000	
Unamortized bond premium	2,438,776	
Lease liability	64,439	
Assets purchased with short-term financing	17,816,078	
Retainage payable	<u>324,385</u>	
		<u>57,348,678</u>
Net Investment in Capital Assets/ Right to Use Assets		<u><u>\$ 62,097,402</u></u>

Supplementary Information
OSWEGO CITY SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2024

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Agency Number</u>	<u>Total Expenditures</u>
<u>U.S. Department of Education:</u>			
<u>Passed Through NYS Education Department -</u>			
<u>Special Education Cluster IDEA -</u>			
Special Education - Grants to States (IDEA, Part B)	84.027	0032-24-0715	\$ 1,143,385
Special Education - Preschool Grants (IDEA, Preschool)	84.173	0033-24-0715	32,175
Special Education - Grants to States (IDEA, Part B)-COVID-19	84.027X	5532-22-0715	33,513
Special Education - Preschool Grants (IDEA, Preschool)-COVID-19	84.173X	5533-22-0715	20
<i>Total Special Education Cluster IDEA</i>			\$ 1,209,093
<u>Education Stabilization Fund -</u>			
CRRSA - ESSER2-COVID-19	84.425D	5891-21-2355	\$ 1,096,766
ARPA - ESSER3-COVID-19	84.425U	5880-21-2355	2,796,029
<i>Total Education Stabilization Fund</i>			\$ 3,892,795
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-23-2355	72,045
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-24-2355	140,896
Title IV - SSAE Allocation	84.424	0204-23-2355	685
Title IV - SSAE Allocation	84.424	0204-24-2355	82,235
Title V - Rural & Low Income Schools	84.358	0006-24-2355	16,842
Education of Homeless Children & Youth	84.196	0212-23-3020	16,488
Education of Homeless Children & Youth	84.196	0212-24-3020	79,531
Title I - School Improvements	84.010	0011-23-2156	20,963
Title I - Grants to Local Educational Agencies	84.010	0021-23-2355	79,062
Title I - Grants to Local Educational Agencies	84.010	0021-24-2355	1,256,310
Total U.S. Department of Education			\$ 6,866,945
<u>U.S. Department of Agriculture:</u>			
<u>Passed Through NYS Education Department (Child Nutrition Services) -</u>			
<u>Child Nutrition Cluster -</u>			
National School Lunch Program	10.555	461300010000	\$ 1,417,057
Supply Chain Assistance-COVID-19	10.555	461300010000	103,661
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	461300010000	132,330
Summer Food Service Program	10.559	461300010000	26,819
National School Breakfast Program	10.553	461300010000	457,033
<i>Total Child Nutrition Cluster</i>			\$ 2,136,900
Total U.S. Department of Agriculture			\$ 2,136,900
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 9,003,845



BUSINESS
ADVISORS
AND CPAS

**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***

Independent Auditors' Report

To the Board of Education
Oswego City School District, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oswego City School District as of and for the year ended June 30, 2024, 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, 2024.

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 have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 2, 2024