

**NIAGARA FALLS CITY**  
**SCHOOL DISTRICT, NEW YORK**  
*Basic Financial Statements, Required Supplementary  
Information, Supplementary Information and Federal  
Awards Information for the Year Ended  
June 30, 2022 and Independent Auditors' Reports*



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**Year Ended June 30, 2022**

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*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

The Board of Education  
Niagara Falls City School District, New York:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Niagara Falls City School District, New York (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Other Matter***

As discussed in Note 2 to the financial statements, during the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

District management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other



knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Drescher & Malecki LLP*

October 20, 2022



**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

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As management of the Niagara Falls City School District, New York (the "District"), we offer readers of the District's financial statements this narrative overview of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements and notes to the financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

**Financial Highlights**

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at June 30, 2022 by \$97,395,814 (*net position*). This consists of \$37,954,354 net investment in capital assets, \$27,816,466 restricted for specific purposes and unrestricted net position of \$(163,166,634).
- The District's net position increased by \$21,550,461 during the year ended June 30, 2022.
- At the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$39,096,048, an increase of \$35,065,339 in comparison with the prior year's fund balance of \$4,030,709 primarily due to the issuance of serial bonds. Approximately 16.9 percent of this amount, or \$6,595,831, is available for spending at the District's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$6,595,831, or approximately 4.4 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the District's discretion and constitutes approximately 17.6 percent of the General Fund's total fund balance of \$37,506,379 at June 30, 2022.
- The District's total bonded indebtedness increased by \$15,300,000 as a result of serial bonds issued of \$24,330,000, partially offset by scheduled principal payments of \$9,030,000.

**Overview of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-47 of this report.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District’s net pension liability/(asset), changes in the District’s total other postemployment benefits (“OPEB”) obligation, and the District’s budgetary comparison for the General Fund. Required Supplementary Information and the related notes to the required supplementary information can be found on pages 48-55 of this report.

Supplementary information is presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 56-58 of this report.

The Federal Awards Information section presents the District’s Schedule of Expenditures of Federal Awards. This section can be found on pages 59-69 of this report.

## Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$97,395,814 at June 30, 2022, as compared to \$118,631,296, as restated, at the close of the fiscal year ended June 30, 2021.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

**Table 1—Condensed Statements of Net Position**

	June 30,	
	2022	2021 (as restated)
Current assets	\$ 53,153,972	\$ 46,786,858
Noncurrent assets	229,268,215	169,771,168
Total assets	<u>282,422,187</u>	<u>216,558,026</u>
Deferred outflows of resources	63,627,002	49,371,317
Current liabilities	11,945,048	41,786,352
Noncurrent liabilities	356,730,580	317,366,185
Total liabilities	<u>368,675,628</u>	<u>359,152,537</u>
Deferred inflows of resources	74,769,375	25,723,081
Net position:		
Net investment in capital assets	37,954,354	25,915,846
Restricted	27,816,466	20,334,780
Unrestricted	<u>(163,166,634)</u>	<u>(165,196,901)</u>
Total net position	<u>\$ (97,395,814)</u>	<u>\$ (118,946,275)</u>

The largest positive portion of the Districts’ net position, \$37,954,354, reflects its investments in capital assets (e.g. land, buildings, improvements, equipment, and right-to-use leased assets), net of accumulated depreciation/amortization and less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide a variety of services to students. Accordingly, these assets are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District’s net position, \$27,816,466, represents resources that are subject to external restrictions on how they may be used. Any remaining portion of the District’s net position would represent resources that are unrestricted and may be used to meet the District’s ongoing obligations to citizens and creditors.

The remaining balance of the District's net position, \$(163,166,634), is considered to be an unrestricted deficit. This deficit does not mean that the District does not have resources available to meet its obligations in the ensuing year. Rather, it reflects liabilities not related to the District's capital assets and are not expected to be repaid from current resources. These long-term liabilities, including compensated absences, and other postemployment benefits ("OPEB") obligations are funded annually within the funds.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2022 and June 30, 2021.

**Table 2—Condensed Statements of Changes in Net Position**

	Year Ended June 30,	
	2022	2021
Program revenues:		
Charges for services	\$ 546,953	\$ 237,448
Operating grants and contributions	36,327,955	21,777,445
Capital grants and contributions	1,614,318	951,419
General revenues	<u>157,136,431</u>	<u>144,346,131</u>
Total revenues	<u>195,625,657</u>	<u>167,312,443</u>
Program expenses	<u>174,075,196</u>	<u>161,069,438</u>
Change in net position	21,550,461	6,243,005
Net position—beginning, as restated	(118,946,275)	(127,114,229)
Restatement	-	1,924,949
Net position—ending	<u>\$ (97,395,814)</u>	<u>\$ (118,946,275)</u>

The District experienced a significant increase in state aid during the current year, coupled with a one-time increase from the settlement of casino revenues. As a result, overall revenues increased 16.9 percent from the prior year. Total expenses increased 8.1 percent from the prior year ended June 30, 2021, primarily attributed to increases in allocable employee benefits, mainly affecting the instruction function.

A summary of sources of revenues for the years ended June 30, 2022 and June 30, 2021 is presented below in Table 3:

**Table 3—Summary of Sources of Revenues**

	Year Ended June 30,		Increase/(Decrease)	
	2022	2021	Dollars	Percent (%)
Charges for services	\$ 546,953	\$ 237,448	\$ 309,505	130.3
Operating grants and contributions	36,327,955	21,777,445	14,550,510	66.8
Capital grants and contributions	1,614,318	951,419	662,899	69.7
Real property taxes and other tax items	29,869,356	29,457,140	412,216	1.4
Use of money and property	190,362	173,033	17,329	10.0
Other items	5,968,093	4,278,944	1,689,149	39.5
State sources—unrestricted	<u>121,108,620</u>	<u>110,437,014</u>	<u>10,671,606</u>	9.7
Total revenues	<u>\$ 195,625,657</u>	<u>\$ 167,312,443</u>	<u>\$ 28,313,214</u>	16.9

The most significant sources of revenues for the year ended June 30, 2022 are unrestricted state sources of \$121,108,620, or 61.9 percent of total revenues, operating grants and contributions of \$36,327,955, or 18.6 percent of total revenues, and real property taxes and other tax items taxes of \$29,869,356, or 14.1 percent of total revenues. Similarly, for the year ended June 30, 2021, the largest sources of revenues

were unrestricted state sources of \$110,437,014, or 66.0 percent of total revenues, real property taxes and other tax items taxes of \$29,457,140, or 17.6 percent of total revenues, and operating grants and contributions of \$21,777,445, or 13.0 percent of total revenues.

A summary of program expenses for the years ended June 30, 2022 and June 30, 2021 is presented below in Table 4:

**Table 4—Summary of Program Expenses**

	Year Ended June 30,		Increase/(Decrease)	
	2022	2021	Dollars	Percent (%)
General support	\$ 23,903,031	\$ 21,381,646	\$ 2,521,385	11.8
Instruction	132,071,446	121,813,172	10,258,274	8.4
Pupil transportation	8,949,499	8,597,949	351,550	4.1
School food service	4,717,718	4,823,292	(105,574)	(2.2)
Student activities	169,527	220,362	(50,835)	(23.1)
Interest and other fiscal charges	4,263,975	4,233,017	30,958	0.7
Total program expenses	<u>\$ 174,075,196</u>	<u>\$ 161,069,438</u>	<u>\$ 13,005,758</u>	8.1

The District's most significant expense items for the year ended June 30, 2022 were instruction of \$132,071,446, or 75.9 percent of total expenses, general support of \$23,903,031, or 13.7 percent of total expenses, and pupil transportation of \$8,949,499, or 5.1 percent of total expenses. Similarly, for the year ended June 30, 2021, the most significant expense items were instruction of \$121,813,172, or 75.7 percent of total expenses, general support of \$21,381,646, or 13.3 percent of total expenses, and pupil transportation of \$8,597,949, or 5.3 percent of total expenses.

### Financial Analysis of Governmental Funds

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

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

At June 30, 2022, the District's governmental funds reported combined ending fund balances of \$39,096,048, an increase of \$35,065,339 from the prior year fund balance of \$4,030,709. The increase was largely as a result of the \$24,330,000 issuance of serial bonds. Approximately 16.9 percent, \$6,595,831, constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is: (1) not in spendable form, \$2,902,905, (2) restricted for particular purposes, \$27,993,240, or (3) assigned for particular purposes, \$1,604,072.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,595,831, while the total fund balance increased to \$37,506,379. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 4.4 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 25.2 percent of that same amount.

The total fund balance of the District's General Fund increased by \$9,484,411 during the current fiscal year. During the annual budget process, the District anticipated utilizing \$20,610 of unrestricted fund balance for the appropriation of prior year's encumbrances. Additionally, the District planned on using \$541,000 of restricted fund balance. As a result of spending less than anticipated, the District's fund balance ended \$10,046,021 higher than anticipated.

The Special Aid Fund maintains funds that are received by the State and Federal governments. Total revenues were \$31,145,930 and comprised of state, federal and local sources. Expenditures totaled \$31,374,290 and were used toward the instruction and transportation of students. The difference between revenues and expenditures was subsidized by a transfer from the General Fund.

The School Lunch Fund fund balance is \$1,321,604 as of June 30, 2022, of which \$91,134 represents inventory and is considered nonspendable. The District may use the remaining portion, \$1,230,470, for ongoing school lunch operations and to continue to update the school lunch facilities and equipment.

The Student Activities Fund reports a fund balance of \$91,291 at June 30, 2022, an increase of \$3,059 from the prior year. This total fund balance amount is classified as restricted fund balance for the future payment of extraclassroom and other activities on behalf of the students.

### **General Fund Budgetary Highlights**

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

A summary of revisions from adopted budget to final budget is presented below in Table 5:

**Table 5—General Fund Budget**

Adopted budget, 2021-2022		\$ 153,148,179
Add: Encumbrances		<u>20,610</u>
Original budget, 2021-2022		153,168,789
Budget revisions:		
Gifts and donations	\$ 8,500	
Issuance of lease	654,014	
Insurance recoveries	<u>327,232</u>	<u>989,746</u>
Final budget, 2021-2022		<u>\$ 154,158,535</u>

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

### **Capital Assets and Debt Administration**

**Capital assets**—The District's investment in capital assets for its governmental activities as of June 30, 2022, amounted to \$171,631,440 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and right-to-use leased assets. All depreciable capital assets were depreciated/amortized from acquisition date to the end of the current year, as outlined in the District's capital asset policy.



Capital assets, net of depreciation/amortization for the governmental activities at June 30, 2022 and June 30, 2021 are presented below in Table 6.

**Table 6—Summary of Capital Assets (Net of Accumulated Depreciation)**

	June 30,	
	2022	2021 (as restated)
Land	\$ 1,607,204	\$ 1,607,204
Construction in progress	1,529,440	27,927,681
Land improvements	381,195	413,929
Buildings and improvements	159,083,642	134,778,109
Furniture and equipment	1,427,150	1,368,716
Vehicles	423,059	525,544
Right-to-use leased assets	7,179,750	3,149,985
Total	<u>\$ 171,631,440</u>	<u>\$ 169,771,168</u>

Additional information on the District's capital assets can be found in Note 5 to the financial statements.

**Long-term liabilities**—At June 30, 2022, the District had long term liabilities outstanding of \$356,730,580, as compared to \$317,366,185 in the prior year. Of the total long-term liabilities outstanding at June 30, 2022, \$99,860,000 represents serial bonds issued by the District.

A summary of the District's long-term liabilities at June 30, 2022 and June 30, 2021 is presented in Table 7, as follows:

**Table 7—Summary of Long-Term Liabilities**

	June 30,	
	2022	2021 (as restated)
Serial bonds	\$ 99,860,000	\$ 84,560,000
Premium on serial bonds	10,467,734	7,983,438
Certificates of participation	23,040,000	26,880,000
Lease liabilities	1,710,146	1,626,730
Due to retirement systems	-	1,058,622
Compensated absences	10,005,048	10,185,289
Workers' compensation	6,717,263	7,875,000
Net pension liability	-	8,841,870
OPEB obligation	204,930,389	168,355,236
Total	<u>\$ 356,730,580</u>	<u>\$ 317,366,185</u>

Additional information on the District's long-term debt can be found in Note 12 to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate, not seasonally adjusted, for the region at June 30, 2022 was 3.6 percent. This compares to New York State's average unemployment rate of 4.4 percent. These factors, as well as others, are considered in preparing the District's budget.

During the current fiscal year, the District appropriated the use of \$555,000 of restricted fund balance for spending in the District's 2022-2023 fiscal year budget. The 2022-2023 adopted budget appropriations total of \$164,895,787 is an approximate increase of 7.7 percent as compared to \$153,148,179 in 2021-2022. The District's total budgeted tax levy in 2022-2023 is \$25,742,836 and represents a 0.7 percent increase from the prior year.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed Mark Laurie, Superintendent, Niagara Falls City School District, 630 66<sup>th</sup> Street, Niagara Falls, New York 14304.

## BASIC FINANCIAL STATEMENTS



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**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Primary Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,637,925
Restricted cash and cash equivalents	28,909,502
Taxes receivable	2,665,549
Receivables (net of allowances)	211,174
Intergovernmental receivables	13,826,917
Inventories	91,134
Prepaid items	2,811,771
Noncurrent net pension asset	57,636,775
Capital assets not being depreciated	3,136,644
Capital assets, net of accumulated depreciation	168,494,796
Total assets	<u>282,422,187</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows—relating to pensions	37,692,800
Deferred outflows—relating to OPEB	24,719,028
Deferred charge on refunding	1,215,174
Total deferred outflows of resources	<u>63,627,002</u>
<b>LIABILITIES</b>	
Accounts payable	2,153,946
Retainage payable	68,190
Accrued liabilities	2,095,581
Intergovernmental payables	152,060
Due to retirement systems	6,567,855
Unearned revenue	907,416
Noncurrent liabilities:	
Due within one year	17,086,507
Due within more than one year	339,644,073
Total liabilities	<u>368,675,628</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows—relating to pensions	71,109,842
Deferred inflows—relating to OPEB	3,659,533
Total deferred inflows of resources	<u>74,769,375</u>
<b>NET POSITION</b>	
Net investment in capital assets	37,954,354
Restricted for:	
Workers' compensation	3,615,034
Retirement contributions	12,174,232
Employee benefits	7,346,525
Debt service	4,589,384
Student activities	91,291
Unrestricted	(163,166,634)
Total net position	<u>\$ (97,395,814)</u>

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

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Statement of Activities**  
**Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Governmental activities:					
General support	\$ 23,903,031	\$ -	\$ -	\$ 1,614,318	\$ (22,288,713)
Instruction	132,071,446	120,980	31,799,191	-	(100,151,275)
Pupil transportation	8,949,499	-	-	-	(8,949,499)
School food service	4,717,718	253,387	4,528,764	-	64,433
Student activities	169,527	172,586	-	-	3,059
Interest and other fiscal charges	4,263,975	-	-	-	(4,263,975)
Total primary government	<u>\$ 174,075,196</u>	<u>\$ 546,953</u>	<u>\$ 36,327,955</u>	<u>\$ 1,614,318</u>	<u>(135,585,970)</u>
General revenues:					
					27,664,786
					2,204,570
					190,362
					336,957
					5,631,136
					121,108,620
					<u>157,136,431</u>
					21,550,461
					(118,946,275)
					<u>\$ (97,395,814)</u>

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

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Balance Sheet—Governmental Funds**  
**June 30, 2022**

		<b>Special Revenue</b>				<b>Total</b>
	<b>General</b>	<b>Special Aid</b>	<b>School Lunch</b>	<b>Student Activities</b>	<b>Capital Projects</b>	<b>Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,078,522	\$ -	\$ 559,403	\$ -	\$ -	\$ 4,637,925
Restricted cash and cash equivalents	28,632,591	-	-	91,291	185,620	28,909,502
Taxes receivable	2,665,549	-	-	-	-	2,665,549
Receivables (net of allowances)	211,174	-	-	-	-	211,174
Intergovernmental receivables	6,086,692	5,389,799	829,832	-	1,520,594	13,826,917
Due from other funds	6,511,574	-	-	-	-	6,511,574
Inventories	-	-	91,134	-	-	91,134
Prepaid items	2,811,771	-	-	-	-	2,811,771
Total assets	<u>\$ 50,997,873</u>	<u>\$ 5,389,799</u>	<u>\$ 1,480,369</u>	<u>\$ 91,291</u>	<u>\$ 1,706,214</u>	<u>\$ 59,665,546</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,968,994	\$ 170,195	\$ 5,910	\$ -	\$ 8,847	\$ 2,153,946
Accrued liabilities	1,494,265	118,887	111,184	-	-	1,724,336
Due to other funds	-	4,990,981	-	-	1,520,593	6,511,574
Intergovernmental payables	41,664	109,736	660	-	-	152,060
Due to retirement systems	6,526,844	-	41,011	-	-	6,567,855
Unearned revenue	907,416	-	-	-	-	907,416
Total liabilities	<u>10,939,183</u>	<u>5,389,799</u>	<u>158,765</u>	<u>-</u>	<u>1,529,440</u>	<u>18,017,187</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues—property taxes	<u>2,552,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,552,311</u>
Total deferred inflows of resources	<u>2,552,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,552,311</u>
<b>FUND BALANCES</b>						
Nonspendable	2,811,771	-	91,134	-	-	2,902,905
Restricted	27,725,175	-	-	91,291	176,774	27,993,240
Assigned	373,602	-	1,230,470	-	-	1,604,072
Unassigned	6,595,831	-	-	-	-	6,595,831
Total fund balances	<u>37,506,379</u>	<u>-</u>	<u>1,321,604</u>	<u>91,291</u>	<u>176,774</u>	<u>39,096,048</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50,997,873</u>	<u>\$ 5,389,799</u>	<u>\$ 1,480,369</u>	<u>\$ 91,291</u>	<u>\$ 1,706,214</u>	<u>\$ 59,665,546</u>

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



**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Reconciliation of the Balance Sheet—Governmental Funds**  
**to the Government-wide Statement of Net Position**  
**June 30, 2022**

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

Total fund balances—governmental funds (page 14)		\$ 39,096,048
Net pension assets are not financial resources and, therefore, are not reported in the funds.		57,636,775
Property taxes are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.		2,552,311
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$282,201,258 and the accumulated depreciation/amortization is \$110,569,818.		171,631,440
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows relating to employer contributions	\$ 6,111,309	
Deferred outflows relating to experience, change of assumptions and investment earnings	31,581,491	
Deferred inflows of resources relating to pension plans	<u>(71,109,842)</u>	(33,417,042)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows relating to employer contributions	\$ 1,498,982	
Deferred outflows related to changes of assumptions	23,220,046	
Deferred inflows related to experience	<u>(3,659,533)</u>	21,059,495
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the refunded debt should be reported as a deferred charge and recognized as a component of interest expense over either the lesser of the life of the debt issuance or the bonds refunded for the government-wide statements.		1,215,174
Net accrued interest expense for serial bonds is not reported in the fund statements.		(371,245)
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(68,190)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$ (99,860,000)	
Premiums on serial bonds	(10,467,734)	
Certificates of participation	(23,040,000)	
Lease liabilities	(1,710,146)	
Compensated absences	(10,005,048)	
Workers' compensation	(6,717,263)	
OPEB obligation	<u>(204,930,389)</u>	(356,730,580)
Net position of governmental activities		<u>\$ (97,395,814)</u>

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

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds**  
**Year Ended June 30, 2022**

		Special Revenue				Total
	General	Special Aid	School Lunch	Student Activities	Capital Projects	Governmental Funds
<b>REVENUES</b>						
Real property taxes and other tax items	\$ 27,562,826	\$ -	\$ -	\$ -	\$ -	\$ 27,562,826
Non-property tax items	2,204,570	-	-	-	-	2,204,570
Charges for services	120,980	-	-	-	-	120,980
Use of money and property	189,702	-	-	-	660	190,362
Sale of property and compensation for loss	336,957	-	-	-	-	336,957
Miscellaneous	5,608,844	22,292	-	-	-	5,631,136
State sources	121,108,620	6,482,553	251,581	-	1,614,318	129,457,072
Federal sources	675,553	24,641,085	4,277,183	-	-	29,593,821
Sales - food service	-	-	253,387	-	-	253,387
Student activity collections	-	-	-	172,586	-	172,586
Total revenues	<u>157,808,052</u>	<u>31,145,930</u>	<u>4,782,151</u>	<u>172,586</u>	<u>1,614,978</u>	<u>195,523,697</u>
<b>EXPENDITURES</b>						
Current:						
General support	17,624,239	622,973	-	-	-	18,247,212
Instruction	68,632,038	29,193,720	-	-	-	97,825,758
Pupil transportation	7,939,219	259,022	-	-	-	8,198,241
Employee benefits	35,326,795	1,298,575	689,975	-	-	37,315,345
Debt service:						
Principal	13,440,598	-	-	-	-	13,440,598
Interest and other fiscal charges	5,601,716	-	-	-	-	5,601,716
Cost of sales (school lunch)	-	-	3,517,667	-	-	3,517,667
Student activities	-	-	-	169,527	-	169,527
Capital outlay	184,690	-	-	-	4,674,163	4,858,853
Total expenditures	<u>148,749,295</u>	<u>31,374,290</u>	<u>4,207,642</u>	<u>169,527</u>	<u>4,674,163</u>	<u>189,174,917</u>
Excess (deficiency) of revenues over expenditures	<u>9,058,757</u>	<u>(228,360)</u>	<u>574,509</u>	<u>3,059</u>	<u>(3,059,185)</u>	<u>6,348,780</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	228,360	-	-	78,024	306,384
Transfers out	(228,360)	-	(78,024)	-	-	(306,384)
Issuance of lease	654,014	-	-	-	-	654,014
Premium on serial bonds	-	-	-	-	3,732,545	3,732,545
Serial bonds issued	-	-	-	-	24,330,000	24,330,000
Total other financing sources (uses)	<u>425,654</u>	<u>228,360</u>	<u>(78,024)</u>	<u>-</u>	<u>28,140,569</u>	<u>28,716,559</u>
Net change in fund balances	9,484,411	-	496,485	3,059	25,081,384	35,065,339
Fund balances (deficit)—beginning	<u>28,021,968</u>	<u>-</u>	<u>825,119</u>	<u>88,232</u>	<u>(24,904,610)</u>	<u>4,030,709</u>
Fund balances—ending	<u>\$ 37,506,379</u>	<u>\$ -</u>	<u>\$ 1,321,604</u>	<u>\$ 91,291</u>	<u>\$ 176,774</u>	<u>\$ 39,096,048</u>

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

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances—Governmental Funds to the Government-wide Statement of Activities**  
**Year Ended June 30, 2022**

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

Net change in fund balances (deficit)—total governmental funds (page 16)		\$ 35,065,339
Governmental funds recognize real property taxes only if collected within 60 days after the end of the fiscal year; however, the government-wide statements recognize revenue on a full accrual basis.		101,960
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded loss on disposals and depreciation/amortization expense in the current period.		
Capital asset additions	\$ 10,460,032	
Loss on disposal of assets	(24,226)	
Depreciation/amortization expense	<u>(8,575,534)</u>	1,860,272
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:		
District pension contributions	\$ 7,789,826	
Employee contributions net of benefits earned	<u>2,359,523</u>	10,149,349
Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization.		21,801,513
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge on the government-wide statements and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		(262,826)
In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.		352,318
Governmental funds report retained percentages expenditures on construction contracts when such retained percentage is paid. However, in the statement of activities, retained percentages on construction contracts is reported as an expense as it accrues.		786,343
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:		
Serial bonds issued	\$ (24,330,000)	
Repayment of serial bonds	9,030,000	
Premium on serial bonds issued	(3,732,545)	
Amortization of bond premiums	1,248,249	
Repayment of certificates of participation	3,840,000	
Issuance of lease	(654,014)	
Repayment of lease liabilities	570,598	
Payment of noncurrent due to retirement systems	961,080	
Change in compensated absences	180,241	
Change in OPEB obligation	<u>(36,575,153)</u>	<u>(48,303,807)</u>
Change in net position of governmental activities		<u><u>\$ 21,550,461</u></u>

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

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Statement of Fiduciary Net Position—Private Purpose Trust Fund**  
**June 30, 2022**

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	<b>Private Purpose Trust</b>
<b>ASSETS</b>	
Restricted cash and cash equivalents	\$ 141,504
Receivables	<u>1,000</u>
Total assets	<u>142,504</u>
<b>NET POSITION</b>	
Restricted for scholarships	<u>\$ 142,504</u>

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

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Statement of Changes in Fiduciary Net Position—Private Purpose Trust Fund**  
**Year Ended June 30, 2022**

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	<b>Private Purpose Trust</b>
<b>ADDITIONS</b>	
Interest income	\$ 20
Contributions	<u>500</u>
Total additions	<u>520</u>
<b>DEDUCTIONS</b>	
Scholarships awarded	<u>5,000</u>
Total deductions	<u>5,000</u>
Change in fiduciary net position	(4,480)
Net position—beginning	<u>146,984</u>
Net position—ending	<u><u>\$ 142,504</u></u>

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

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**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Description of Government-wide Financial Statements***

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

***Reporting Entity***

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

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

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

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

***Joint Venture***—The District is one of 13 participating school districts in the Orleans-Niagara Board of Cooperative Education Services (“BOCES”). Formed under Section 1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES. All BOCES property is held by the BOCES Board as a corporation under Section 1950(6) of Education Law.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of General Municipal Law.

The BOCES budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES. As of June 30, 2022, there was no debt issued by the District on behalf of BOCES.

During the fiscal year ended June 30, 2022, the District was billed \$18,498,475 for BOCES administrative and program costs and recognized \$4,535,203 of BOCES aid from New York State and \$781,458 in revenue as a refund from prior years' expenditures paid to BOCES. Audited financial statements are available from the Orleans-Niagara BOCES administrative offices.

### ***Basis of Presentation – Government-wide Financial Statements***

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

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

### ***Basis of Presentation – Fund Financial Statements***

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

The District reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the District and includes all operations not required to be recorded in other funds. The principal sources of revenue for the General Fund are real property taxes and state sources.
- *Special Aid Fund*—The Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with federal and state grants.
- *School Lunch Fund*—The School Lunch Fund is used to account for transactions of the District's food service operations.



- *Student Activities Fund*—The Student Activities Fund is used to account for extraclassroom transactions, which represents funds of the student clubs and activities of the District. The District exercises administrative involvement with these funds.
- *Capital Projects Fund*—The Capital Project Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

Additionally, the District reports the following fund type:

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

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

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

### ***Measurement Focus and Basis of Accounting***

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

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

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

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

***Cash, Cash Equivalents and Investments***—The District’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. New York State law governs the District’s investment policies. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. The District had no investments at June 30, 2022; however, when the District does have investments they are recorded at fair value in accordance with GASB.

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

***Receivables***—Receivables are shown net of an allowance for uncollectible accounts, when applicable. At June 30, 2022, the District recorded allowances of \$44,318 within the General Fund.

***Inventories***—Inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

***Prepaid Items***—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

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

Land and construction in progress are not depreciated. The other buildings and equipment are depreciated/amortized using the straight-line method over the following estimated useful lives:

	Capitalization Threshold	Estimated Useful Life (Years)
Land improvements	\$ 5,000	20
Buildings and improvements	5,000	20-50
Furniture and equipment	5,000	5-20
Vehicles	5,000	5
Right-to-use leased assets	5,000	3-5

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

**Unearned Revenue**—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At June 30, 2022, the District reported unearned revenues of \$231,416 that are received under a capital projects agreement with the New York Power Authority Greenway Commission. These funds will be recognized as revenues when they are expended according to the agreement. Additionally, the District reported \$676,000 of 2022-2023 funding that was received prior to June 30, 2022, of which \$675,000 was related to the host community funding from the New York Power Authority, \$1,000 was a gift deferred to the subsequent fiscal year.

**Deferred Outflows/Inflows of Resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2022, the District has three items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the District's proportion of the collective net pension liability, and the difference during the measurement period between the District's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the District's proportion of the collective total OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability. The third item is a deferred charge on refunding which the District reports within its governmental activities. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2022, the District reports three items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension liability and the difference during the measurement periods between the District's contributions, and its proportionate share of total contributions to the

pension systems not included in pension expense. The second item represents the effects of the change in the District's proportion of the collective total OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability. Additionally, the District reported unavailable revenue on the balance sheet for governmental funds in the amount of \$2,552,311, which represents taxes that the District does not expect to receive within 60 days of year-end.

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

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

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

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

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

### ***Revenues and Expenses/Expenditures***

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

**Property Taxes**—Real property taxes are levied annually by the Board of Education no later than September 1<sup>st</sup>, and become a lien as of July 1<sup>st</sup>. The city and county 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 of Niagara Falls, New York 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 revenue. Otherwise, deferred inflows of resources offset real property taxes receivable.

**Miscellaneous Revenues**—Amounts reported as miscellaneous revenues within the General Fund include various refunds from prior year expenditures, New York Power Authority host community funds, casino revenues, and New York Power Authority Greenway Commission capital project reimbursements.

**Compensated Absences**—The District labor agreements and District rules and regulations provide for sick leave, vacations, and other miscellaneous paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

**Pension Plans**—The District is mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

**Other Postemployment Benefits**—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees as disclosed in Note 8.

#### **Other**

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

**Adoption of New Accounting Pronouncements**—During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*; No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 91, *Conduit Debt Obligations*; and No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR, which replaces the acronym for comprehensive annual financial report. Other than the matter discussed in Note 2, the implementation of GASB Statements No. 87, 89, 91, and 98 did not have a material impact on the District's financial position or results from operations.

**Future Impacts of Accounting Pronouncements**—The District has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*, effective for the year ending June 30, 2023, and the remainder of No. 99, *Omnibus 2022*; and No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the year ending June 30, 2024, and No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. The District is, therefore, unable to disclose the impact that adopting GASB Statements No. 94, 96, 99, 100, and 101 will have on its financial position and results of operations when such statements are adopted.

## 2. RESTATEMENT OF NET POSITION

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. As a result of the implementation, the District's capital assets and long-term liabilities were restated as of June 30, 2021. Accordingly, net position has been restated from \$(120,871,224) to \$(118,946,275).

## 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash and cash equivalents reported by the District at June 30, 2022, as presented below:

	Governmental Funds	Fiduciary Funds	Total
Deposits	<u>\$33,547,427</u>	<u>\$ 141,504</u>	<u>\$33,688,931</u>

**Deposits**—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2022 as follows:

	Bank Balance	Carrying Balance
FDIC insured	\$ 750,000	\$ 750,000
Uninsured:		
Collateral held by pledging bank's agent in the District's name	<u>40,685,511</u>	<u>32,938,931</u>
Total	<u>\$41,435,511</u>	<u>\$33,688,931</u>

**Custodial Credit Risk—Deposits**—Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2022, the District's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the District's name.

**Restricted Cash and Cash Equivalents**—The District reports unspent proceeds of debt, amounts to support restricted fund balances, unearned revenues, and amounts held on behalf of others as restricted cash and cash equivalents. At June 30, 2022, the District reported \$28,909,502 and \$141,504 of restricted cash within its governmental and fiduciary funds, respectively.

**Investments**—The District had no investments at June 30, 2022.

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

#### 4. RECEIVABLES

Major revenues accrued by the District at June 30, 2022 consisted of the following:

**Receivables**—Primarily represents amounts due from various sources for payment in lieu of taxes (“PILOT”) agreements, retiree health insurance, out-of-district health services, and other services provided. The District reported \$255,492 of receivables in the General Fund, net of allowances for uncollectible accounts of \$44,318. In addition, taxes receivable represents amounts due from District taxpayers that remain unpaid. At June 30, 2022, that amount was \$2,665,549. Additionally, \$1,000 of scholarships have been awarded within the Private Purpose Trust Fund.

**Intergovernmental Receivables**—Represents amounts due from other units of government, such as Federal, New York State and other local governments. Intergovernmental receivables at June 30, 2022 are presented as follows:

General Fund:

New York State—Excess cost aid	\$ 2,668,970	
New York State—BOCES aid	3,301,668	
New York State—Other	563	
Niagara County—Utility tax	114,395	
Federal	<u>1,096</u>	\$ 6,086,692

Special Aid Fund:

Federal—Title I	1,069,171	
Federal—Title IIA	26,094	
Federal—Title IV	85,864	
Federal—21st Century Grant	179,185	
Federal—Section 611 & 619 IDEA	960,910	
Federal—Head start	366,774	
Federal—ESF	1,336,205	
Federal—Other	74,916	
New York State—UPK	918,213	
New York State—Other	<u>372,467</u>	5,389,799

School Lunch Fund:

New York State—Child nutrition	66,796	
Federal—Child nutrition	<u>763,036</u>	829,832

Capital Projects Fund:

New York State—Smart Schools Bond Act	<u>1,520,594</u>	
Total governmental funds		<u>\$ 13,826,917</u>

## 5. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2022 was as follows:

	Balance 7/1/2021 (as restated)	Increases	Decreases	Balance 6/30/2022
Capital assets, not being depreciated/amortized:				
Land	\$ 1,607,204	\$ -	\$ -	\$ 1,607,204
Construction in progress	27,927,681	4,848,988	31,247,229	1,529,440
Total capital assets, not being depreciated/amortized	<u>29,534,885</u>	<u>4,848,988</u>	<u>31,247,229</u>	<u>3,136,644</u>
Capital assets, being depreciated/amortized:				
Land improvements	3,840,956	12,376	-	3,853,332
Buildings and improvements	226,802,232	31,365,767	-	258,167,999
Furniture and equipment	5,546,454	334,675	270,138	5,610,991
Vehicles	942,373	-	-	942,373
Right-to-use leased assets	5,344,464	5,145,455	-	10,489,919
Total capital assets, being depreciated/amortized	<u>242,476,479</u>	<u>36,858,273</u>	<u>270,138</u>	<u>279,064,614</u>
Less accumulated depreciation/amortization for:				
Land improvements	3,427,027	45,110	-	3,472,137
Buildings and improvements	92,024,123	7,060,234	-	99,084,357
Furniture and equipment	4,177,738	252,015	245,912	4,183,841
Vehicles	416,829	102,485	-	519,314
Right-to-use leased assets	2,194,479	1,115,690	-	3,310,169
Total accumulated depreciation/amortization	<u>102,240,196</u>	<u>8,575,534</u>	<u>245,912</u>	<u>110,569,818</u>
Total capital assets, being depreciated/amortized, net	<u>140,236,283</u>	<u>28,282,739</u>	<u>24,226</u>	<u>168,494,796</u>
Governmental activities capital assets, net	<u>\$ 169,771,168</u>	<u>\$ 33,131,727</u>	<u>\$ 31,271,455</u>	<u>\$ 171,631,440</u>

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

General support	\$ 249,588
Instruction	6,618,968
Pupil Transportation	<u>1,706,978</u>
Total	<u>\$ 8,575,534</u>

## 6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2022 were as follows:

	General Fund	Special Aid Fund	School Lunch Fund	Total Governmental Funds
Salaries and employee benefits	<u>\$ 1,494,265</u>	<u>\$ 118,887</u>	<u>\$ 111,184</u>	<u>\$ 1,724,336</u>



## 7. PENSION OBLIGATIONS

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

### *Plan Descriptions and Benefits Provided*

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

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

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3.0%) to three and one half percent (3.5%) percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

***Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***—At June 30, 2022, the District reported the asset presented below for its proportionate share of the net pension asset for each of the Systems. The net pension asset was measured as of June 30, 2021 for TRS and March 31, 2022 for ERS. The total pension asset used to calculate the net pension asset was determined by actuarial valuations as of June 30, 2020 and April 1, 2021, respectively, with update procedures used to rollforward the total pension asset to the measurement dates. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
Net pension asset	\$ (54,844,807)	\$ (2,791,968)
District's portion of the Plan's total net pension asset	0.316491%	0.034154%

For the year ended June 30, 2022, the District recognized pension expense of \$3,154,818 and \$488,490 for the TRS and ERS, respectively. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experiences	\$ 7,559,775	\$ 211,440	\$ 284,942	\$ 274,249
Changes of assumptions	18,039,603	4,659,481	3,194,548	78,624
Net difference between projected and actual earnings on pension plan investments	-	-	57,400,765	9,142,525
Changes in proportion and differences between the District's contributions and proportionate share of contributions	223,786	887,406	514,102	220,087
District contributions subsequent to the measurement date	5,758,439	352,870	-	-
Total	<u>\$ 31,581,603</u>	<u>\$ 6,111,197</u>	<u>\$ 61,394,357</u>	<u>\$ 9,715,485</u>

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

Year Ending June 30,	TRS	ERS
2023	\$(7,090,385)	\$ (420,718)
2024	(8,401,530)	(823,184)
2025	(10,594,919)	(2,243,762)
2026	(13,899,895)	(469,494)
2027	2,581,918	-
Thereafter	1,833,618	-

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

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
Actuarial valuation date	June 30, 2020	April 1, 2021
Interest rate	6.95%	5.90%
Salary scale	1.95% - 5.18%	4.40%
Decrement tables	July 1, 2015 - June 30, 2020	April 1, 2015 - March 31, 2020
Inflation rates	2.40%	2.70%
Cost-of-living adjustments	1.30%	1.40%

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

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

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

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

	1% Decrease (1.83%)	Current Discount Rate (2.83%)	1% Increase (3.83%)
Total OPEB liability	\$ 237,928,246	\$ 204,930,389	\$ 178,472,108

Additionally, healthcare costs can be subject to considerable volatility over time. The table presented below presents the effect on the total OPEB liability of a 1% change in the initial (5.20%)/ultimate (4.18%) healthcare cost trend rates.

	1% Decrease (4.20%/3.18%)	Health Healthcare Cost Trend Rates (5.20%/4.18%)	1% Increase (6.20%/5.18%)
Total OPEB liability	\$ 175,822,003	\$ 204,930,389	\$ 241,849,494

***Funding Policy***—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the District's Board of Education. Upon retirement, the District generally pays 100% of the cost of the medical plan in effect at the time of retirement until an employee reaches the age of 65. At 65, the District pays 100% of supplemental health coverage for life. An exception to the general benefit levels is those employees hired after July 1, 2006 under the *Niagara Falls School Systems Unit 7696, Local 872 of the Civil Service Employees Association, Inc. Local 1000, AFSCME, AFL-CIO* contract, who receive 80% of such benefit. District governmental activities contributed \$5,762,612 for the fiscal year ended June 30, 2022. The District's contributions to the OPEB plan are based on negotiated contracts with six bargaining units, as discussed in Note 15. Any amendments to the employer's contributions are subject to the collective bargaining agreements.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***—The District reports deferred outflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. The following table presents the District's deferred outflows of resources and deferred inflows of resources at June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,265,336	\$ 3,659,533
Changes of assumptions	10,954,710	-
Contributions subsequent to the measurement date	1,498,982	-
Total	<u>\$ 24,719,028</u>	<u>\$ 3,659,533</u>

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

	(Dollars in Thousands)	
	TRS	ERS
Valuation date	June 30, 2020	April 1, 2021
Employers' total pension liability	\$ 130,819,415	\$ 223,874,888
Plan fiduciary net position	148,148,457	232,049,473
Employers' net pension (asset)/liability	<u>\$ (17,329,042)</u>	<u>\$ (8,174,585)</u>
System fiduciary net position as a percentage of total pension liability/(asset)	113.2%	103.7%

***Payables to the Pension Plan***—For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 amounted to \$6,214,985. 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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$352,870.

## 8. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

***Plan Description and Benefits Provided***—The District participates in a single-employer other post-employment benefits ("OPEB") obligation plan which requires the District to pay a portion of eligible retirees' health insurance, depending on the type of health plan provided. Separate financial statements are not issued or available for the OPEB plan. Eligibility for post-employment benefits depends upon union group as follows: (1) *Niagara Falls Teachers* – employee must be 55 years of age and eligible to retire under NYSTRS, (2) *Niagara Falls School Systems Unit 7696, Local 872 of the Civil Service Employees Association, Inc. Local 1000, AFSCME, AFL-CIO* – employee must be 55 and have 20 years of service, (3) *Administrative and Supervisory Council of the Public Schools, Niagara Falls, New York* – employee must have 20 years of service with the District or 10 years of service as an administrator with the District, or (4) *Classified Administrators and Supervisors* – employee must be eligible to retire under either NYSTRS or NYSERS and have 20 years of service with the District.

***Employees Covered by Benefit Terms***—At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	992
Active employees	<u>747</u>
Total	<u>1,739</u>

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

### ***Total OPEB Liability***

The District's total OPEB liability of \$204,930,389 was measured as of June 30, 2021, and was determined by an actuarial valuation as of May 18, 2022.

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

In the May 18, 2022 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.27% to 2.83% effective June 30, 2022. The salary scale changed from 3.11% to 3.44% effective June 30, 2022. The retirement rate assumption for teachers changed to 50% assumed to retire at age 55, then normal New York State Teachers Retirement System rates thereafter. Previously, the New York State Teachers Retirement System rates were used for all ages. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 5.20%, while the ultimate healthcare cost trend rate is 4.18%.

Mortality rates were updated to Pub-2010 Public Retirement Plans Mortality Tables, headcount-weighted, distinct for teachers, general, and safety, without separate contingent survivor mortality, fully generational using scale MP-2021.

The actuarial assumptions used in the May 18, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2020 through June 30, 2021.

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	<u>\$ 168,355,236</u>
Changes for the year:	
Service cost	2,675,145
Interest	3,746,282
Changes of benefit terms	(276,004)
Differences between expected and actual experience	19,931,171
Changes in assumptions or other inputs	16,494,487
Benefit payments	<u>(5,995,928)</u>
Net changes	<u>36,575,153</u>
Balance at June 30, 2022	<u><u>\$ 204,930,389</u></u>

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

	1% Decrease (1.83%)	Current Discount Rate (2.83%)	1% Increase (3.83%)
Total OPEB liability	\$ 237,928,246	\$ 204,930,389	\$ 178,472,108

Additionally, healthcare costs can be subject to considerable volatility over time. The table presented below presents the effect on the total OPEB liability of a 1% change in the initial (5.20%)/ultimate (4.18%) healthcare cost trend rates.

	1% Decrease (4.20%/3.18%)	Health Healthcare Cost Trend Rates (5.20%/4.18%)	1% Increase (6.20%/5.18%)
Total OPEB liability	\$ 175,822,003	\$ 204,930,389	\$ 241,849,494

***Funding Policy***—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the District's Board of Education. Upon retirement, the District generally pays 100% of the cost of the medical plan in effect at the time of retirement until an employee reaches the age of 65. At 65, the District pays 100% of supplemental health coverage for life. An exception to the general benefit levels is those employees hired after July 1, 2006 under the *Niagara Falls School Systems Unit 7696, Local 872 of the Civil Service Employees Association, Inc. Local 1000, AFSCME, AFL-CIO* contract, who receive 80% of such benefit. District governmental activities contributed \$5,762,612 for the fiscal year ended June 30, 2022. The District's contributions to the OPEB plan are based on negotiated contracts with six bargaining units, as discussed in Note 15. Any amendments to the employer's contributions are subject to the collective bargaining agreements.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***—The District reports deferred outflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. The following table presents the District's deferred outflows of resources and deferred inflows of resources at June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,265,336	\$ 3,659,533
Changes of assumptions	10,954,710	-
Contributions subsequent to the measurement date	1,498,982	-
Total	<u>\$ 24,719,028</u>	<u>\$ 3,659,533</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending June 30,	
2023	\$ 11,154,591
2024	8,405,922

## 9. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past three fiscal years.

**Workers' Compensation Self-Insurance**—The District has chosen to establish a self-insured plan for risks associated with employee workers' compensation claims. The program administrator is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The District accounts for this activity in the General Fund.

Liabilities 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 claims that have been incurred but not reported ("IBNR"). Claim liabilities are calculated with consideration of the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other benefit costs. The District has a stop-loss insurance policy for claims exceeding \$750,000 per occurrence to reduce its exposure to larger claims.

Claims activity for the current year and the prior year are as follows:

Fiscal Year Ended	Beginning Balance	Claims Incurred and Adjustments	Claims Paid and Adjustments	Ending Balance
June 30, 2022	\$ 7,875,000	\$ 730,080	\$ 1,887,817	\$ 6,717,263
June 30, 2021	7,875,000	632,233	632,233	7,875,000

At June 30, 2022, the General Fund maintains restricted fund balance in the amount of \$3,615,034 for the purpose of funding the District's future claim liabilities.

## 10. LEASES

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

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



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

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

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

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

The District entered into long-term lease agreements as the lessee for the acquisition and use of equipment. With the implementation of GASB Statement No. 87, an initial lease liability was recorded in the amount of \$1,626,730 as of June 30, 2021. During the year ended June 30, 2022, the District entered into long-term lease agreements as the lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$654,014.

As of June 30, 2022, the total value of the lease liability was \$1,710,146. The District is required to make monthly principal and interest payments on the equipment ranging from \$487 to \$20,060. The leases have interest rates ranging from 1.55% to 2.96%. The value of the right-to-use lease assets as of the end of the current fiscal year was \$10,489,919 and had accumulated amortization of \$3,310,169. A portion of the right-to-use asset is prefunded and is not recorded as a lease liability at year-end.

The future principal and interest payments as of June 30, 2022, were as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 843,258	\$ 32,562	\$ 875,820
2024	489,494	16,449	505,943
2025	250,674	5,616	256,290
2026	126,720	1,336	128,056
	<u>\$ 1,710,146</u>	<u>\$ 55,963</u>	<u>\$ 1,766,109</u>

## 11. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. A summary of the District’s short-term debt for the fiscal year ended June 30, 2022 follows:

Description	Interest Rate	Maturity Date	Balance 7/1/2021	Issues	Redeemed	Balance 6/30/2022
Capital Projects Fund:						
Capital Project BAN	1.25%	7/9/2021	<u>\$ 29,000,000</u>	<u>\$ -</u>	<u>\$ 29,000,000</u>	<u>\$ -</u>
Total			<u>\$ 29,000,000</u>	<u>\$ -</u>	<u>\$ 29,000,000</u>	<u>\$ -</u>

## 12. LONG-TERM LIABILITIES

Long-term debt and other long-term obligations are reported as noncurrent liabilities in the government-wide financial statements.

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

The District's outstanding long-term liabilities include bonds payable, certificates of participation, lease liabilities, due to retirement systems, compensated absences, workers' compensation, net pension liability, and the other postemployment benefits ("OPEB") obligation. The bonds payable of the District are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the District's long-term liabilities for the year ended June 30, 2022 is presented below:

	Balance 7/1/2021 (as restated)	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Serial bonds	\$ 84,560,000	\$ 24,330,000	\$ 9,030,000	\$ 99,860,000	\$ 9,060,000
Premiums on serial bonds	7,983,438	3,732,545	1,248,249	10,467,734	1,248,249
Bonds payable	92,543,438	28,062,545	10,278,249	110,327,734	10,308,249
Certificates of participation	26,880,000	-	3,840,000	23,040,000	3,840,000
Lease liabilities	1,626,730	654,014	570,598	1,710,146	843,258
Due to retirement systems	1,058,622	-	1,058,622	-	-
Compensated absences	10,185,289	1,190,068	1,370,309	10,005,048	1,250,000
Workers' compensation	7,875,000	730,080	1,887,817	6,717,263	845,000
Net pension liability*	8,841,870	-	8,841,870	-	-
OPEB obligation	168,355,236	42,847,085	6,271,932	204,930,389	-
Total	<u>\$ 317,366,185</u>	<u>\$ 73,483,792</u>	<u>\$ 34,119,397</u>	<u>\$ 356,730,580</u>	<u>\$ 17,086,507</u>

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

**Serial Bonds**—The District issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 8 to 20 years.

Principal is paid annually, interest is paid semi-annually; these payments are recorded in the General Fund. A summary of additions and payments for the year ended June 30, 2022 is shown below:

Description	Original Issue	Interest Rate (%)	Year of Issue/ Maturity	Balance 7/1/2021	Additions	Payments	Balance 6/30/2022
Insured refunding bonds 2012	\$ 2,575,000	3.0	2012 / 2021	\$ 245,000	\$ -	\$ 245,000	\$ -
Refunding bonds 2014	25,150,000	2.0 - 5.0	2014 / 2035	19,800,000	-	990,000	18,810,000
Serial bonds 2016	55,505,000	2.0 - 5.0	2016 / 2030	37,230,000	-	3,865,000	33,365,000
Refunding bonds 2016	7,715,000	5.0	2016 / 2024	4,825,000	-	1,535,000	3,290,000
Serial bonds 2021	23,645,000	2.0 - 5.0	2021 / 2035	22,460,000	-	1,185,000	21,275,000
Serial bonds 2022	24,330,000	2.0 - 5.0	2022 / 2036	-	24,330,000	1,210,000	23,120,000
Total				<u>\$ 84,560,000</u>	<u>\$ 24,330,000</u>	<u>\$ 9,030,000</u>	<u>\$ 99,860,000</u>

**Premiums on Serial Bonds**—Previously, the District issued serial bonds and refunding serial bonds which received bond premiums. The premiums are being amortized on a straight-line basis over the life of the bonds. Total unamortized bond premiums at June 30, 2022 are \$10,467,734.

**Certificates of Participation**—In November 1997, the Board of Education consolidated its existing two high school facilities into one state of the art facility (the “Project”). To further this goal, in March 1998, the District leased a site for the Project from the City of Niagara Falls for a period of 99 years. This lease contemplates that the site will be used for the purpose of operating and conducting a school and such other uses as may from time to time be approved by the City of Niagara Falls.

In accordance with Chapter 562 of the laws of New York for 1996, as amended by Chapter 671 of the Laws of New York for 1997, the District has agreed to make lease payments under the Lease Purchase Agreement in connection with the Project. The District is responsible for maintenance and repair of the Project, for taxes, assessments and charges (if any), and for maintaining insurance respecting the Project. The obligation for the District to make payments under the lease purchase agreement is subject to, and dependent upon, the making of annual appropriations therefore by the District. The lease purchase agreement is subject to termination during any fiscal year of the District if the District does not appropriate funds sufficient for its continuation.

The District has agreed in the Lease Purchase Agreement to make semi-annual lease payments (the “lease payments” or “lease payment requirement”) which have been assigned to a trustee pursuant to an assignment agreement. The lease payments have been calculated to aggregate in the six-month period preceding each payment date to an amount equal to the interest and in the twelve-month period preceding each payment date to an amount equal to the principal due on certificates of participation on such payment date. Such certificates of participation were used to finance the project. Under the Lease Purchase Agreement, the District is required to make lease payments on June 15 and December 15 of each year. The District made its first lease payment on December 15, 1998 and has continued to make lease payments through June 15, 2028 in the amount and at the times due under the Lease Purchase Agreement. All lease payments are required to be made without any right of defense, offset, or counterclaim.

The District has been advised by the New York State Education Department that lease payments made in connection with the Project are eligible for State Building Aid at 83.1% of eligible lease payments. Under the terms of the lease, the District has instructed the New York State Comptroller’s office to forward all state aid payments to the designated depository, Chase Manhattan Bank, in accordance with the Depository Agreement dated July 23, 1998. These deposits of state aid will continue until such time as the required lease payments for the applicable fiscal year are satisfied.

During 2005, Refunding Certificates of Participation were issued to refund and defease all of the District's \$63,985,000 outstanding principal amount of the \$70,870,000 School District Certificates of Participation – Series 1998 and \$5,285,000 outstanding principal amount of the \$5,700,000 School District Certificates of Participation – Series 2000, pursuant to the District's refunding plan.

During the fiscal year ended June 30, 2015, the District issued \$50,775,000 in Refunding Certificates of Participation, to refund \$52,680,000 of outstanding principal of the previously issued 2005 Refunding Certificates of Participation. The District used the net proceeds of the Refunded Certificates of Participation (the "Certificates") to purchase non-callable securities which are guaranteed by the United States of America. The proceeds of the Certificates, after payment of certain costs of issuance and other costs related to the issuance of the Certificates, are deposited with the Trustee in the Redemption Account and invested in U.S. Government Securities which will be in amounts sufficient and timely to make payments when due of principal of, interest on, and redemption premiums payable with respect to, the prior Certificates. As a result, \$45,690,000 of principal of the 2005 Refunded Certificates of Participation is considered defeased, and the District has removed the liability associated with that principal from its accounts. The outstanding principal of the defeased bonds is \$45,690,000 at June 30, 2022.

***Lease Liabilities***—The District has entered into long-term leases for machinery and equipment. The outstanding balance at June 30, 2022 was \$1,710,146. Refer to Note 10 for additional information related to the District's leases.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, are presented below:

Year Ending June 30,	Lease Liabilities
2023	\$ 875,820
2024	505,943
2025	256,290
2026	128,056
Total minimum lease payments	1,766,109
Less: amounts representing imputed interest costs	55,963
Present value of minimum lease payments	<u>\$ 1,710,146</u>

***Due to Retirement Systems***—The District has previously chosen to amortize portions of its retirement bills in accordance with Chapter 57 of the Laws of 2010 of the State of New York. The District paid off its outstanding liability during the year ended June 30, 2022.

***Compensated Absences***—The District records the value of compensated absences in the government-wide financial statements. The liability for compensated absences consists of unpaid accumulated annual sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and other employees expected to become eligible in the future to receive such payments are included. The annual budgets of the operating funds provide for these benefits as they become due. The liability for compensated absences at June 30, 2022 amounts to \$10,005,048, of which \$1,250,000 has been included within the current portion of long-term debt.

**Workers' Compensation**—As explained in Note 9, the District is self-insured for risks associated with employee workers' compensation claims. The District's liability, as calculated by an independent third party administrator, is estimated to be \$6,717,263 as of June 30, 2022.

**OPEB Obligation**—As explained in Note 8, the District provides health insurance coverage for certain retirees. The District's annual postemployment benefit ("OPEB") cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The estimated long-term OPEB liability is \$204,930,389 at June 30, 2022.

A maturity schedule of the District's indebtedness is presented as follows:

Year Ending June 30,	Serial Bonds	Premiums on Serial Bonds	Certificates of Participation	Lease Liabilities	Compensated Absences	Workers' Compensation Liability	OPEB Obligation	Total
2023	\$ 9,060,000	\$ 1,248,249	\$ 3,840,000	\$ 843,258	\$ 1,250,000	\$ 845,000	\$ -	\$ 17,086,507
2024	9,400,000	1,239,112	3,840,000	489,494	-	-	-	14,968,606
2025	8,000,000	1,028,927	3,840,000	250,674	-	-	-	13,119,601
2026	8,285,000	1,028,927	3,840,000	126,720	-	-	-	13,280,647
2027	8,590,000	1,028,927	3,840,000	-	-	-	-	13,458,927
2028-2032	36,395,000	3,337,991	3,840,000	-	-	-	-	43,572,991
2033-2037	20,130,000	1,555,601	-	-	-	-	-	21,685,601
2038-thereafter	-	-	-	-	8,755,048	5,872,263	204,930,389	219,557,700
Total	<u>\$ 99,860,000</u>	<u>\$ 10,467,734</u>	<u>\$ 23,040,000</u>	<u>\$ 1,710,146</u>	<u>\$ 10,005,048</u>	<u>\$ 6,717,263</u>	<u>\$ 204,930,389</u>	<u>\$ 356,730,580</u>

Interest requirements on serial bonds payable, certificates of participation and lease liabilities are as follows:

Year Ending June 30,	Serial Bonds Payable	Certificates of Participation	Lease Liabilities
2023	\$ 3,596,912	\$ 1,092,450	\$ 32,562
2024	3,157,462	964,800	16,449
2025	2,698,362	772,800	5,616
2026	2,314,787	580,800	1,336
2027	2,050,928	388,800	-
2028-2032	5,999,728	355,200	-
2033-2037	1,350,550	-	-
Total	<u>\$ 21,168,729</u>	<u>\$ 4,154,850</u>	<u>\$ 55,963</u>

### 13. NET POSITION AND FUND BALANCE

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

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

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the District at June 30, 2022 includes:

- **Prepaid Items**—Representing the portion of fund balance, \$2,811,771, composed of prepaid items. This balance is nonspendable as the balance does not represent an available resource.
- **Inventories**—Representing the portion of fund balance, \$91,134, composed of inventory. This balance is nonspendable within the School Lunch Fund as the inventory does not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. Restricted fund balance maintained by the District at June 30, 2022 includes:

	General	Student Activities	Capital Projects	Total
Workers' compensation	\$ 3,615,034	\$ -	\$ -	\$ 3,615,034
Retirement contributions	12,174,232	-	-	12,174,232
Employee benefits	7,346,525	-	-	7,346,525
Debt service	4,589,384	-	-	4,589,384
Student activities	-	91,291	-	91,291
Capital projects	-	-	176,774	176,774
Total	<u>\$27,725,175</u>	<u>\$ 91,291</u>	<u>\$ 176,774</u>	<u>\$27,993,240</u>

- **Workers' Compensation**—According to General Municipal Law Section 6-j, this restriction must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of the fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

- **Retirement Contributions**—According to General Municipal Law Section 6-r, this restriction must be used to pay “retirement contributions,” which are defined as all or any portion of the amount payable to the ERS and TRS, pursuant to Sections 17 or 317 of the NYSSRL. The restriction may be established by Board resolution; there are no referendum requirements to create the funds or expend money from the funds. The Board may authorize the transfer of the moneys to a reserve fund established pursuant to Sections 6c-g of the GML or Section 3651 of Education Law.
- **Employee Benefits**—According to General Municipal Law Section 6-p, this restriction must be used for the payment of accrued employee benefit due an employee upon termination of the employee’s service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- **Debt Service**—According to General Municipal Law Section 6-l, the mandatory reserve for debt service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property and unspent debt proceeds and premiums.
- **Student Activities**—Amounts generated by the Extraclassroom Activities at the District which are restricted for use only within the Student Activities Fund for specified student activities.
- **Capital Projects**—Represents unspent proceeds to be used on capital projects or related debt.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the District’s highest level of decision-making authority. As of June 30, 2022, the District has no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the District at June 30, 2022 and include:

	General Fund	School Lunch Fund	Total
Subsequent year's expenditures	\$ 250,000	\$ -	\$ 250,000
Encumbrances	123,602	-	123,602
Specific use	-	1,230,470	1,230,470
Total	<u>\$ 373,602</u>	<u>\$1,230,470</u>	<u>\$ 1,604,072</u>

- **Assigned to Subsequent Year’s Expenditures**—Representing available fund balance being appropriated to meet expenditure requirements in the 2022-2023 fiscal year, \$250,000, at June 30, 2022.
- **Assigned to Encumbrances**—Represents amounts related to unperformed (executory) contracts for goods and services.
- **Assigned to Specific Use**—Representing fund balance within the special revenue funds that is assigned for a specific purpose. The assignments’ purpose relates to each fund’s operations and represent remaining amounts within funds that are not restricted or committed.

If the District must use funds for emergency expenditures, the Board of Education shall authorize the District Treasurer to expend funds first from funds classified under GASB as nonspendable (if funds

become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the District will use unassigned fund balance.

#### 14. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2022 is as follows:

	Interfund	
	Receivable	Payable
Governmental funds:		
General Fund	\$ 6,511,574	\$ -
Special Aid Fund	-	4,990,981
Capital Projects Fund	-	1,520,593
Total	<u>\$ 6,511,574</u>	<u>\$ 6,511,574</u>

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

The District made the following transfers during the year ended June 30, 2022:

Fund	Transfers Out		Total
	General Fund	School Lunch Fund	
Transfers in:			
Special Aid Fund	\$ 228,360	\$ -	\$ 228,360
Capital Projects Fund	-	78,024	78,024
Total	<u>\$ 228,360</u>	<u>\$ 78,024</u>	<u>\$ 306,384</u>

Transfers are used primarily to finance certain special aid programs and capital projects.

#### 15. LABOR CONTRACTS

District employees are represented by six bargaining units and Board of Education rules and regulations. Settled contracts are in place through June 30, 2024 for the Niagara Falls Teachers, the Substitute Teachers United, the Administrative and Supervisory Council, and the Classified Administrators and Supervisors, and through June 30, 2027 for the Teachers Associates Unit and the Civil Service Employees Association.

#### 16. COMMITMENTS

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



The District considers encumbrances to be significant for amounts that are encumbered in excess of \$20,000. As of June 30, 2022, the District reported the following significant encumbrances:

<u>Fund</u>	<u>Description</u>	<u>Amount Encumbered</u>
General Fund	Equipment	\$ 104,376

## 17. TAX ABATEMENTS

The District is subject to tax abatements granted by the City of Niagara Falls (the “City”) and the Niagara County Industrial Development Agency (“NCIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the City and NCIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the District, the abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the City and the NCIDA, the District collected \$1,177,741 during the fiscal year in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$2,481,077 in property taxes.

Further, the District received a Federal PILOT in the amount of \$198,179. These payments are sometimes made to local governments that help offset losses in property taxes due to non-taxable Federal lands within their boundaries. The original law governing such revenues is Public Law 94-565, dated October 20, 1976. This law was rewritten and amended by Public Law 97-258 on September 13, 1982 and codified at Chapter 69, Title 31 of the United States Code. The law recognizes the financial impact of the inability of local governments to collect property taxes on Federally-owned land.

## 18. CONTINGENCIES

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

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

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

## **19. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 20, 2022, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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## REQUIRED SUPPLEMENTARY INFORMATION



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

	<b>Year Ended June 30,</b>								
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
District's proportion of the net pension liability/(asset)	0.316491%	0.318645%	0.315715%	0.310156%	0.306283%	0.308655%	0.318202%	0.314369%	0.307988%
District's proportionate share of the net pension liability/(asset)	<u>\$ (54,844,807)</u>	<u>\$ 8,805,027</u>	<u>\$ (8,202,307)</u>	<u>\$ (5,608,445)</u>	<u>\$ (2,328,056)</u>	<u>\$ 3,305,819</u>	<u>\$ (33,051,016)</u>	<u>\$ (35,018,757)</u>	<u>\$ (2,027,343)</u>
District's covered payroll	\$ 57,883,416	\$ 56,759,576	\$ 54,932,036	\$ 52,387,024	\$ 50,444,602	\$ 49,209,251	\$ 48,910,292	\$ 47,945,029	\$ 46,411,743
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(96.6%)	15.5%	(14.9%)	(10.7%)	6.7%	6.7%	(67.6%)	(73.0%)	(4.3%)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%	100.7%

\*Information prior to the year ended June 30, 2014 is not available.

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Contributions—**  
**Teachers' Retirement System**  
**Last Nine Fiscal Years\***

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	Year Ended June 30,								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,758,439	\$ 5,119,385	\$ 4,791,858	\$ 5,596,531	\$ 5,688,395	\$ 6,315,539	\$ 8,379,027	\$ 7,546,047	\$ 5,341,449
Contribution in relation to the contractually required contribution	<u>(5,758,439)</u>	<u>(5,119,385)</u>	<u>(4,791,858)</u>	<u>(5,596,531)</u>	<u>(5,688,395)</u>	<u>(6,315,539)</u>	<u>(8,379,027)</u>	<u>(6,561,578)</u>	<u>(5,341,449)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 984,469</u>	<u>\$ -</u>
District's covered payroll	\$ 57,425,108	\$ 57,883,416	\$ 56,759,576	\$ 54,932,036	\$ 52,387,024	\$ 50,444,602	\$ 49,209,251	\$ 48,910,292	\$ 47,945,029
Contributions as a percentage of covered payroll	10.0%	8.8%	8.4%	10.2%	10.9%	12.5%	17.0%	15.4%	11.1%

\*Information prior to the year ended June 30, 2014 is not available.

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

	<b>Year Ended June 30,</b>								
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Measurement date	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
District's proportion of the net pension liability/(asset)	0.0341542%	0.037001%	0.035023%	0.034876%	0.035167%	0.035799%	0.038484%	0.038516%	0.038516%
District's proportionate share of the net pension liability/(asset)	<u>\$ (2,791,968)</u>	<u>\$ 36,843</u>	<u>\$ 9,274,370</u>	<u>\$ 2,471,041</u>	<u>\$ 1,135,007</u>	<u>\$ 3,363,713</u>	<u>\$ 6,176,720</u>	<u>\$ 1,301,172</u>	<u>\$ 1,740,494</u>
District's covered payroll	\$ 12,541,818	\$ 12,298,311	\$ 11,656,821	\$ 12,006,710	\$ 11,965,697	\$ 11,671,112	\$ 11,627,096	\$ 12,090,805	\$ 11,716,685
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(22.3%)	0.3%	79.6%	20.6%	9.5%	28.8%	53.1%	10.7%	14.8%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

\*Information prior to the year ended June 30, 2014 is not available.



**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Contributions—**  
**Employees' Retirement System**  
**Last Nine Fiscal Years\***

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	Year Ended June 30,								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,031,387	\$ 1,835,805	\$ 1,724,486	\$ 1,763,321	\$ 1,694,511	\$ 2,194,880	\$ 2,143,123	\$ 2,355,201	\$ 2,203,296
Contribution in relation to the contractually required contribution	<u>(2,031,387)</u>	<u>(1,835,805)</u>	<u>(1,724,486)</u>	<u>(1,763,321)</u>	<u>(1,694,511)</u>	<u>(2,194,880)</u>	<u>(1,737,017)</u>	<u>(1,602,413)</u>	<u>(1,456,600)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,106</u>	<u>\$ 752,788</u>	<u>\$ 746,696</u>
District's covered payroll	\$ 12,500,620	\$ 12,257,913	\$ 11,812,676	\$ 12,088,835	\$ 11,911,547	\$ 11,794,168	\$ 11,533,926	\$ 12,089,006	\$ 11,823,395
Contributions as a percentage of covered payroll	16.3%	15.0%	14.6%	14.6%	14.2%	18.6%	18.6%	19.5%	18.6%

\*Information prior to the year ended June 30, 2014 is not available.

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**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of Changes in the District's Total OPEB Liability and Related Ratios**  
**Last Five Fiscal Years\***

	Year Ended June 30,				
	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service cost	\$ 2,675,145	\$ 2,866,123	\$ 2,100,007	\$ 2,412,965	\$ 2,056,605
Interest	3,746,282	4,340,688	5,339,531	6,318,104	6,133,854
Differences between expected and actual experience	19,931,171	(14,115,343)	(4,006,045)	(12,689,188)	7,134,889
Changes in assumptions and other inputs	16,218,483	3,102,134	21,861,433	(9,764,120)	3,585,438
Benefit payments	<u>(5,995,928)</u>	<u>(6,252,203)</u>	<u>(5,762,612)</u>	<u>(5,667,628)</u>	<u>(5,555,580)</u>
Net changes in total OPEB liability	36,575,153	(10,058,601)	19,532,314	(19,389,867)	13,355,206
Total OPEB liability—beginning	<u>168,355,236</u>	<u>178,413,837</u>	<u>158,881,523</u>	<u>178,271,390</u>	<u>164,916,184</u>
Total OPEB liability—ending	<u>\$ 204,930,389</u>	<u>\$ 168,355,236</u>	<u>\$ 178,413,837</u>	<u>\$ 158,881,523</u>	<u>\$ 178,271,390</u>
<b>Plan Fiduciary Net Position</b>					
Contributions—employer	\$ 5,995,928	\$ 6,252,203	\$ 5,762,612	\$ 5,667,628	\$ 5,555,580
Benefit payments	<u>(5,995,928)</u>	<u>(6,252,203)</u>	<u>(5,762,612)</u>	<u>(5,667,628)</u>	<u>(5,555,580)</u>
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>District's net OPEB liability—ending</b>	<u>\$ 204,930,389</u>	<u>\$ 168,355,236</u>	<u>\$ 178,413,837</u>	<u>\$ 158,881,523</u>	<u>\$ 178,271,390</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	<u>\$ 57,286,948</u>	<u>\$ 55,474,395</u>	<u>\$ 54,316,908</u>	<u>\$ 54,127,724</u>	<u>\$ 54,127,724</u>
District's net OPEB liability as a percentage of covered-employee payroll	357.7%	303.5%	328.5%	293.5%	329.4%

\*Information prior to the year ended June 30, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget (Non-GAAP Basis) and Actual—General Fund**  
**Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Local sources:				
Real property taxes and other tax items	\$ 27,123,865	\$ 27,123,865	\$ 27,562,826	\$ 438,961
Non-property tax items	1,800,000	1,800,000	2,204,570	404,570
Charges for services	34,240	34,240	120,980	86,740
Use of money and property	183,192	183,192	189,702	6,510
Sale of property and compensation for loss	10,000	345,025	336,957	(8,068)
Miscellaneous	2,173,038	2,181,538	5,608,844	3,427,306
State sources:				
Basic formula	97,822,412	100,446,197	100,776,170	329,973
Lottery	17,262,779	14,679,676	14,679,677	1
BOCES	4,598,991	4,530,608	4,535,203	4,595
Textbooks	420,137	435,769	435,769	-
Computer software	236,923	247,419	247,419	-
Library loan program	41,602	43,175	43,175	-
Other State aid	300,000	300,000	391,207	91,207
Federal sources:				
Medicaid	600,000	600,000	562,523	(37,477)
Other	-	12,817	113,030	100,213
Total revenues	<u>152,607,179</u>	<u>152,963,521</u>	<u>157,808,052</u>	<u>4,844,531</u>
<b>OTHER FINANCING SOURCES</b>				
Issuance of lease	-	654,014	654,014	-
Appropriated reserves	<u>541,000</u>	<u>541,000</u>	<u>-</u>	<u>(541,000)</u>
Total other financing sources	<u>541,000</u>	<u>1,195,014</u>	<u>654,014</u>	<u>(541,000)</u>
Total revenues and other financing sources	<u>\$ 153,148,179</u>	<u>\$ 154,158,535</u>	<u>\$ 158,462,066</u>	<u>\$ 4,303,531</u>

(continued)

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget (Non-GAAP Basis) and Actual—General Fund**  
**Year Ended June 30, 2022**

(concluded)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Encumbrances</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>		
<b>EXPENDITURES</b>					
General support:					
Board of Education	\$ 191,021	\$ 269,534	\$ 244,356	\$ -	\$ 25,178
Central administration	460,919	246,649	231,140	-	15,509
Finance	1,293,597	1,212,567	1,157,091	-	55,476
Staff	1,192,006	1,108,610	1,057,794	-	50,816
Central services	12,021,921	14,495,470	13,319,047	123,602	1,052,821
Special items	1,555,897	1,638,172	1,614,811	-	23,361
Instruction:					
Instruction, administration and improvement	2,446,229	2,519,246	2,395,960	-	123,286
Teaching—regular school	32,397,255	31,746,478	30,783,605	-	962,873
Programs for pupils with handicapping conditions	21,736,265	21,940,242	21,688,075	-	252,167
Occupational education	2,242,017	2,253,533	2,242,017	-	11,516
Teaching—special schools	426,525	330,939	308,947	-	21,992
Instructional media	7,354,631	7,071,494	7,019,782	-	51,712
Pupil services	4,819,388	4,282,535	4,183,708	-	98,827
Pupil transportation	9,366,391	8,608,282	7,939,219	-	669,063
Community services	20,100	58,958	37,888	-	21,070
Employee benefits	36,865,318	36,819,817	35,326,795	-	1,493,022
Capital outlay	-	218,424	184,690	-	33,734
Debt service:					
Principal	13,472,499	13,570,301	13,570,301	-	-
Interest and other fiscal charges	5,056,810	5,444,069	5,444,069	-	-
Total expenditures/encumbrances	152,918,789	153,835,320	148,749,295	123,602	4,962,423
<b>OTHER FINANCING USES</b>					
Transfers out	250,000	323,215	228,360	-	94,855
Total expenditures/encumbrances and other financing uses	153,168,789	154,158,535	148,977,655	\$ 123,602	\$ 5,057,278
Net change in fund balance*	(20,610)	-	9,484,411		
Fund balance—beginning	28,021,968	28,021,968	28,021,968		
Fund balance—ending	\$ 28,001,358	\$ 28,021,968	\$ 37,506,379		

\* The net change in fund balances was included as a re-appropriation of prior year encumbrances.

The notes to the required supplementary information are an integral part of this schedule.

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

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**1. OPEB LIABILITY**

**Changes of Assumptions**—Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which changed from 2.27% to 2.83% effective June 30, 2022. The salary scale changed from 3.11% to 3.44% effective June 30, 2022. The retirement rate assumption for teachers changed to 50% assumed to retire at age 55, then normal New York State Teachers Retirement System rates thereafter. Previously, the New York State Teachers Retirement System rates were used for all ages. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 5.20%, while the ultimate healthcare cost trend rate is 4.18%.

**2. BUDGETARY INFORMATION**

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

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

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

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## SUPPLEMENTARY INFORMATION



**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of Change from Adopted Budget to Final Budget**  
**and the Real Property Tax Limit—General Fund**  
**For the Year Ended June 30, 2022**

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**Change from Adopted Budget to Final Budget**

Adopted budget, 2021-2022		\$ 153,148,179
Add: Prior year's encumbrances		<u>20,610</u>
Original budget, 2021-2022		153,168,789
Budget revisions:		
Gifts and donations	\$ 8,500	
Issuance of lease	654,014	
Insurance recoveries	<u>327,232</u>	<u>989,746</u>
Final budget, 2021-2022		<u><u>\$ 154,158,535</u></u>

**Section 1318 of Real Property Tax Law Limit Calculation**

2022-2023 Voter-approved expenditure budget	<u>\$ 164,895,787</u>	
Maximum allowed (4% of 2022-2023 budget)		<u><u>\$ 6,595,831</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	\$ 373,602	
Unassigned fund balance	<u>6,595,831</u>	
Total unrestricted fund balance		\$ 6,969,433
Less:		
Appropriated fund balance	\$ 250,000	
Encumbrances included in assigned fund balance	<u>123,602</u>	
Total adjustments		<u>373,602</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 6,595,831</u></u>
Actual percentage		4.00%

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

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of Capital Project Expenditures**  
**Year Ended June 30, 2022**

Project title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance
			Prior Year	Current Year	Total	
Stewardship Project - Phases 1 & 2:						
STWD PHSE 2 NFHS	\$ 6,093,312	\$ 3,911,169	\$ 3,539,448	\$ 281,554	\$ 3,821,002	\$ 90,167
STWD PHSE 2 GPS	3,128,413	1,033,245	930,669	77,972	1,008,641	24,604
STWD PHSE 2 LPS	2,817,662	1,308,055	1,146,079	161,976	1,308,055	-
STWD PHSE 2 ABATE	1,985,424	560,902	516,468	40,128	556,596	4,306
STWD PHSE 2 CATARACT	-	945,455	884,730	51,442	936,172	9,283
STWD PHSE 2 HP	5,340,013	6,407,607	6,080,070	295,136	6,375,206	32,401
STWD PHSE 2 KALFAS ROOF	-	715,668	49,267	631,677	680,944	34,724
STWD PHSE 2 MAPLE	4,483,915	5,906,129	5,355,244	550,885	5,906,129	-
STWD PHSE 2 79TH	7,940,360	5,572,265	4,898,413	668,304	5,566,717	5,548
STWD PHSE 2 MANN	4,014,768	4,091,112	3,800,906	290,206	4,091,112	-
ABATE FREEZER - HVAC	94,000	94,000	-	78,024	78,024	15,976
Smart Schools Bond Act:						
SSBA Architect NFHS	19,900	466,534	19,808	415,550	435,358	31,176
SSBA Architect GPS	19,900	212,494	19,826	178,968	198,794	13,700
SSBA Architect LPS	19,900	196,507	19,826	164,922	184,748	11,759
SSBA Architect Abate	19,900	101,598	19,826	73,394	93,220	8,378
SSBA Architect Cataract	19,900	60,787	19,826	36,226	56,052	4,735
SSBA Architect Hyde Park	19,900	53,691	19,826	27,313	47,139	6,552
SSBA Architect Kalfas	19,900	56,107	19,826	33,442	53,268	2,839
SSBA Architect Maple	19,900	67,123	19,826	44,897	64,723	2,400
SSBA Architect Niagara Street	19,900	59,071	19,826	32,994	52,820	6,251
SSBA Architect 79th	19,900	80,367	19,826	55,729	75,555	4,812
SSBA Architect Mann	19,900	85,677	19,826	61,533	81,359	4,318
SSBA Architect District-Wide	1,100	1,100	91	-	91	1,009
SSBA Equipment District-Wide	3,163,678	3,114,827	21,000	421,891	442,891	2,671,936
SSBA Equipment NFHS	1,207,010	1,207,010	-	-	-	1,207,010
Total	<u>\$ 39,281,545</u>	<u>\$ 36,308,500</u>	<u>\$ 27,440,457</u>	<u>\$ 4,674,163</u>	<u>\$ 32,114,620</u>	<u>\$ 4,193,880</u>

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Net Investment in Capital Assets**  
**June 30, 2022**

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Capital assets, net of accumulated depreciation		\$ 171,631,440
Add:		
Unspent debt proceeds	\$ 185,620	
Deferred charge on refunding	<u>1,215,174</u>	1,400,794
Deduct:		
Serial bonds	\$ (99,860,000)	
Premiums on serial bonds	(10,467,734)	
Certificates of participation	(23,040,000)	
Lease liabilities	<u>(1,710,146)</u>	<u>(135,077,880)</u>
Net investment in capital assets		<u>\$ 37,954,354</u>

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## FEDERAL AWARDS INFORMATION





**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

<b>Federal Grantor/Pass-Through Grantor Program or Cluster Title (1a)</b>	<b>Federal Assistance Listing Number (1b)</b>	<b>Pass-Through Entity Identifying Number (1c)</b>	<b>Passed- Through to Subrecipients</b>	<b>Total Federal Expenditures (1d)</b>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
<i>Passed through New York State Department of Agriculture:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	006325	\$ -	\$ 821,044
School Lunch Program	10.555	006325	-	2,986,528
Special Milk Program for Children	10.556	006325	-	56,131
Summer Food Service Program for Children	10.559	006325	-	115,951
Total Child Nutrition Cluster			-	3,979,654
Commodity Supplemental Food Program	10.565	006325	-	297,529
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			-	<b>4,277,183</b>
<b>U.S. DEPARTMENT OF EDUCATION:</b>				
<i>Direct Program:</i>				
Indian Education-Grants to Local Education Agencies	84.060	S060A140290	-	84,302
Mental Health Service Professional Preparation	84.184	S184X190027	-	452,882
<i>Passed through New York State Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	0021-21-1965	-	450,504
Title I Grants to Local Educational Agencies	84.010	0021-22-1965	-	3,901,119
Title I Grants to Local Educational Agencies	84.010	0011-21-2117	-	128,190
Title I Grants to Local Educational Agencies	84.010	0011-22-2117	-	132,081
Total Title I Grants to Local Educational Agencies			-	4,611,894
Special Education Cluster:				
Special Education - Grants to States	84.027	0032-22-0608	-	2,412,333
Special Education - Preschool Grants	84.173	0033-22-0608	-	131,118
Total Special Education Cluster			-	2,543,451
Twenty-First Century Community Learning Centers	84.287	0187-22-7091	-	439,859
Twenty-First Century Community Learning Centers	84.287	0187-22-7092	-	543,334
Total Twenty-First Century Community Learning Centers			-	983,193
English Language Acquisition State Grants	84.365	0293-21-1965	-	12,456
English Language Acquisition State Grants	84.365	0293-22-1965	-	3,791
Total English Language Acquisition State Grants			-	16,247
Supporting Effective Instruction State Grants	84.367	0147-21-1965	-	65,765
Supporting Effective Instruction State Grants	84.367	0147-22-1965	-	423,306
Total Supporting Effective Instruction State Grants			-	489,071

(continued)

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

				(concluded)
Federal Grantor/Pass-Through Grantor Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
Student Support and Academic Enrichment Program	84.424	0204-21-1965	-	48,732
Student Support and Academic Enrichment Program	84.424	0204-22-1965	-	264,078
Total Student Support and Academic Enrichment Program			-	312,810
Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	5895-21-1965	-	4,386
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-1965	-	8,608,357
Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-1965	-	5,766,470
Total Education Stabilization Fund			-	14,379,213
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			-	23,873,063
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
<i>Passed through New York State Department of Education:</i>				
Head Start	93.600	02CH012103	-	780,539
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			-	780,539
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>				
<i>Direct program:</i>				
Disaster Grants-Public Assistance	97.036	063-102AG-00	-	100,513
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			-	100,513
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)</b>			\$ -	\$ 29,031,298

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

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Niagara Falls City School District, New York (the "District") under programs of federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. The following notes were identified on the Schedule:

- (a) Includes all federal award programs of the Niagara Falls City School District, New York.
- (b) Source: Federal Assistance Listing Numbers, previously known as Catalog of Federal Domestic Assistance.
- (c) Pass-through entity identifying numbers are presented where available.
- (d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- (e) Total federal expenditures for the District's 2021-2022 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	\$ 29,031,298
Medicaid reimbursement	<u>562,523</u>
Total Federal sources per financial statements	<u><u>\$ 29,593,821</u></u>

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**3. NON-MONETARY FEDERAL PROGRAM**

The District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2022, the District used \$297,529 worth of commodities.

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Certified Public Accountants

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

The Board of Education  
Niagara Falls City School District, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Niagara Falls City School District, New York (the "District") as of and for the year ended June 30, 2022, 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 20, 2022 (which report includes an other matter paragraph regarding the implementation of GASB Statement No. 87).

***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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 over financial reporting 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 may exist that were not identified.

### ***Report on Compliance and Other Matters***

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

### **Purpose of this Report**

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

*Drescher & Malecki LLP*

October 20, 2022

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Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The Board of Education  
Niagara Falls City School District, New York:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Niagara Falls City School District, New York's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

## **Report on Internal Control Over Compliance**

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



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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Drescher & Malecki LLP*

October 20, 2022



**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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**Section I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

Type of auditors' report issued: Unmodified\*  
\*(which report includes an other matter paragraph regarding  
the implementation of GASB Statement No. 87)

Internal control over financial reporting:

Material weakness(es) identified?	<u>      </u> Yes	<u>  ✓  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  ✓  </u> None reported
Noncompliance material to the financial statements noted?	<u>      </u> Yes	<u>  ✓  </u> No

**Federal Awards:**

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200.516(a)?        Yes   ✓   No

Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number(s)</u>
Child Nutrition Cluster	10.553/10.555/10.556/10.559
Education Stabilization Fund:	
Governor's Emergency Education Relief Fund	84.425C
Elementary and Secondary School Emergency Relief Fund	84.425D
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U
Head Start	93.600

Dollar threshold used to distinguish between Type A and Type B programs?        \$ 870,939

Auditee qualified as low-risk auditee?   ✓   Yes        No

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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**Section II. FINANCIAL STATEMENT FINDINGS**

No findings noted.

**Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings noted.

**NIAGARA FALLS CITY SCHOOL DISTRICT, NEW YORK**  
**Summary Schedule of Prior Year Audit Findings and Corrective Action Plan**  
**Year Ended June 30, 2022**  
**(Follow-up of June 30, 2021 Findings)**

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No findings were reported.

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