

**JOINT SCHOOLS CONSTRUCTION BOARD
(A BLENDED COMPONENT UNIT OF THE
CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK)**

**Basic Financial Statements as of
June 30, 2023
Together with
Independent Auditor's Report and Report
Required by *Government Auditing Standards***

**JOINT SCHOOLS CONSTRUCTION BOARD
(A BLENDED COMPONENT UNIT OF THE CITY SCHOOL DISTRICT OF
SYRACUSE, NEW YORK)**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4 - 10
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet, Governmental Fund.....	13
Reconciliation of the Balance Sheet, Governmental Fund to the Statement of Net Position.....	14
Statement of Revenues, Expenditures and Change in Fund Balance, Governmental Fund	15
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance, Governmental Fund to the Statement of Activities.....	16
Notes to Basic Financial Statements	17 - 25
OTHER INFORMATION (UNAUDITED):	
Combining Statement of Net Position.....	26
Combining Balance Sheet, Governmental Fund	27
INDEPENDENT AUDITOR'S 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	28 - 29

INDEPENDENT AUDITOR'S REPORT

November 16, 2023

To the Board of Directors
Joint Schools Construction Board:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Joint Schools Construction Board (JSCB), a blended component unit of the City School District of Syracuse, New York, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise JSCB's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JSCB'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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JSCB'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 JSCB'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 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the combining statement of net position and combining balance sheet, governmental fund but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, on our consideration of JSCB's internal control over financial reporting and 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 JSCB'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 JSCB's internal control over financial reporting and compliance.

**JOINT SCHOOLS CONSTRUCTION BOARD
(A BLENDED COMPONENT UNIT OF THE CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023**

Our discussion and analysis of the Joint Schools Construction Board's (JSCB), a blended component unit of the City School District of Syracuse, New York (the District or Primary Government), financial performance provides an overview of JSCB activities as of and for the year ended June 30, 2023. Please read it in conjunction with JSCB's basic financial statements, including the notes to the financial statements, which begin on page 17.

JSCB is a joint venture between the District and the City of Syracuse, New York (the City). JSCB was created through the City and the Board of Education of the City School District of the City of Syracuse Cooperative School Reconstruction Act (the Act) authorized by New York State through Chapter 58 A-4 of the Laws of 2006 and created through an agreement dated April 1, 2004 by and between the City and the District to manage and administer the design, renovation and financing of existing public school buildings in the District. JSCB is authorized to act as an agent to enter into contracts on behalf of the District and the Common Council of the City of Syracuse, New York (the Council) for the design, construction, reconstruction and financing of educational facilities in the City in accordance with applicable state and local laws. JSCB approves all vendor payments related to JSCB projects at its regularly-scheduled meetings.

Legislation was introduced for the amendment of Chapter 58 A-4 of the Laws of 2006 (the Amended Act) to allow the City and the District, under the direction of JSCB, to fund Phase II of JSCB's District-wide Reconstruction Program. The Amended Act was adopted and signed by the Governor on October 25, 2013. Certain changes were provided for in the Amended Act to ensure an efficient transition from Phase I to Phase II.

On November 15, 2021, the Governor signed into law a second amendment to the Amended Act authorizing a third group of JSCB reconstruction projects (Phase III). Phase III includes \$300 million for reconstruction projects at ten schools. Work is expected to begin in 2024 and anticipated to be completed by the end of 2031.

Both the Act and the Amended Act authorize new and innovative ways to renovate school buildings, and authorize various financing techniques to accomplish the Comprehensive Plan prepared for each separately authorized Phase of JSCB's District-wide Reconstruction Program. The Financial Plan, a component of the Comprehensive Plan prepared for each phase must be submitted to the Office of the State Comptroller for review and approval.

The Financial Plan prepared for Phase I was dated November 16, 2007, and updated on April 17, 2009. Phase I was sized to fit within the local share cost constraints of the Debt Affordability Model of the Financial Plan as well as address the needs of specifically defined school buildings. Three tranches of bonds were issued to provide project funds. Expanding our Children's' Education and Learning (EXCEL) monies and grant monies were also available for use on the projects. Bonds were structured based on useful life of projects and expected pattern of state Building Aid reimbursement in order to minimize local share impact. In April 2017, JSCB completed a refunding of its Phase I Series 2008 bonds in order to take advantage of favorable interest rates, realizing a net savings of \$3.4 million in debt service costs over the next 14 years. In February 2021, JSCB completed a refunding of Phase I Series 2010 and 2011A bonds to take advantage of favorable interest rates, realizing a net savings of \$3.0 million in debt service costs over the next 7 years.

JSCB approved the Phase II Financial Plan in December 2014, with the Office of the State Comptroller approving in June 2015. The Phase II Financial Plan includes renovations at 14 school buildings at a total estimated cost of \$291.5 million. Consistent with Phase I, the Phase II program was sized to

address the needs of specifically defined school buildings while fitting within the local share cost constraints of the Debt Affordability Model in the Financial Plan. Under the Amended Act, Phase II projects are also required to conform to the Maximum Cost Allowances calculated for each building by the New York State Education Department's Office of Facilities Planning.

The Phase II Financial Plan was revised and approved by the JSCB in August of 2017, with the Office of the State Comptroller approving in January 2018. Additionally, the Financial Plan was revised in September 2019 with the Office of the State Comptroller approving in January 2020. The revised financial plans of 2017 and 2019 incorporated amendments to the Comprehensive Plan, fine-tuned cost estimates, and updated the timeline for borrowing to include an additional bond issuance and updated market conditions. The revised plan stayed consistent with the original plan in its approach to remain within the confines of the Debt Affordability Model and local share constraints.

Based on prevailing market conditions and estimates of project costs, in July of 2018 the JSCB authorized an amendment to the comprehensive plan to increase total project funds to \$300 million which is consistent with the Amended Act of 2013. The amended act provides for a total cost of up to \$300 million for Phase II projects. The JSCB plans to use the \$8.5 million increase to fund increasing construction costs at Phase II projects.

More detailed information about the JSCB structure and financing is presented in Note 1 to the financial statements.

FINANCIAL HIGHLIGHTS

Project Phase I Overview

Phase I was completed in 2018 and included renovation projects at Bellevue Academy, Clary Middle School, Dr. Weeks Elementary School, H.W. Smith Pre-K-8 School, Institute of Technology and PSLA at Fowler High Schools.

Project Phase II Overview

Phase II is nearing completion with construction in progress at only two remaining schools – Henninger High School and Expeditionary Learning Middle School. During the year, capital project outlays of approximately \$7.1 million were expended and approximately \$35.7 million was expended in the prior year. Construction and project closeouts were completed in the current year for reconstruction, technology and energy improvement projects at eight schools – Brighton Academy, Clary Middle School, Corcoran High School, Ed Smith Pre-K – 8, Huntington Pre-K – 8, Nottingham High School, PSLA at Fowler High School, and Syracuse STEM at Blodgett Middle School. Projects for reconstruction, technology and energy improvements were completed in prior years at Bellevue Elementary, Frazer Pre-K-8 and Grant Middle School.

Government-wide Financial Statement Overview

- At June 30, 2023, total net position was approximately \$121.9 million.
- At June 30, 2023, total capital assets, net of depreciation, were approximately \$407.6 million.
- Bonds payable (excluding premiums), as of June 30, 2023, were approximately \$256.2 million, a decrease of approximately \$20.6 million from the prior year due to principal payments of \$20.6 million.
- No new debt was issued during the year.

FINANCIAL HIGHLIGHTS (Continued)

Fund Financial Statement Overview

- The total revenue (excluding other financing sources) for JSCB was approximately \$36.0 million, which was an increase of \$1.3 million from the prior year's revenue of \$34.7 million, as additional pass-through funding from the District was required to fund increasing debt service payments and sinking fund deposits.
- JSCB's restricted fund balance decreased by \$5.4 million from \$11.8 million to \$6.4 million due to an excess of expenditures (including capital outlay costs of \$7.1 million) over total revenues.

USING THIS ANNUAL REPORT

This annual report consists of three components: MD&A (this section), the basic financial statements, and additional supplementary information. The basic financial statements include two kinds of statements that present different views of JSCB:

- Government-wide financial statements that include the Statement of Net Position and the Statement of Activities. These statements provide both short-term and long-term information about the activities of JSCB as a whole.
- Fund financial statements focus on the major fund of JSCB, reporting JSCB's operations in more detail than the government-wide financial statements. The fund financial statements concentrate on JSCB's major fund.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of additional supplementary information that further explains and supports the financial statements with a combining Statement of Net Position and combining Balance Sheet.

USING THIS ANNUAL REPORT (Continued)

Table 1 below summarizes the major features of JSCB’s financial statements, including the portion of the JSCB’s activities covered and the types of information contained. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Table 1 - Major Features of the Government-wide and Fund Financial Statements

	Government-wide	Governmental Funds
Scope	Entire JSCB	The major fund of JSCB
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and change in fund balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues that are both measurable and available; expenditures when goods or services have been received and the related liability is due and payable

USING THIS ANNUAL REPORT (Continued)

Government-wide Financial Statements

One of the most fundamental and key questions relative to JSCB is *How did we do financially during the course of this past year?* To help answer this question, the Statement of Net Position and the Statement of Activities provide information on JSCB as a whole using accounting methods similar to those used by private-sector companies. These statements present a summary of assets and liabilities, as well as revenues and expenses, using the accrual basis of accounting similar to those methods used by private-sector companies. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report JSCB's net position and how it has changed. Net position is the difference between JSCB's assets and liabilities.

In the Government-wide Statement of Net Position and the Statement of Activities, JSCB's activities are shown as Governmental Activities.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about JSCB's fund, focusing the fund is an accounting device that JSCB uses to keep track of specific sources of funding and spending on particular programs:

- JSCB is a separate fund authorized under State law.
- JSCB is a fund that is used to manage money for school construction projects and repaying long term debts.
- JSCB's activities are included in a governmental fund, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF JSCB AS A WHOLE

Our analysis below focuses on the net position (Table 2) and the change in net position (Table 3) of JSCB's governmental activities.

In Table 2, total governmental assets decreased by \$6.0 million, or 1.4%. Current and Other Assets decreased by \$7.1 million as funds continue to be invested in school construction projects.

Capital Assets increased by \$1.1 million due to the net impact of capital asset additions of \$7.1 million and depreciation expense of \$6.0 million.

Total liabilities decreased by approximately 8.0% or \$25.9 million primarily as a result of the debt service payments made in the current year and the impact of bond premium amortization.

FINANCIAL ANALYSIS OF JSCB AS A WHOLE (Continued)

JSCB's combined governmental activities' net position increased approximately \$19.9 million.

Table 2 - Condensed Statement of Net Position

	<u>2022</u>	<u>2023</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 19,619,361	\$ 12,527,945	-36.1%
Capital Assets	406,515,295	407,624,192	0.3%
Receivables	<u>0</u>	<u>19,804</u>	100.0%
Total Assets	<u>426,134,656</u>	<u>420,171,941</u>	-1.4%
Deferred Outflows of Resources	<u>220,423</u>	<u>176,339</u>	-20.0%
Bonds Payable -Due in 1 Year	25,275,918	22,425,918	-11.3%
Bonds Payable -Due in over 1 Year	291,345,653	269,894,735	-7.4%
Other Liabilities	<u>7,775,706</u>	<u>6,137,371</u>	-21.1%
Total Liabilities	<u>324,397,277</u>	<u>298,458,024</u>	-8.0%
Total Net Position	<u>\$ 101,957,802</u>	<u>\$ 121,890,256</u>	

As shown below in Table 3, JSCB's net position increased due to an excess of revenues over expenses.

Table 3 - Changes in Net Position from Operating Results

	<u>2022</u>	<u>2023</u>	<u>Percentage Change</u>
Revenues			
Capital Grants and Contributions	\$ 34,558,878	\$ 35,835,170	3.7%
Expenses			
General Support	<u>15,373,716</u>	<u>15,902,716</u>	3.4%
Change in Net Position	19,185,162	19,932,454	
Beginning Net Position	<u>82,772,640</u>	<u>101,957,802</u>	
Ending Net Position	<u>\$101,957,802</u>	<u>\$ 121,890,256</u>	

CAPITAL ASSETS

At June 30, 2023, JSCB had approximately \$407.6 million, net of accumulated depreciation of approximately \$29.8 million, invested in capital assets, including building improvements and construction in progress. This amount represents a net increase of \$1.1 million related to current year additions of approximately \$7.1 million for Phase II projects, and depreciation of \$6.0 million.

Table 4 - Capital Assets at Year End

	<u>2022</u>	<u>2023</u>	<u>Percentage Change</u>
Buildings and Improvements	\$ 201,995,023	\$ 398,798,452	97.4%
Construction in Progress	<u>228,353,049</u>	<u>38,602,856</u>	-83.1%
Total Capital Assets	430,348,072	437,401,308	1.6%
Accumulated Depreciation	<u>(23,832,777)</u>	<u>(29,777,116)</u>	24.9%
Capital Assets, Net	<u>\$ 406,515,295</u>	<u>\$ 407,624,192</u>	0.3%

More detailed information about JSCB's capital assets is presented in Note 2 to the financial statements.

LONG TERM LIABILITIES

At June 30, 2023, JSCB had approximately \$292.3 million of bonds outstanding including bond premiums compared to \$316.6 million last year, a decrease of \$24.3 million or 7.7% mainly as a result of principal payments during the current year. It is anticipated no new debt will be issued until JSCB begins Phase III.

More detailed information about JSCB's long-term liabilities is presented in Note 3 to the financial statements.

CONTACTING JSCB FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of JSCB's finances and to demonstrate the JSCB's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact:

The Commissioner of Finance
Joint Schools Construction Board
City Hall
Syracuse, New York 13202

JOINT SCHOOLS CONSTRUCTION BOARD

(A BLENDED COMPONENT UNIT OF THE CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK)

STATEMENT OF NET POSITION**JUNE 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Restricted cash and cash equivalents	\$ 12,527,945
Capital assets, non-depreciable	38,602,856
Capital assets, depreciable, net of accumulated depreciation	369,021,336
Receivables:	
Other	<u>19,804</u>
Total assets	<u>420,171,941</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow - bond refunding	<u>176,339</u>
Total deferred outflows of resources	<u>176,339</u>
LIABILITIES	
Payables:	
Accrued expenses	2,099,134
Due to the District	<u>4,038,237</u>
Total payables	<u>6,137,371</u>
Long-term liabilities:	
Due and payable within one year:	
Bonds payable	22,425,918
Due and payable in more than one year:	
Bonds payable, net of current portion	<u>269,894,735</u>
Total Long-term liabilities	<u>292,320,653</u>
Total liabilities	<u>298,458,024</u>
NET POSITION	
Net investment in capital assets	115,479,878
Restricted	<u>6,410,378</u>
Total net position	<u>\$ 121,890,256</u>

The accompanying notes are an integral part of these statements.

JOINT SCHOOLS CONSTRUCTION BOARD
 (A BLENDED COMPONENT UNIT OF THE CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Expenses</u>	Program Revenues Capital Grants and <u>Contributions</u>	Net (Expense) Revenue and Change <u>In Net Position</u>
GOVERNMENTAL ACTIVITIES			
General support	\$ <u>15,902,716</u>	\$ <u>35,835,170</u>	\$ <u>19,932,454</u>
Change in net position			19,932,454
Total net position - beginning of year			<u>101,957,802</u>
Total net position - end of year			<u>\$ 121,890,256</u>

The accompanying notes are an integral part of these statements.

JOINT SCHOOLS CONSTRUCTION BOARD
(A BLENDED COMPONENT UNIT OF THE CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK)
BALANCE SHEET, GOVERNMENTAL FUND
JUNE 30, 2023

ASSETS

Cash:	
Restricted cash and cash equivalents	\$ 12,527,945
Receivables:	
Other	<u>19,804</u>
Total assets	<u>\$ 12,547,749</u>

LIABILITIES

Payables:	
Accrued expenses	\$ 80,015
Due to the District	<u>6,057,356</u>
Total liabilities	<u>6,137,371</u>

FUND BALANCE

Restricted	<u>6,410,378</u>
Total fund balance	<u>6,410,378</u>
Total liabilities and fund balance	<u>\$ 12,547,749</u>

The accompanying notes are an integral part of these statements.

JOINT SCHOOLS CONSTRUCTION BOARD
 (A BLENDED COMPONENT UNIT OF THE CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK)
RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUND TO
THE STATEMENT OF NET POSITION
JUNE 30, 2023

Fund balance of the governmental fund \$ 6,410,378

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the fund as capital assets, but rather as an expenditure as incurred. 407,624,192

Losses associated with the refunded bonds is an other financing use in the fund financial statements, but rather recorded as a deferred outflow of resources over the remaining useful life of the bond. Payment to refunded bond escrow agent included \$220,423 with current year amortization of \$44,084, for a remaining deferred outflow at year end of \$176,339. 176,339

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the fund. (292,320,653)

The revenue intercepted from the District for the accrued interest portion of the long term debt payment is not recognized as earned until the bond payment is made in the fund and therefore is reported as Due to the District in the fund. 2,019,119

Accrued interest on long term bonds payable is not due and payable in the current period so therefore is not recognized as accrued expenses in the fund. (2,019,119)

Net position of the governmental activities \$ 121,890,256

The accompanying notes are an integral part of these statements.

JOINT SCHOOLS CONSTRUCTION BOARD

(A BLENDED COMPONENT UNIT OF THE CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK)

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

REVENUES

Use of money and property	\$ 196,807
Miscellaneous	457,179
Federal sources	724,748
Pass-through New York State funding from the District	<u>34,616,586</u>

Total revenues 35,995,320

EXPENDITURES

Debt service:	
Principal	20,575,000
Interest	13,075,613
Capital outlay	<u>7,053,236</u>

Total expenditures 40,703,849

Expenditures in excess of revenues (4,708,529)

OTHER FINANCING SOURCES AND (USES)

Transfer to the District (724,748)

Total other financing sources (uses) (724,748)

Net change in fund balance (5,433,277)

FUND BALANCE - beginning of year 11,843,655

FUND BALANCE - end of year \$ 6,410,378

The accompanying notes are an integral part of these statements.

JOINT SCHOOLS CONSTRUCTION BOARD
 (A BLENDED COMPONENT UNIT OF THE CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK)
**RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGE IN FUND BALANCE, GOVERNMENTAL FUND
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023**

Change in total fund balance \$ (5,433,277)

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

Governmental fund reports capital asset additions as capital outlay expenditures. However, in the statement of activities, the cost of those outlays is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. 1,108,897

Bond premium amortization is not recorded as revenue in the governmental funds, but is recorded in the statement of activities as a return in interest expense. This is the amount of current year amortization of the premium of \$4,116,157, net with \$390,239 which was the net carrying amount of the premium on the refunded debt. 3,725,918

Loss on refunding bonds is recorded as an expenditure in the fund financial statements, but is deferred and recorded as interest expense over the life of the bonds under full accrual accounting. (44,084)

Payment of debt service principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. 20,575,000

To record the decrease in accrued interest recorded in accrued liabilities in the statement of net position. 160,150

To record the decrease in pass-through New York State funding from the District, relating to accrued interest that is not recognized in the governmental funds. (160,150)

Change in total net position of government activities \$ 19,932,454

The accompanying notes are an integral part of these statements.

JOINT SCHOOLS CONSTRUCTION BOARD
(A BLENDED COMPONENT UNIT OF THE CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK)

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Joint Schools Construction Board (JSCB) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity

The City of Syracuse, New York (the City) and the City School District of Syracuse, New York (the District or Primary Government) entered into an agreement (the agreement) in April 2004 to create the joint venture, JSCB. JSCB manages and administers the design, renovation and financing for existing public schools in the District. Under the original agreement, JSCB would continue for five years and could be renewed for an additional five years. The agreement was renewed in April 2009 and April 2014, which included a clause to extend the agreement for the life of the project. In accordance with GASB Statements, JSCB will be reflected as a blended component unit of the District, based on the criteria JSCB almost exclusively benefits the District. The District is a blended component unit of the City.

In connection with the proposed school building improvement program, the Cooperative School Reconstruction Act was approved by the State Legislature and signed into law by the Governor in 2006. The Act authorizes the District to improve seven buildings named in the Act for a total cost of up to \$225 million. The Act authorizes new and innovative ways to renovate the buildings and authorizes financing techniques to accomplish the plan. The Act also allows JSCB to enter into contracts for school projects on behalf of the City and District. JSCB utilized the City of Syracuse Industrial Development Agency (SIDA) as the conduit issuer of financing for Phase I projects.

In 2013, the Legislature approved and the Governor signed into law an amended version of the Syracuse Cooperative School Reconstruction Act that authorized a second phase of up to twenty school reconstruction projects for an amount not to exceed \$300 million (JSCB Phase II). Specific schools to be renovated are named in an amendment to the legislation. Individual building projects are to be recommended as part of a comprehensive planning process to be undertaken by the District. The planning process is complete and JSCB approved the Comprehensive Plan in December 2014. The legislation also specifically authorizes the use of Bond Anticipation Notes (BANs) issued by the City to finance initial design and planning costs for JSCB projects.

In 2021, the Legislature approved and the Governor signed into law a second amendment to the Syracuse Cooperative School Reconstruction Act authorizing a third group of JSCB reconstruction projects (JSCB Phase III). JSCB Phase III authorized up to \$300 million for reconstruction projects at ten schools. Work is expected to begin in 2024 and anticipated to be completed by the end of 2031.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

Financing of JSCB

In accordance with Chapter 58 Pt. A-4 of the Laws of 2006 of the State of New York pursuant to Indenture of Trusts (Series 2017 Project) between SIDA (the Issuer) and M&T Trust Company (the Trustee), the following School Facility Revenue Bonds (the Series Bonds) were issued by SIDA for the purpose of financing a portion of the cost of the project consisting of the design, reconstruction, rehabilitation, and preparing of certain existing school buildings for use by the District.

Phase I Projects:

<u>Date</u>	<u>Issuance</u>	<u>Amount</u>
March 26, 2008	Series 2008A *	\$49,230,000
December 23, 2010	Series 2010 **	\$31,470,000
July 12, 2011	Series 2011A **	\$31,860,000
July 12, 2011	Series 2011B	\$15,000,000
April 20, 2017	Series 2017 *	\$29,260,000
February 1, 2021	Series 2021A **	\$26,440,000

* Series 2017 refunding bonds were issued to advance refund the outstanding principal on Series 2008A bonds in full.

** Series 2021A refunding bonds were issued to refund the outstanding principal on Series 2010 and Series 2011A bonds in full.

Phase II Projects:

<u>Date</u>	<u>Issuance</u>	<u>Amount</u>
March 15, 2018	Series 2018A	\$67,265,000
June 20, 2018	Series 2018B	\$38,500,000
April 11, 2019	Series 2019A	\$65,435,000
March 3, 2020	Series 2020A	\$80,530,000

These Series Bonds are special limited obligations of the Issuer payable solely from (i) the payment of installment purchase payments by the District and the City under the Installment Sale Agreement and (ii) the pledge of certain funds, including a bond fund and a debt service reserve fund, under the Indenture. In the event the District and the City fail to make an installment purchase payment under the Installment Sale Agreement, it is provided in the Syracuse Schools Act and the Indenture that, upon receipt by the New York State (the State) Comptroller (the State Comptroller) of a certificate from the Series Bonds Trustee (the Trustee) on behalf of the Issuer as to the amount of such failed payment, the State Comptroller shall withhold any state and/or school aid payable to the District or the City to the extent of the amount so stated in such certificate as not having been made, and shall immediately pay over to the Trustee on behalf of the Issuer the amount withheld.

The obligation of the District and the City under the Installment Sale Agreement to pay installment purchase payments is not a general obligation of the District or the City and neither the faith and credit nor the taxing powers of the City is pledged to the payment of installment purchase payments under the Installment Sale Agreement. The obligation of the District and the City under the Installment Sale Agreement to pay installment purchase payments in any fiscal year of the District or the City constitutes a current expense of the District for such fiscal year and shall not constitute an indebtedness or moral obligation of the District, the City or the State within the meaning of any constitutional or statutory provision or other laws of the State.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

Financing of JSCB (Continued)

Except for the application of the debt service reserve fund, the only source of monies available for the payment of the principal and interest on the Series Bonds is installment purchase payments made by the District and the City under the Installment Sale Agreement. Payments are to the extent of State Aid to Education appropriated by the State and available to the District and/or the City and appropriated by the City and the District to make such payments, and the intercept by the State Comptroller of any other state and/or school aid payable to the City or the District to the extent of any installment purchase deficiency.

The Series Bonds are neither a general obligation of the Issuer, nor a debt or indebtedness of the City or the State and neither the City nor the State shall be liable thereon. The District will be responsible for the maintenance and operation of the facilities constructed and/or repaired with these bond proceeds.

In the year of issuance, the proceeds of the bonds were deposited in accordance with the respective Indenture Trust Agreement between the Issuer and M&T Bank and the bond proceeds were recorded as other financing sources within the fund financial statements. The related liabilities were recorded in the governmental activities.

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the reporting government as a whole. These statements include the financial activities of the overall government in its entirety.

Fund Financial Statements:

The fund financial statements provide information about the major governmental fund, the JSCB Fund. The JSCB Fund is used to account for transactions associated with the design, construction, reconstruction, and financing of public educational facilities in the City. The fund financial statements include the Balance Sheet and the Statement of Revenues, Expenditures and Change in the Fund Balance.

C. Measurement Focus and Basis of Accounting

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 at the time liabilities are incurred, regardless of when the related cash transaction takes place.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Restricted Cash and Cash Equivalents

JSCB's cash and cash equivalents consist of restricted cash held for project expenditures/expenses and debt service payments (including the required Sinking Fund Deposits as fully described in Note 3), and the proceeds from bond sales can only be used for the stated purpose of the borrowing. All funds are held in trust in accordance with an indenture trust agreement.

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

E. Capital Assets

Capital assets, which include buildings and improvements, are reported in the government-wide financial statements. Capital assets are defined by JSCB as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Capital assets are reported at actual cost or estimated historical costs if purchased or constructed. Donated assets, when applicable, will be reported at estimated fair market value at the time received.

JSCB depreciates capital assets using the straight-line method over the estimated useful life of 39 years, beginning in the first month after completion or acquisition of the asset.

F. Deferred Outflows

In addition to assets, the Statement of Net Position will sometimes report a separate financial statement element, deferred outflows of resources, which is presented directly after assets. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

G. Accrued Expenses

Accrued liabilities include retainage on capital projects that have been completed by year end.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Due to the District

A liability due to the District exists at June 30, 2023 as a result of timing differences in funding from the New York State Education Department passed-through the District and debt payments made by JSCB.

I. Pass-through New York State Funding from the District

Funding from the New York State Education Department is passed through the District and used by JSCB to make principal and interest payments on JSCB projects. Funding from the District is to the extent of appropriated funds received from New York State.

J. Equity Classifications

Government-wide Financial Statements

Equity is classified as net position and displayed in one component:

- a. Net investment in capital assets - consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets.

Fund Financial Statements

Classification of fund balance reflects spending constraints on resources, rather than availability for appropriation to provide users more consistent and understandable information about a governmental fund's net resources. Constraints are broken down into five different classifications: non-spendable, restricted, committed, assigned and unassigned. The classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor constraints on the specific purposes for which resources in a fund can be spent. In the fund basis statements, there is one classification of fund balance:

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The definition of restricted fund balance is the same as restricted net position. There is \$5,434,608 restricted for capital projects and \$975,770 restricted for debt service as of June 30, 2023.

Order of Use of Fund Balance and Net Position

When funds from more than one classification may be used to satisfy an expense/expenditure, it is JSCB's policy to utilize funds with the most restrictive spending constraints first.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Use of Estimates

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

2. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital Assets, not being depreciated:					
Construction in progress	\$ 228,353,049	\$ 7,053,236	\$ -	\$ (196,803,429)	\$ 38,602,856
Total capital assets, not being depreciated	<u>228,353,049</u>	<u>7,053,236</u>	<u>-</u>	<u>(196,803,429)</u>	<u>38,602,856</u>
Capital Assets, being depreciated:					
Buildings and improvements	<u>201,995,023</u>	<u>-</u>	<u>-</u>	<u>196,803,429</u>	<u>398,798,452</u>
Total capital assets, being depreciated	<u>201,995,023</u>	<u>-</u>	<u>-</u>	<u>196,803,429</u>	<u>398,798,452</u>
Less Accumulated Depreciation for:					
Buildings and improvements	<u>(23,832,777)</u>	<u>(5,944,339)</u>	<u>-</u>	<u>-</u>	<u>(29,777,116)</u>
Total accumulated depreciation	<u>(23,832,777)</u>	<u>(5,944,339)</u>	<u>-</u>	<u>-</u>	<u>(29,777,116)</u>
Total capital assets, being depreciated, net	<u>178,162,246</u>	<u>(5,944,339)</u>	<u>-</u>	<u>196,803,429</u>	<u>369,021,336</u>
Capital assets, net	<u>\$ 406,515,295</u>	<u>\$ 1,108,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,624,192</u>

Total depreciation expense of \$5,944,339 was charged to general support on the Statement of Activities.

3. CAPITAL INDEBTEDNESS

JSCB borrows money in order to meet current operating requirements and to acquire or construct buildings and improvements. For acquisition or construction of buildings and improvements this enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The provision to be made in future budgets for capital indebtedness represents the amount authorized to be collected in future years from taxpayers and others for liquidation of both current and long-term liabilities.

Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount due in one year</u>
Bonds payable	\$ 276,760,000	\$ -	\$ (20,575,000)	\$ 256,185,000	\$ 18,700,000
Premium on bonds payable	<u>39,861,571</u>	<u>-</u>	<u>(3,725,918)</u>	<u>36,135,653</u>	<u>3,725,918</u>
Total	<u>\$ 316,621,571</u>	<u>\$ -</u>	<u>\$ (24,300,918)</u>	<u>\$ 292,320,653</u>	<u>\$ 22,425,918</u>

Cash paid for interest on the bonds for the year ended June 30, 2023 was \$13,075,613. This is recorded as a direct expense of the general support expenses in the Statement of Activities.

The current year amortization of the bond premium in the amount of \$3,725,918 is recorded as a direct reduction of interest expense of the general support expenses in the Statement of Activities.

Bonds payable activity by issuance for the year ended June 30, 2023 is as follows:

<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2011	2027	5.428%	15,000,000	-	-	15,000,000
2017	2030	3-5%	18,495,000	-	(3,205,000)	15,290,000
2018	2034	3.25-5%	57,510,000	-	(3,590,000)	53,920,000
2018	2035	3-5%	33,770,000	-	(2,050,000)	31,720,000
2019	2035	4-5%	57,250,000	-	(3,135,000)	54,115,000
2020	2037	4-5%	76,745,000	-	(3,650,000)	73,095,000
2021	2028	5.00%	<u>17,990,000</u>	<u>-</u>	<u>(4,945,000)</u>	<u>13,045,000</u>
			<u>\$ 276,760,000</u>	<u>\$ -</u>	<u>\$(20,575,000)</u>	<u>\$ 256,185,000</u>

3. CAPITAL INDEBTEDNESS (Continued)

As of June 30, 2023, amounts due of bonds payable principal and interest in future years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	18,700,000	12,114,712	30,814,712
2025	19,835,000	11,217,663	31,052,663
2026	21,320,000	10,265,362	31,585,362
2027	33,585,000	9,199,363	42,784,363
2028	17,875,000	7,455,912	25,330,912
2029-2033	100,935,000	23,501,763	124,436,763
2034-2037	<u>43,935,000</u>	<u>2,863,862</u>	<u>46,798,862</u>
Total	<u>\$ 256,185,000</u>	<u>\$ 76,618,637</u>	<u>\$ 332,803,637</u>

To ensure sufficient moneys will be available to pay the principal on the Series 2011B Bonds at maturity in 2027, the JSCB shall make an annual deposit into the Series 2011B Principal Account within 5 business days of the last business day of June each year, commencing in 2023. As of June 30, 2023, deposits equaled \$975,000 in accordance with the required minimum deposit schedule below and are recorded as restricted cash as of that date.

<u>Year</u>	<u>Sinking Fund Deposit</u>
2023	975,000
2024	3,500,000
2025	3,500,000
2026	3,500,000
2027	3,525,000

4. CASH AND CASH EQUIVALENTS

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. As of June 30, 2023, all cash balances are held in trust in accordance with an indenture trust agreement.

Restricted cash consists of the following:

Capital Assets Reserve	\$ 5,494,819
Debt Service Reserve	<u>7,033,126</u>
Total Restricted Cash	<u>\$ 12,527,945</u>

Custodial Credit Risk

Custodial credit risk is the risk that an entity will not be able to recover the value of deposits, investments or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. JSCB's trustee holds all deposits and investments for the funds included in the financial statements. All investments are insured, registered or held by JSCB's trustee in accordance with an indenture trust agreement.

5. CONTINGENCIES AND COMMITMENTS

JSCB may be subject to lawsuits in the ordinary conduct of its affairs. JSCB does not believe any outstanding items are likely to have a material, adverse effect on the financial statements at June 30, 2023.

6. SUBSEQUENT EVENTS

In June 2023, the Legislature approved a third amendment to the Syracuse Cooperative School Reconstruction Act authorizing an increase to the total cost for the third group of reconstruction projects (JSCB Phase III) from \$300 million to \$400 million which was signed into law on October 25, 2023. JSCB Phase III includes reconstruction projects at 10 schools – Delaware Primary, Seymour Dual Language Academy and Webster Elementary Schools, Lincoln, Roberts, Syracuse Latin and Syracuse STEM at Blodgett Pre-K-8 Schools, as well as Corcoran, Henninger and Nottingham High Schools.

JOINT SCHOOLS CONSTRUCTION BOARD
(A BLENDED COMPONENT UNIT OF THE CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK)

OTHER INFORMATION (UNAUDITED)
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Capital Assets</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS			
Restricted cash and cash equivalents	\$ 5,494,819	\$ 7,033,126	\$ 12,527,945
Capital assets, non-depreciable	38,602,856	-	38,602,856
Capital assets, depreciable, net of accumulated depreciati	369,021,336	-	369,021,336
Receivables	<u>19,804</u>	<u>-</u>	<u>19,804</u>
Total assets	<u>413,138,815</u>	<u>7,033,126</u>	<u>420,171,941</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - bond refunding	<u>176,339</u>	<u>-</u>	<u>176,339</u>
Total deferred outflows of resources	<u>176,339</u>	<u>-</u>	<u>176,339</u>
LIABILITIES			
Payables:			
Accrued expenses	80,015	2,019,119	2,099,134
Due to the District	<u>-</u>	<u>4,038,237</u>	<u>4,038,237</u>
Total payables	<u>80,015</u>	<u>6,057,356</u>	<u>6,137,371</u>
Long-term liabilities:			
Due and payable within one year:			
Bonds payable	22,425,918	-	22,425,918
Due and payable in more than one year:			
Bonds payable, net of current portion	<u>269,894,735</u>	<u>-</u>	<u>269,894,735</u>
Total Long-term liabilities	<u>292,320,653</u>	<u>-</u>	<u>292,320,653</u>
Total liabilities	<u>292,400,668</u>	<u>6,057,356</u>	<u>298,458,024</u>
NET POSITION			
Net investment in capital assets	115,479,878	-	115,479,878
Restricted	<u>5,434,608</u>	<u>975,770</u>	<u>6,410,378</u>
Total net position	<u>\$ 120,914,486</u>	<u>\$ 975,770</u>	<u>\$ 121,890,256</u>

JOINT SCHOOLS CONSTRUCTION BOARD
(A BLENDED COMPONENT UNIT OF THE CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK)

OTHER INFORMATION (UNAUDITED)
COMBINING BALANCE SHEET, GOVERNMENTAL FUND
JUNE 30, 2023

	<u>Capital Assets</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS			
Restricted cash and cash equivalents	\$ 5,494,819	\$ 7,033,126	\$ 12,527,945
Receivables	<u>19,804</u>	<u>-</u>	<u>19,804</u>
Total assets	<u>\$ 5,514,623</u>	<u>\$ 7,033,126</u>	<u>\$ 12,547,749</u>
LIABILITIES			
Payables:			
Accrued expenses	\$ 80,015	\$ -	\$ 80,015
Due to the District	<u>-</u>	<u>6,057,356</u>	<u>6,057,356</u>
Total liabilities	<u>80,015</u>	<u>6,057,356</u>	<u>6,137,371</u>
FUND BALANCE			
Restricted	<u>5,434,608</u>	<u>975,770</u>	<u>6,410,378</u>
Total fund balance	<u>5,434,608</u>	<u>975,770</u>	<u>6,410,378</u>
Total liabilities and fund balance	<u>\$ 5,514,623</u>	<u>\$ 7,033,126</u>	<u>\$ 12,547,749</u>

INDEPENDENT AUDITOR'S 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

November 16, 2023

To the Board of Directors
Joint Schools Construction Board:

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 and the major fund of the Joint Schools Construction Board (JSCB), a blended component unit of the City School District of Syracuse, New York, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the JSCB's basic financial statements and have issued our report thereon dated November 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered JSCB'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 JSCB's internal control. Accordingly, we do not express an opinion on the effectiveness of the JSCB's internal control.

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

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

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**INDEPENDENT AUDITOR'S 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***
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Joint Schools Construction Board'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.