

MONTICELLO CENTRAL SCHOOL DISTRICT

***GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2021***

MONTICELLO CENTRAL SCHOOL DISTRICT
 TABLE OF CONTENTS
 JUNE 30, 2021

| | <u>PAGE</u> |
|---|-------------|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 4 |
| District-wide Financial Statements: | |
| Statement of Net Position | 17 |
| Statement of Activities | 19 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 20 |
| Reconciliation of Governmental Funds Balance Sheet With the Statement of Net Position | 22 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 23 |
| Reconciliation of the Statement of Revenues Expenditures and Changes in Fund Balances Of Governmental Funds to the Statement of Activities | 24 |
| Notes To The Financial Statements | 26 |
| Required Supplementary Information | |
| Schedule of Revenues, Other Sources, Expenditures, Other Uses And Changes in Fund Balance- Budget And Actual – General Fund | 55 |
| Schedule of Changes in the Total OPEB Liability | 57 |
| Notes to Required Supplementary Information | 58 |
| Schedule of Proportionate Share of the Net Pension Asset/Liability | 59 |
| Schedule of Employer's Pension Contributions | 60 |
| Supplemental Schedules: | |
| Combining Balance Sheet – Non-Major Funds | 61 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Funds | 62 |

MONTICELLO CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2021

| | <u>PAGE</u> |
|--|-------------|
| Schedule of Change From Adopted Budget to Final Budget | 63 |
| Real Property Tax Limit | 64 |
| Capital Projects Fund – Schedule of Project Expenditures | 65 |
| Net Investment In Capital Assets | 66 |
| Single Audit Reports: | |
| Schedule Of Expenditures Of Federal Awards | 67 |
| Notes To Schedule Of Expenditures Of Federal Awards | 68 |
| Independent Auditors’ Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i> | 69 |
| Independent Auditors’ Report on Compliance For Each Major Program And Internal Control Over Compliance Required by the Uniform Guidance | 71 |
| Schedule of Findings And Questioned Costs | 74 |
| Summary Schedule of Prior Audit Findings | 76 |
| Reports on Extraclassroom Activities Funds: | |
| Independent Auditors’ Report | 77 |
| Statement of Assets, Liabilities, and Fund Balance – Cash Basis | 79 |
| Statement of Cash Receipts, Disbursements and Changes In – Fund Balance-Cash Basis | |
| High School | 80 |
| Middle School | 81 |
| Notes to Financial Statements | 82 |

INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
Monticello Central School District
Monticello, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Monticello Central School District, New York, as of and for the year ended June 30, 2021, which collectively comprise the District's basic financial statements as listed in the table of contents, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Monticello Central School District, New York, as of June 30, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 4 through 16 and 55 through 60, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monticello Central School District, New York's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The prior year summarized comparative information has been derived from the District's June 30, 2020 financial statements and, in our report dated September 29, 2020, we expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2021 on our consideration of the Monticello Central School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 Monticello Central School District, New York's internal control over financial reporting and compliance.

Cooper Arias, LLP

Mongaup Valley, New York
October 4, 2021

**MONTICELLO CENTRAL SCHOOL DISTRICT
MONTICELLO, N.Y.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021
UNAUDITED**

The discussion and analysis of Monticello Central School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

Financial Highlights

Key financial highlights for the District-wide statements are as follows:

For fiscal year 2020-21 total revenues for all categories was \$94,059,784. General fund revenues accounted for \$86,867,485 of revenue or 92.4% of all revenues. Program specific revenues in the form of operating grants, charges for services, contributions and capital grants accounted for \$7,192,299 or 7.6% of total revenues.

The District had \$99,953,144 in expenses. Of this amount, expenses of \$7,192,299 were offset by program specific charges for services or grants.

Key financial highlights for the governmental funds are as follows:

The Worker's Compensation Reserve has a year-end balance of \$2,030,985. The reserve continues to be monitored on an annual basis. Improved effectiveness in the monitoring of this potential liability is expected to continue via utilization of the Third Party Administrator for the District program.

The District has an Employees Retirement System Reserve in the amount of \$1,195,103. The purpose of the reserve fund is to fund employer retirement contributions.

The District also has two Capital Reserves totaling \$8,178,493. The purpose of the reserve is to fund future capital improvement.

Board action on creating and adjusting these reserves demonstrates effective fund balance management which is important for fiscal stability.

The General Fund had \$88,247,551 in revenues and \$88,230,000 in expenses. This resulted in an increase in fund balance of \$17,551. This slight increase maintains the District's fund balance and demonstrates the District's commitment to address the key issues from the Comptroller's Report. The District was also able to complete infrastructure improvements within the current budget.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Monticello Central School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Monticello Central School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions to ask the question, "How did we do financially in the current year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the method of accounting used by most private-sector businesses. This basis of accounting considers all of the current year revenues and expenses, regardless of when cash is received or paid.

These two statements report District-wide net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, if financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current New York State legislation regarding State Aid, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports the following activities:

Governmental Activities:

All of the School District's programs and services are recorded here, including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and cafeteria.

Reporting the School District's Most Significant Funds Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Aid Fund, School Lunch Fund, Capital Fund, Miscellaneous Special Revenue Fund and the Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationships, or differences, between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found within this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve, over time, as a useful indicator of a government's financial position.

The District's financial position is the product of many financial transactions, including the net result of all activities, payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a comparison of the School District's net position as of June 30, 2021 and June 30, 2020.

**Table 1
Net Position**

| Assets | June 30, 2021 | June 30, 2020 |
|---|---------------------|--------------------|
| Current and Other Assets | 52,838,203 | 41,886,569 |
| Non-Current Assets | 59,742,383 | 49,783,531 |
| | | |
| Total Assets | 112,580,586 | 91,470,100 |
| | | |
| Pensions | 21,394,815 | 18,699,338 |
| OPEB Liability | 34,051,325 | 28,688,824 |
| | | |
| Total Deferred Outflows of Resources | 55,446,140 | 47,388,162 |
| | | |
| Liabilities | | |
| Current Liabilities | 39,228,587 | 18,486,684 |
| Long Term Liabilities | 119,188,246 | 108,098,712 |
| | | |
| Total Liabilities | 158,416,833 | 126,585,396 |
| | | |
| Pensions | 9,032,226 | 18,699,338 |
| OPEB Liability | 12,143,810 | 28,688,824 |
| | | |
| Total Deferred Inflows of Resources | 21,176,036 | 18,470,882 |
| | | |
| Net Position | | |
| Net Investment in Capital Assets | 36,980,419 | 35,852,337 |
| Restricted | 13,966,293 | 14,633,635 |
| Unrestricted | (62,512,855) | (56,483,988) |
| | | |
| Total Net Position | (11,566,143) | (5,998,016) |

Table 2 shows changes in net position for fiscal year 2020-2021. Comparative data is presented for fiscal year end June 30, 2020.

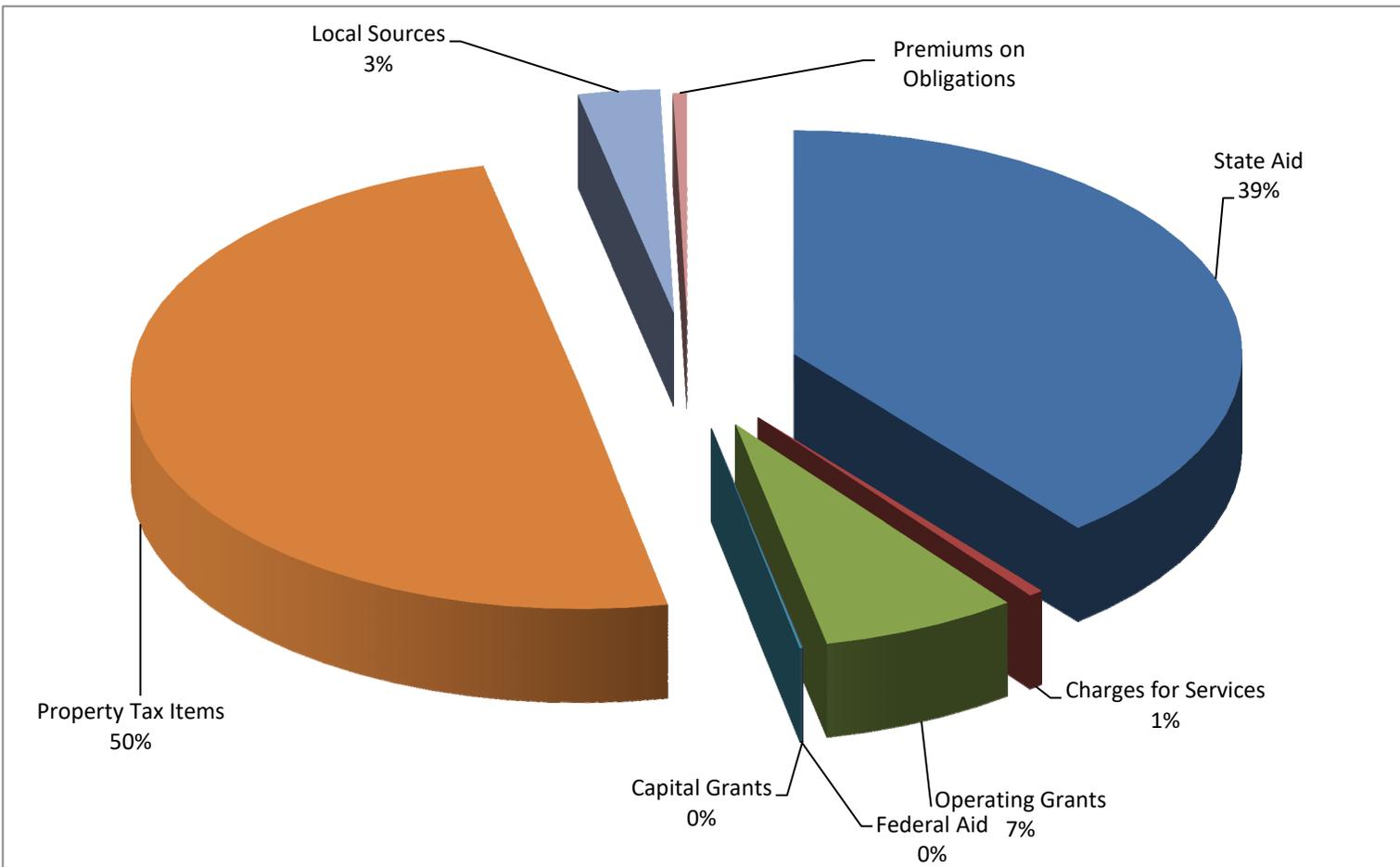
Table 2
Changes in Net Position

| REVENUES | 6/30/2021 | 6/30/2020 |
|---|--------------------|--------------------|
| Program Revenues: | | |
| Charges for Services | 498,294 | 397,223 |
| Operating Grants and Contributions | 6,673,605 | 6,907,164 |
| Capital Grants and Contributions | 20,400 | 0 |
| General Revenues: | | |
| Property Tax Items | 46,783,208 | 46,341,013 |
| State Aid | 36,775,010 | 38,082,141 |
| Federal Aid | 80,947 | 197,603 |
| Local Sources | 2,763,821 | 2,738,249 |
| Premiums on Obligations | 464,499 | 72,452 |
| | | |
| Total Revenues | 94,059,784 | 94,735,845 |
| | | |
| EXPENSES | | |
| Instruction | 82,845,786 | 81,631,835 |
| General Support | 9,873,678 | 11,473,305 |
| Pupil Transportation | 5,408,265 | 6,304,673 |
| Debt Service | 363,290 | 264,117 |
| School Lunch Program | 1,408,659 | 1,630,523 |
| Community Service | 53,466 | 55,606 |
| | | |
| Total Expenses | 99,953,144 | 101,360,059 |
| | | |
| Change in Net Position – Increase/(Decrease) | (5,893,360) | (6,624,214) |

Governmental Activities

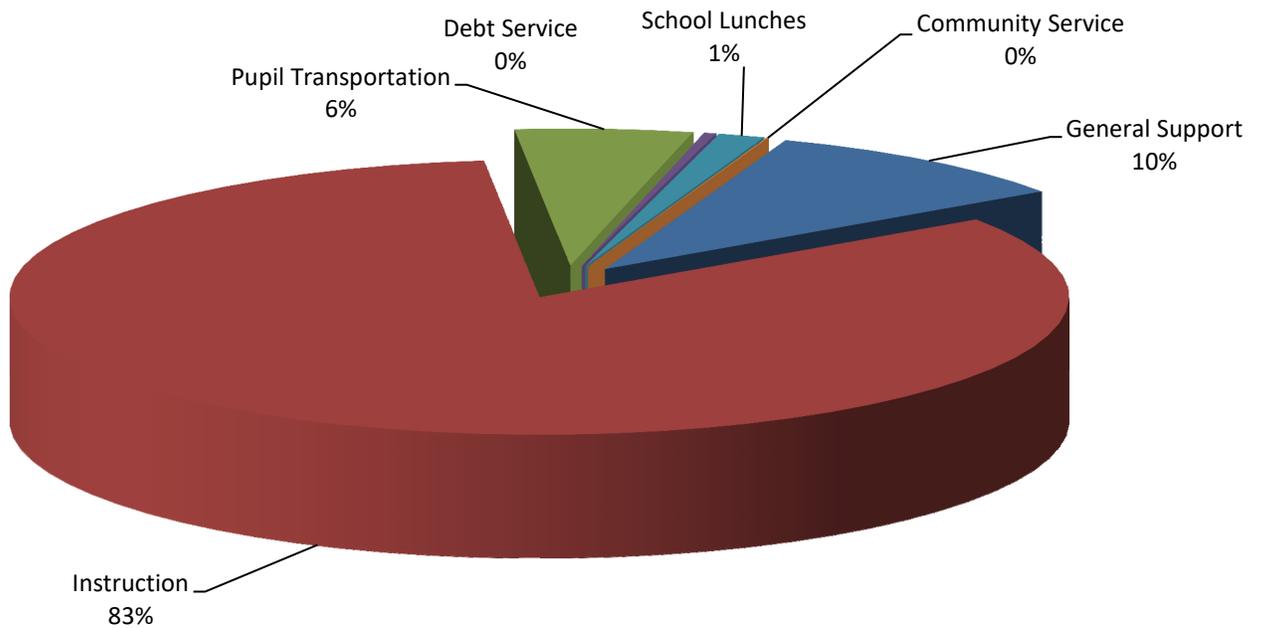
School district revenue sources are similar throughout the state. The nature of property taxes in New York creates the legal requirement to annually seek voter approval for School District operations. Property taxes and other tax items made up 49.74 percent of revenues for governmental activities for fiscal year 2021. State Aid, Federal Aid and Local Sources, exclusive of amounts reported as program revenues, accounted for another 42.12 percent of revenue. The District's total revenue for the year ended June 30, 2021 was \$94,059,784. Please refer to the Statement of Activities for additional detail.

Sources of Revenue 2020-21



The total cost of all programs and services was \$99,953,144. Instruction comprises 82.9 percent of District expenses. The District strives to focus its resources to improve the instructional program for our students. Please refer to the Statement of Activities for additional detail.

Expenses for 2020-2021



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these expenses. Table 3 shows the total cost of services and the net cost of services. The net cost shows financial burden that was placed upon the District's taxpayers by each of these functions. Information presented compares the current fiscal year end to June 30, 2020.

**Table 3
Cost of Services**

| | Total Cost | Net Cost | Total Cost | Net Cost |
|-----------------------|--------------------|-------------------|-------------------|-------------------|
| | 2019-20 | 2019-20 | 2020-21 | 2020-21 |
| Instruction | 81,631,836 | 76,136,600 | 82,845,786 | 77,066,765 |
| General Support | 11,473,305 | 11,363,132 | 9,873,678 | 9,734,939 |
| Pupil Transportation | 6,304,673 | 6,248,835 | 5,408,265 | 5,407,793 |
| Debt Service | 264,117 | 264,117 | 363,290 | 363,290 |
| School Lunch Program | 1,630,523 | (12,618) | 1,408,659 | 134,592 |
| Community Service | 55,606 | 55,606 | 53,466 | 53,466 |
| | | | | |
| Total Expenses | 101,360,059 | 94,055,672 | 99,953,144 | 92,760,845 |

Instructional expenses include activities dealing directly with the teaching of pupils, and the interaction between teacher and student, including extracurricular activities and technology to support classroom instruction.

General support includes all departments not directly connected to classroom instruction or transportation, and included school administration, business office, maintenance and operation of plant.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities and special programs.

Debt service, unallocated depreciation and amortization, and the school lunch program include all identifiable expenses relevant to these areas.

The School District's Funds

All governmental funds (i.e., general fund, special aid fund, school lunch fund, capital projects fund, miscellaneous special revenue fund and the debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and expenditures for the year ended June 30, 2021, exclusive of interfund transfers, amounted to \$95,716,003 and \$105,997,023, respectively. The net change in fund balance for the year ended June 30, 2021 for all governmental funds was a decrease of \$10,281,020.

The General Fund had a fund balance increase of \$17,551. This increase indicates that current year revenues were in excess of current year expenditures.

The Cafeteria had an increase in fund balance of \$75,208. The increase in cafeteria fund balance reflects revenues in excess of current year expenses. The District continues to take steps to maximize revenues by closely monitoring of expenditures and improving menu selection to increase program participation. With the introduction of the Community Eligibility Provision (CEP) in all buildings, the District anticipates an increase in participation and growth in fund balance to continue a healthy self-sustaining program.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2021, and the amount and percentage of increases and decreases in relation to prior year's revenues. This table excludes proceeds of long-term debt and interfund transfers.

| | Revenue 2020-21 | Revenue 2019-20 | Increase/ (Decrease) from 06/30/2020 | Percentage Inc/(Dec) from 06/30/2020 |
|-----------------|--------------------|--------------------|---|---|
| Local Sources | 50,054,956 | 49,494,760 | 560,196 | 1.14% |
| State Sources | 38,908,628 | 40,748,411 | (1,839,483) | (4.51%) |
| Federal Sources | 4,596,420 | 4,431,357 | 165,063 | 3.72% |
| | | | | |
| Total | 93,560,004 | 94,674,528 | (1,114,524) | (1.18%) |

The increase in local revenue of \$560,196 was mainly due to an increase in property taxes. Similar to other entities, economic conditions continue to be a factor on the District's investment and revenues generated.

Remaining items were considered routine revenue variances and are detailed in the supplementary information section of the financial statements.

The following schedule represents a summary of general fund, special aid fund, school lunch fund, capital projects, miscellaneous special revenue and debt service fund expenditures for the fiscal year ended June 30, 2021, and the percentage increases and decreases in relation to prior year amounts. This table excludes interfund transfers.

| | Expenses 2020-21 | Expenses 2019-20 | Increase/ (Decrease) from 06/30/2020 | Percentage Inc/(Dec) from 06/30/2020 |
|----------------------|---------------------|---------------------|---|---|
| Instruction | 55,196,575 | 55,862,826 | (666,251) | (1.19%) |
| General Support | 7,974,664 | 8,646,856 | (672,192) | (7.77%) |
| Pupil Transportation | 3,666,295 | 3,883,202 | (216,907) | (5.59)% |
| Employee Benefits | 19,393,723 | 19,387,171 | 6,552 | 0.03% |
| Debt Service | 2,935,407 | 4,447,274 | (1,511,867) | (34.0%) |
| Cost of Sales | 1,038,293 | 1,229,686 | (191,393) | (15.56%) |
| Capital Outlay | 15,759,750 | 5,389,086 | 10,370,664 | 192.44% |
| Community Services | 32,316 | 30,598 | 1,718 | 5.61% |
| | | | | |
| Total | 105,997,023 | 98,876,699 | 7,120,324 | 7.20% |

Changes in expenditures were mainly the result of ongoing capital project work and decreased instructional expenditures due to COVID-19 pandemic and required infrastructure repairs.

General Fund Budget Highlights

The School District's budget is prepared in accordance with New York State Law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund for the District is the General Fund.

Budget adjustments were made during the course of the fiscal year, within general ledger functions. In accordance with District policy, all transfers over the amount of \$5,000 from any one line item were approved by the Board of Education, prior to being processed.

The budget status was reviewed monthly to monitor budget allocations with recorded expenditures to ensure accurate reporting. This practice provides oversight at the next level to the payroll and accounts payable process.

Capital Assets

At the end of fiscal year 2021, the District had \$59,742,383 invested in land, buildings, furniture and equipment and vehicles, net of \$28,896,281 in accumulated depreciation. Table 4 shows fiscal year 2021 balances compared to fiscal 2020.

Table 4
Capital Assets (Net of Depreciation)

| | 6/30/2021 | 6/30/2020 |
|---------------------------|-------------------|-------------------|
| Land | 135,333 | 135,333 |
| Construction in Progress | 16,835,315 | 6,798,825 |
| Building and Improvements | 39,312,756 | 34,802,837 |
| Furniture and Equipment | 668,969 | 760,902 |
| Vehicles | 2,790,010 | 2,809,924 |
| | | |
| Total | 59,742,383 | 45,307,821 |

Overall, net capital assets increased by \$14,434,562. The increase is mainly due to the ongoing construction projects and reflects the current year acquisitions for construction, vehicles, furniture and equipment exceeded depreciation and disposals for the current year. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2021, the School District had \$3,346,050 of outstanding long-term debt, net of Total OPEB liability. Table 5 represents fiscal year 2021 balances compared to fiscal year 2020.

Table 5
Outstanding Debt

| | 6/30/2021 | 6/30/2020 |
|-----------------------------|--------------------|--------------------|
| Serial Bonds | 1,275,000 | 1,635,000 |
| Energy Performance Contract | 1,510,578 | 1,827,235 |
| Compensated Absences | 1,041,750 | 1,056,347 |
| Total OPEB Liability | 110,502,000 | 97,368,355 |
| Installment Purchase Debt | 118,722 | 157,164 |
| Total | 114,448,050 | 102,044,101 |

Serial bonds decreased overall by \$360,000 due to repayment of principal. In addition, outstanding debt decreased due to repayment of principal in conjunction with the energy performance contract of \$316,657, a decrease in compensated absences in the amount of \$14,597 and a net increase in Total other post-employment benefits in the amount of \$13,133,645.

For the Future

The Monticello Central School District continues to be in good financial condition. As stated previously given the challenges facing the local, state and federal budgets the future finances of the District will be subject to pressure. The District is faced with budget increases such as salaries, health costs and retirement system contributions, while dealing with the limits of the Tax Cap legislation. The management of the District continues to aggressively pursue pro-active in house expense reduction. The focus of this pursuit is to analyze expenditure trends, where possible, phase in increases and to reduce or eliminate expenses.

Our overall goal is to limit the burden on the taxpayers of the District as much as possible, while balancing the educational needs of the students and trying to maintain the majority of programs in place. Any and all alternative sources of funding are looked at for our District wide programs as we hope to access new resources. Again, we are not alone in our fiscal struggle. The District faces similar issues with other local municipalities; rising costs and declining revenues. We will continue to explore new partnerships to provide mutual benefit for all who participate. As a district community we are committed to providing a quality education for our students to prepare them for the global world that awaits them.

The COVID-19 pandemic has created additional pressures to school districts. We are faced with a situation unlike any in recent history. The closure of schools in spring 2020 resulted in decreased costs to the district in some areas like transportation but also increased costs such as unemployment insurance costs.

The community is poised to revitalize itself. Currently, the racetrack, Bethel Woods and Resorts World Catskills are becoming significant attractions. Additional development at the former Concord site should enhance the area in the years to come. The District is seeking to improve its facilities and the voters approved, an \$10,000,000 capital reserve fund, to finance capital improvements across all District buildings. Part of that process is a review of the 5-year capital improvement plan and the Building Condition Survey, which was completed in 2016 and will be revised and submitted in 2022. The District is committed to bring our students into the 21st Century with increased infrastructure, technology and enhanced security.

Contacting the School District's Financial Management

This financial report is designed to provide our taxpayers, citizens, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report, or need additional information, contact Mrs. Lisa A. Failla, Assistant Superintendent for Business, Monticello Central School District Administration Building, 60 Jefferson Street, Suite #3, Monticello, NY 12701

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|---------------|---------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 20,171,627 | \$ 17,954,565 |
| Cash - Restricted | 26,305,898 | 19,257,506 |
| Accounts Receivable | 35,147 | 130,301 |
| Due From Fiduciary Fund | - | 1,600 |
| State and Federal Aid Receivable | 4,580,289 | 3,357,905 |
| Due From Other Governments | 1,720,399 | 1,168,452 |
| Inventory | 24,843 | 16,240 |
| Total Current Assets | 52,838,203 | 41,886,569 |
| Non-Current Assets: | | |
| Net Pension Asset | - | 4,475,710 |
| Capital Assets, net | 59,742,383 | 45,307,821 |
| Total Non-Current Assets | 59,742,383 | 49,783,531 |
| TOTAL ASSETS | 112,580,586 | 91,670,100 |
| DEFERRED OUTFLOW OF RESOURCES | | |
| Pensions | 21,394,815 | 18,699,338 |
| OPEB Liability | 34,051,325 | 28,688,824 |
| TOTAL DEFERRED OUTFLOW OF RESOURCES | 55,446,140 | 47,388,162 |

SEE ACCOMPANYNG NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|---------------------------|
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 4,467,894 | \$ 1,362,069 |
| Accrued Liabilities | 888,356 | 1,288,057 |
| Bond Anticipation Notes | 28,308,500 | 10,010,000 |
| Due To Other Governments | 2,190,317 | 2,678,856 |
| Due To TRS | 3,026,571 | 2,802,076 |
| Due To ERS | 328,651 | 328,076 |
| Unearned Revenues | <u>18,298</u> | <u>17,550</u> |
| Total Current Liabilities | <u>39,228,587</u> | <u>18,486,684</u> |
| Non-Current Liabilities | | |
| Due Within One Year: | | |
| Serial Bonds | 370,000 | 360,000 |
| Energy Performance Contract | 323,407 | 316,657 |
| Installment Purchase Debt | 37,576 | 38,442 |
| Total OPEB Liability | 2,200,000 | 2,200,000 |
| Compensated Absences | 110,825 | 116,681 |
| Due Beyond One Year: | | |
| Serial Bonds | 905,000 | 1,275,000 |
| Energy Performance Contract | 1,187,171 | 1,510,578 |
| Installment Purchase Debt | 81,146 | 118,722 |
| Total OPEB Liability | 108,302,000 | 95,168,355 |
| Compensated Absences | 930,925 | 939,666 |
| Net Pension Liability | <u>4,740,196</u> | <u>6,054,611</u> |
| Total Non-Current Liabilities | <u>119,188,246</u> | <u>108,098,712</u> |
| TOTAL LIABILITIES | <u>158,416,833</u> | <u>126,585,396</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pensions | 9,032,226 | 6,255,217 |
| OPEB Liability | <u>12,143,810</u> | <u>12,215,665</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>21,176,036</u> | <u>18,470,882</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 36,980,419 | 35,852,337 |
| Restricted | 13,966,293 | 14,633,635 |
| Unrestricted | <u>(62,512,855)</u> | <u>(56,483,988)</u> |
| TOTAL NET POSITION | <u>\$ (11,566,143)</u> | <u>\$ (5,998,016)</u> |

SEE ACCOMPANYNG NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2020)

| FUNCTIONS/PROGRAMS | <u>PROGRAM REVENUES</u> | | | | NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION | |
|--|-------------------------|--------------------------------|---|---|---|-----------------------|
| | <u>EXPENSES</u> | CHARGES FOR <u>SERVICES</u> | OPERATING GRANTS AND <u>CONTRIBUTIONS</u> | CAPITAL GRANTS AND <u>DONATIONS</u> | <u>2021</u> | <u>2020</u> |
| | | | | | | |
| General Support | \$ 9,873,678 | \$ 100,439 | \$ 17,900 | \$ 20,400 | \$ (9,734,939) | \$ (11,363,132) |
| Instruction | 82,845,786 | 304,807 | 5,474,214 | - | (77,066,765) | (76,136,600) |
| Pupil Transportation | 5,408,265 | - | 472 | - | (5,407,793) | (6,248,835) |
| Community Service | 53,466 | - | - | - | (53,466) | (55,606) |
| School Lunch Program | 1,408,659 | 93,048 | 1,181,019 | - | (134,592) | 12,618 |
| Debt Service | <u>363,290</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(363,290)</u> | <u>(264,117)</u> |
| TOTAL FUNCTIONS/PROGRAMS | <u>99,953,144</u> | <u>498,294</u> | <u>6,673,605</u> | <u>20,400</u> | <u>(92,760,845)</u> | <u>(94,055,672)</u> |
| GENERAL REVENUES | | | | | | |
| Real Property Tax | | | | | 42,510,433 | 41,752,579 |
| Other Tax Items | | | | | 4,272,775 | 4,588,434 |
| Investment Earnings | | | | | 28,834 | 134,089 |
| Sale Of Property and Compensation For Loss | | | | | 89,001 | 44,792 |
| Premium On Obligations | | | | | 464,499 | 72,452 |
| Miscellaneous Local Sources | | | | | 2,645,986 | 2,559,368 |
| State Sources | | | | | 36,775,010 | 38,082,141 |
| Federal Sources | | | | | <u>80,947</u> | <u>197,603</u> |
| TOTAL GENERAL REVENUES | | | | | <u>86,867,485</u> | <u>87,431,458</u> |
| CHANGE IN NET POSITION | | | | | (5,893,360) | (6,624,214) |
| TOTAL NET POSITION- Beginning of Year (Restated) | | | | | <u>(5,672,783)</u> | <u>626,198</u> |
| TOTAL NET POSITION- End of Year | | | | | <u>\$ (11,566,143)</u> | <u>\$ (5,998,016)</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

| | <u>GENERAL</u> | <u>SPECIAL AID</u> | <u>SCHOOL LUNCH</u> | <u>CAPITAL PROJECTS</u> | <u>NON-MAJOR FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> | <u>2020</u> |
|----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------------|---------------------------|
| ASSETS | | | | | | | |
| Cash | \$ 17,940,576 | \$ 853,912 | \$ 472,427 | \$ 547,187 | \$ 357,525 | \$ 20,171,627 | \$ 17,954,565 |
| Cash - Restricted | 13,889,043 | - | - | 12,339,255 | 77,600 | 26,305,898 | 19,257,506 |
| Accounts Receivable | 10,000 | 120 | 25,027 | - | - | 35,147 | 130,301 |
| Due From Other Funds | 3,131,262 | - | - | 4,000,000 | 304,599 | 7,435,861 | 2,152,219 |
| State and Federal Aid Receivable | 1,875,108 | 2,419,459 | 265,322 | 20,400 | - | 4,580,289 | 3,357,905 |
| Due From Other Governments | 1,720,399 | - | - | - | - | 1,720,399 | 1,168,452 |
| Inventories | - | - | 24,843 | - | - | 24,843 | 16,240 |
| | <u> </u> | <u> </u> |
| TOTAL ASSETS | <u>\$ 38,566,388</u> | <u>\$ 3,273,491</u> | <u>\$ 787,619</u> | <u>\$ 16,906,842</u> | <u>\$ 739,724</u> | <u>\$ 60,274,064</u> | <u>\$ 44,037,188</u> |

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

| | <u>GENERAL</u> | <u>SPECIAL AID</u> | <u>SCHOOL LUNCH</u> | <u>CAPITAL PROJECTS</u> | <u>NON-MAJOR FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> | <u>2020</u> |
|--|----------------------|---------------------|---------------------|-------------------------|------------------------|---------------------------------|----------------------|
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 697,043 | \$ 448,756 | \$ 26,275 | \$ 3,295,720 | \$ 100 | \$ 4,467,894 | \$ 1,362,069 |
| Accrued Liabilities | 813,759 | 11,012 | 37,997 | - | - | 862,768 | 1,096,951 |
| Bond Anticipation Notes | - | - | - | 28,308,500 | - | 28,308,500 | 10,010,000 |
| Due To Other Governments | 2,154,392 | 26,813 | 9,112 | - | - | 2,190,317 | 2,678,856 |
| Due To Other Funds | 4,000,000 | 2,771,733 | 50,779 | 613,099 | 250 | 7,435,861 | 2,150,619 |
| Due To Teachers' Retirement System | 3,026,571 | - | - | - | - | 3,026,571 | 2,802,076 |
| Due To Employees' Retirement System | 328,651 | - | - | - | - | 328,651 | 328,076 |
| Unearned Revenues | - | 15,177 | 3,121 | - | - | 18,298 | 17,550 |
| TOTAL LIABILITIES | <u>11,020,416</u> | <u>3,273,491</u> | <u>127,284</u> | <u>32,217,319</u> | <u>350</u> | <u>46,638,860</u> | <u>20,446,197</u> |
| FUND BALANCES | | | | | | | |
| Non-spendable: | | | | | | | |
| Inventory | \$ - | \$ - | \$ 24,843 | \$ - | \$ - | \$ 24,843 | \$ 16,240 |
| Restricted: | | | | | | | |
| Tax Certiorari | 1,194,701 | - | - | - | - | 1,194,701 | 944,195 |
| Unemployment Insurance | 276,156 | - | - | - | - | 276,156 | 276,079 |
| Workers' Compensation | 2,030,985 | - | - | - | - | 2,030,985 | 1,030,801 |
| Employee Benefit Accrued Liability | 1,013,605 | - | - | - | - | 1,013,605 | 1,013,207 |
| Capital | 8,178,493 | - | - | - | - | 8,178,493 | 10,174,696 |
| Retirement Contributions | 1,195,103 | - | - | - | - | 1,195,103 | 1,194,657 |
| Scholarships | - | - | - | - | 77,250 | 77,250 | - |
| Assigned: | | | | | | | |
| Encumbrances | 1,956,495 | - | - | - | - | 1,956,495 | 939,934 |
| Appropriated | 2,000,000 | - | - | - | - | 2,000,000 | 2,700,000 |
| Unappropriated | - | - | 635,492 | 547,187 | 662,124 | 1,844,803 | 2,151,512 |
| Unassigned | 9,700,434 | - | - | (15,857,664) | - | (6,157,230) | 3,149,670 |
| TOTAL FUND BALANCES | <u>27,545,972</u> | <u>-</u> | <u>660,335</u> | <u>(15,310,477)</u> | <u>739,374</u> | <u>13,635,204</u> | <u>23,590,991</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 38,566,388</u> | <u>\$ 3,273,491</u> | <u>\$ 787,619</u> | <u>\$ 16,906,842</u> | <u>\$ 739,724</u> | <u>\$ 60,274,064</u> | <u>\$ 44,037,188</u> |

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE STATEMENT OF POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|---|------------------------|-----------------------|
| Total Governmental Fund Balances | \$ 13,635,204 | \$ 23,590,991 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2021 are \$88,638,664 and \$28,896,281, respectively.</p> | 59,742,383 | 45,307,821 |
| <p>Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.</p> | | |
| <p>Net Pension Asset</p> | - | |
| <p>Deferred Outflows of Resources</p> | 21,394,815 | |
| <p>Net Pension Liability</p> | (4,740,196) | |
| <p>Deferred Inflows of Resources</p> | <u>(9,032,226)</u> | 10,865,220 |
| <p>Long-term asset and liability associated with the Total OPEB Liability are not current financial resources or obligations and are not reported in the governmental funds.</p> | | |
| <p>Deferred Outflows of Resources</p> | 34,051,325 | |
| <p>Total OPEB Liability</p> | (110,502,000) | |
| <p>Deferred Inflows of Resources</p> | <u>(12,143,810)</u> | (80,895,196) |
| <p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p> | | |
| <p>Serial Bonds</p> | (1,275,000) | |
| <p>Energy Performance Contract</p> | (1,510,578) | |
| <p>Installment Purchase Debt</p> | (118,722) | |
| <p>Compensated Absences</p> | <u>(1,041,750)</u> | (4,675,746) |
| <p>Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.</p> | <u>(25,588)</u> | <u>(191,106)</u> |
| Net Position Of Governmental Activities | <u>\$ (11,566,143)</u> | <u>\$ (5,998,016)</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

| | <u>GENERAL</u> | <u>SPECIAL AID</u> | <u>SCHOOL LUNCH</u> | <u>CAPITAL PROJECTS</u> | <u>NON-MAJOR FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> | <u>2020</u> |
|---|----------------------|--------------------|---------------------|-------------------------|------------------------|---------------------------------|----------------------|
| REVENUES | | | | | | | |
| Real Property Taxes | \$ 42,510,433 | \$ - | \$ - | \$ - | \$ - | \$ 42,510,433 | \$ 41,752,579 |
| Other Tax Items | 4,272,775 | - | - | - | - | 4,272,775 | 4,588,434 |
| Charges For Services | 304,807 | - | - | - | - | 304,807 | 145,339 |
| Use of Money and Property | 125,195 | - | 52 | 3,725 | 301 | 129,273 | 244,196 |
| Sale of Property and Compensation For Loss | 53,720 | - | - | - | - | 53,720 | 55,928 |
| Miscellaneous Local Sources | 2,645,420 | - | 3,316 | - | 42,164 | 2,690,900 | 2,566,574 |
| State Sources | 36,775,010 | 2,075,473 | 37,745 | 20,400 | - | 38,908,628 | 40,748,411 |
| Federal Sources | 623,093 | 2,830,053 | 1,143,274 | - | - | 4,596,420 | 4,431,357 |
| Sales | - | - | 93,048 | - | - | 93,048 | 141,710 |
| TOTAL REVENUES | 87,310,453 | 4,905,526 | 1,277,435 | 24,125 | 42,465 | 93,560,004 | 94,674,528 |
| OTHER FINANCING SOURCES | | | | | | | |
| Interfund Transfers In | 937,098 | 139,323 | 132,753 | 4,152,479 | - | 5,361,653 | 208,059 |
| BAN's Redeemed From Appropriations | - | - | - | 1,691,500 | - | 1,691,500 | 110,000 |
| Premium on Obligations | - | - | - | - | 464,499 | 464,499 | 72,452 |
| Proceeds of Long Term Debt | - | - | - | - | - | - | 200,944 |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | 88,247,551 | 5,044,849 | 1,410,188 | 5,868,104 | 506,964 | 101,077,656 | 95,265,983 |
| EXPENDITURES | | | | | | | |
| General Support | 7,956,764 | 17,900 | - | - | - | 7,974,664 | 8,646,856 |
| Instruction | 50,412,752 | 4,731,824 | - | - | 51,999 | 55,196,575 | 55,862,826 |
| Pupil Transportation | 3,665,705 | 590 | - | - | - | 3,666,295 | 3,883,202 |
| Community Services | 32,316 | - | - | - | - | 32,316 | 30,598 |
| Employee Benefits | 18,802,501 | 294,535 | 296,687 | - | - | 19,393,723 | 19,387,171 |
| Debt Services: | | | | | | | |
| Principal | 2,406,599 | - | - | - | - | 2,406,599 | 4,268,830 |
| Interest | 528,808 | - | - | - | - | 528,808 | 178,414 |
| Cost of Sales | - | - | 1,038,293 | - | - | 1,038,293 | 1,229,686 |
| Capital Outlay | - | - | - | 15,759,750 | - | 15,759,750 | 5,389,086 |
| TOTAL EXPENDITURES | 83,805,445 | 5,044,849 | 1,334,980 | 15,759,750 | 51,999 | 105,997,023 | 98,876,669 |
| OTHER USES | | | | | | | |
| Interfund Transfer Out | 4,424,555 | - | - | - | 937,098 | 5,361,653 | 208,058 |
| TOTAL EXPENDITURES AND OTHER USES | 88,230,000 | 5,044,849 | 1,334,980 | 15,759,750 | 989,097 | 111,358,676 | 99,084,727 |
| NET CHANGE IN FUND BALANCE | 17,551 | - | 75,208 | (9,891,646) | (482,133) | (10,281,020) | (3,818,744) |
| FUND BALANCE - Beginning of Year (Restated) | 27,528,421 | - | 585,127 | (5,418,831) | 1,221,507 | 23,916,224 | 27,409,735 |
| FUND BALANCE - End of Year | \$ 27,545,972 | \$ - | \$ 660,335 | \$ (15,310,477) | \$ 739,374 | \$ 13,635,204 | \$ 23,590,991 |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

| | | |
|--|-----------------|----------------|
| Total Net Change in Fund Balances – Governmental Funds | <u>2021</u> | <u>2020</u> |
| | \$ (10,281,020) | \$ (3,818,744) |

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

| | | |
|-----------------------|-------------------|------------|
| Depreciation Expenses | (1,881,666) | |
| Capital Outlay | <u>16,385,447</u> | 14,503,781 |
| | | 3,900,643 |

Repayments of principal on long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

| | | |
|-----------------------------|---------------|-----------|
| Serial Bonds | 360,000 | |
| Energy Performance Contract | 316,657 | |
| Installment Purchase Debt | <u>38,442</u> | 715,099 |
| | | 4,158,829 |

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 reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

| | | |
|----------------------|--|----------|
| Compensated Absences | | 14,597 |
| | | (23,127) |

Proceeds from the sale of capital assets are reported as revenues in the governmental funds. In the statement of activities, the revenues are reduced by the net book value of the disposed assets.

| | | |
|--|----------|----------|
| | (69,219) | (11,136) |
|--|----------|----------|

(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

| | | |
|------------------------------|----------------|-------------|
| Teachers' Retirement System | (3,692,236) | |
| Employees' Retirement System | <u>449,409</u> | (3,242,827) |
| | | (4,128,831) |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

(Continued)

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|-----------------------|
| (Increases) decreases in the total OPEB liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. | | |
| Total OPEB Liability | \$ (7,699,289) | \$ (6,415,202) |
| In the governmental funds, proceeds of long term debt are reported as revenues. In the statement of net position, the proceeds increase the long term liability, and no revenue is recognized in the statement of activities. | | |
| Installment Purchase Debt | - | (200,944) |
| In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. | | |
| Current Year Accrued Interest | (25,588) | |
| Prior Year Accrued Interest | <u>191,106</u> | <u>165,518</u> |
| Change in Net Position of Governmental Activities | <u>\$ (5,893,360)</u> | <u>\$ (6,624,214)</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Monticello Central School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

A. **Financial Reporting Entity**

The Monticello Central School 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 School District operations, and are governed by, or significantly influenced by, the Board of Education.

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

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

1. **Included in the Reporting Entity**

Based on the foregoing criteria and the significant factors presented below, the following organizations, functions or activities are included in the reporting entity:

a. **Extraclassroom Activity Funds**

The Extraclassroom Activity Funds of the Monticello Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The activity is reported in the Miscellaneous Special Revenue Fund of the School District. Separate audited general purpose financial statements (cash basis) of the Extraclassroom Activity Funds can be found within these financial statements.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Joint Venture

The Monticello Central School District is one of the eight component school districts in the Sullivan County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school district's enrollment as defined in Education Law Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component School Districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

C. Basis of Presentation

1. District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District as a whole. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, inter-governmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity and for each function of the District's governmental activities.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements:

The fund statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds each displayed in a separate column.

The District reports the following major Governmental Funds:

a. *General Fund*

The General Fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

b. *Special Revenue Fund*

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

1. Special Aid Fund – used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.
2. School Lunch Fund – used to account for transactions of the School District lunch, breakfast, and milk programs.

c. *Capital Projects Fund*

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District Reports the following non-major Governmental Funds:

a. *Debt Service Fund*

Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

b. *Miscellaneous Special Revenue Fund*

This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

D. **Basis of Accounting/Measurement Focus**

The District-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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. **Property Taxes**

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1st, and become a lien on September 1st. Taxes are collected during the period commencing September 1st and ending November 6th.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County of Sullivan. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1st.

F. **Budgetary Procedures And Budgetary Accounting**

1. **Budget Policies**

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:
 - I. General Fund
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end.

Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year.

| | |
|-------------|---------------------|
| Instruction | <u>\$ 1,704,524</u> |
|-------------|---------------------|

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year. Encumbrances are reported as assigned fund balance in the General Fund.

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

G. Cash and Cash Equivalents

For financial statement purposes, the District considers all highly liquid investments with maturities of three months or less as cash equivalents.

H. Inventory

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

I. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would be immaterial.

J. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by the District is \$5,000.

MONTICELLO CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

| <u>ASSET CLASS</u> | <u>ESTIMATED USEFUL LIVES</u> |
|-----------------------|-----------------------------------|
| School Buildings | 50 |
| Site Improvements | 20 |
| Furniture & Equipment | 5-20 |
| Vehicles | 8-10 |

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the governmental fund financial statements.

K. **Unearned Revenue**

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when sources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

L. **Vested Employee Benefits**

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated on the pay rates in effect at year-end.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee.

The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 11).

M. **Interfund Activity**

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types. Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

N. **Equity Classifications**

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

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

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

Unrestricted – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the District and determine which classification of net position will be charged.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$24,843.

Restricted – includes amounts with constraints placed on the use of resources either externally by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Unemployment Insurance

Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

Workers' Compensation

This reserve is 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. This reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounting for in the General Fund.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefit Accrued Liability

Used to reserve funds for the payment of any accrued employee benefit due an employee upon termination. The reserve is established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Retirement Contribution

Used to pay contributions to the NYS Employee Retirement System. This reserve is accounted for in the General Fund.

Scholarships

Used to pay scholarships with funds stipulated by donors for that purpose. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District’s highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2021.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund and, in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of \$1,956,495 as assigned fund balance in the General Fund as of June 30, 2021.

Unassigned – represents the residual classification for the General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Order of Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

O. **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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021, the District implemented the following new standards issued by GASB:

GASB 84 – *Fiduciary Activities*

GASB 90 – *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*

Q. **Future Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 87 – *Leases*, effective for the year ending June 30, 2022.

GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022.

GASB 91 – *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB 92 – *Omnibus*, effective for the year ending June 30, 2022.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reports \$21,394,815 in deferred outflows of resources related to pensions and in \$34,051,325 deferred outflows of resources related to the Total OPEB Liability as of June 30, 2021.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The District reports \$9,032,226 in deferred inflows of resources related to pensions and \$12,143,810 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2021.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$12,362,589 to unrestricted net position as of June 30, 2021.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net increase of \$21,907,515 to unrestricted net position as of June 30, 2021.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Balance

The District's unassigned fund balance in the General Fund is in excess of the amount permitted by law. New York State Law limits the unassigned fund balance to 4% of the subsequent year's adopted budget.

The Capital Projects Fund had a negative unassigned fund balance of \$15,857,664 at June 30, 2021. The deficit was caused by the accounting treatment of bond anticipation notes and one project that does not have permanent financing in place. The deficit will be eliminated when the debt is paid off or converted to long term financing, and permanent financing is put in place.

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENT

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balance of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheet.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENT (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

1. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities report revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences:

Capital related differences include the differences between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 4 – PARTICIPATION IN BOCES

During the year ended June 30, 2021, the Monticello Central School District was billed \$16,267,709 for BOCES administrative and program costs. General purpose financial statements for Sullivan County are available from the BOCES administrative office at 15 Sullivan Avenue, Suite 1, Liberty, NY 12754.

The School District’s share of BOCES income amounted to \$3,019,497.

MONTICELLO CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 5 – CASH AND INVESTMENTS

The Monticello Central School District investment policies are governed by State statutes. In addition, the District has its own written investment policy. Monticello Central School District monies must be deposited in FDIC-Insured commercial banks or trust companies located within the State.

The 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 time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and states other than New York and their municipalities and school districts.

The District’s aggregate cash balances include balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the pledging financial
 institution, or its trust department, but not in the District’s name. \$ 46,575,853

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

| | <u>BEGINNING BALANCE</u> | <u>ADDITIONS</u> | <u>RETIREMENTS/ RECLASSIFICATIONS</u> | <u>ENDING BALANCE</u> |
|--|------------------------------|----------------------|---|---------------------------|
| Governmental Activities: | | | | |
| Capital assets that are not depreciated: | | | | |
| Land | \$ 135,333 | \$ - | \$ - | \$ 135,333 |
| Construction In Progress | <u>6,798,825</u> | <u>10,532,080</u> | <u>495,590</u> | <u>16,835,315</u> |
| Total non-depreciable historical cost | <u>6,934,158</u> | <u>10,532,080</u> | <u>495,590</u> | <u>16,970,648</u> |
| Capital assets that are depreciated: | | | | |
| Building and Improvements | 58,145,985 | 5,734,258 | - | 63,880,243 |
| Machinery and Equipment | 1,280,601 | - | - | 1,280,601 |
| Vehicles | <u>6,671,008</u> | <u>614,699</u> | <u>778,535</u> | <u>6,507,172</u> |
| Total depreciable historical cost | <u>66,097,594</u> | <u>6,348,957</u> | <u>778,535</u> | <u>71,668,016</u> |
| Less accumulated depreciation: | | | | |
| Building and Improvements | 23,343,148 | 1,224,339 | - | 24,567,487 |
| Machinery and Equipment | 519,699 | 91,933 | - | 611,632 |
| Vehicles | <u>3,861,084</u> | <u>565,394</u> | <u>709,316</u> | <u>3,717,162</u> |
| Total Accumulated Depreciation | <u>27,723,931</u> | <u>1,881,666</u> | <u>709,316</u> | <u>28,896,281</u> |
| Total historical cost, net | <u>\$ 45,307,821</u> | <u>\$ 14,999,371</u> | <u>\$ 564,809</u> | <u>\$ 59,742,383</u> |

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS (Continued)

| | |
|---|---------------------|
| Depreciation expense was charged to Governmental functions as follows: | |
| General Support | \$ 109,744 |
| Instruction | 1,267,878 |
| Pupil Transportation | 4,333 |
| School Lunch Program | <u>499,711</u> |
| | <u>\$ 1,881,666</u> |

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2021 are as follows:

| | <u>INTERFUND RECEIVABLE</u> | <u>INTERFUND PAYABLE</u> | <u>INTERFUND EXPENDITURES</u> | <u>INTERFUND REVENUES</u> |
|-------------------------------|---------------------------------|------------------------------|-----------------------------------|-------------------------------|
| General Fund | \$ 3,131,262 | \$ 4,000,000 | \$ 4,424,555 | \$ 937,098 |
| School Lunch | - | 50,779 | - | 132,753 |
| Special Aid Fund | - | 2,771,733 | - | 139,323 |
| Debt Service Fund | 304,599 | - | 937,098 | - |
| Miscellaneous Special Revenue | - | 250 | - | - |
| Capital Projects Fund | <u>4,000,000</u> | <u>613,099</u> | <u>-</u> | <u>4,152,479</u> |
| Total Governmental Activities | <u>7,435,861</u> | <u>7,435,861</u> | <u>5,361,653</u> | <u>5,361,653</u> |
| TOTALS | <u>\$ 7,435,861</u> | <u>\$ 7,435,861</u> | <u>\$ 5,361,653</u> | <u>\$ 5,361,653</u> |

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District periodically transfers funds between the General Fund and Debt Service Fund to make debt service payments and to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants.

The District transfers investment income earned in the Capital Projects Fund to the Debt Service Fund for the purpose of making future debt service payments.

The District typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 8 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2021 consisted of the following:

| | |
|-----------------|------------------|
| Food & Supplies | <u>\$ 24,843</u> |
|-----------------|------------------|

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - LIABILITIES

A. Pension Plans and Post-Employment Benefits

1. General Information

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

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the New York State Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the New York State Teachers' Retirement Board.

The System provides benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York. The New York State TRS issued a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL).

The system issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

MONTICELLO CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 9 – LIABILITIES (Continued)

3. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and prior to January 1, 2010, with less than ten years of service, are required to contribute 3% of their salary.

Those joining the NYSERS on or after January 1, 2010 and before April 1, 2012, contribute 3% of their salary throughout their entire working career. Those joining after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, dependent upon their salary, for their entire working career.

Those joining the NYSTRS on or after January 1, 2010 and before April 1, 2012 contribute 3.5% of their salary throughout their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on their salary, for their entire working career.

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 9.53% of the annually covered payroll for the fiscal year ended June 30, 2021. Rates applicable to the fiscal years ended June 30, 2020 and 2019, were respectively 8.86% and 10.62%.

For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

| | <u>ERS</u> | <u>TRS</u> |
|------|--------------|--------------|
| 2021 | \$ 1,056,003 | \$ 2,757,822 |
| 2020 | 1,055,391 | 2,567,495 |
| 2019 | 1,021,297 | 3,053,830 |

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – LIABILITIES (Continued)

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

Interest Expense on long-term debt consisted of the following:

| | |
|--|----------------------|
| Interest Paid | \$ 93,331 |
| Less: Interest Accrued in the Prior Year | (32,608) |
| Plus: Interest Accrued in the Current Year | <u>25,588</u> |
| Total Expense | <u>\$ 86,311</u> |

b. Changes

The changes in the School District’s indebtedness during the year ended June 30, 2021 are summarized as follows:

| | BALANCE <u>06/30/20</u> | <u>ADDITIONS</u> | <u>DELETIONS</u> | BALANCE <u>06/30/21</u> | AMOUNTS DUE WITHIN <u>ONE YEAR</u> |
|------------------------------|----------------------------|--------------------------|-------------------------|----------------------------|--|
| Serial Bonds – | | | | | |
| General Obligations | \$ 1,635,000 | \$ - | \$ 360,000 | \$ 1,275,000 | \$ 370,000 |
| Energy Performance Contract- | | | | | |
| Direct Borrowing | 1,827,235 | - | 316,657 | 1,510,578 | 323,407 |
| Installment Purchase Debt – | | | | | |
| Direct Borrowings | 157,164 | - | 38,442 | 118,722 | 37,576 |
| Compensated Absences | 1,056,347 | - | 14,597 | 1,041,750 | 110,825 |
| Total OPEB Liability | <u>97,368,355</u> | <u>17,012,637</u> | <u>3,878,992</u> | <u>110,502,000</u> | <u>2,200,000</u> |
| TOTAL | <u>\$ 102,044,101</u> | <u>\$ 17,012,637</u> | <u>\$ 4,608,688</u> | <u>\$ 114,448,050</u> | <u>\$ 3,041,808</u> |

Additions and deletions to compensated absences are shown net since it is impractical to determine those amounts separately.

c. Maturity

The following is a summary of maturity of indebtedness:

| <u>PURPOSE</u> | <u>ISSUE DATE</u> | <u>FINAL MATURITY</u> | <u>INTEREST RATE</u> | <u>OUTSTANDING 06/30/21</u> |
|-----------------------------|-----------------------|---------------------------|--------------------------|---------------------------------|
| Excel Project | 2010 | 2025 | 3.00%-4.00% | \$ 1,275,000 |
| Energy Performance Contract | 2015 | 2025 | 2.120% | 1,510,578 |
| Installment Purchase Debt | 2020 | 2024 | 5.22% | <u>118,722</u> |
| | | | | <u>\$ 2,904,300</u> |

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – LIABILITIES (Continued)

The following is a summary of maturing debt service requirements.

| <u>YEAR</u> | <u>General Obligations</u> | | <u>Direct Borrowings And Direct Placements</u> | |
|--------------|----------------------------|-------------------------|--|-------------------------|
| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> |
| 2022 | \$ 370,000 | \$ 39,288 | \$ 360,983 | \$ 36,522 |
| 2023 | 385,000 | 26,538 | 369,839 | 27,667 |
| 2024 | 400,000 | 12,300 | 378,944 | 18,561 |
| 2025 | 120,000 | 2,400 | 344,528 | 9,198 |
| 2026 | - | - | 175,006 | 1,855 |
| TOTAL | <u>\$ 1,275,000</u> | <u>\$ 80,526</u> | <u>\$ 1,629,300</u> | <u>\$ 93,803</u> |

2. Short-Term Debt

The following is a summary of the bond anticipation note activity for the year ended June 30, 2021:

| <u>DESCRIPTION</u> | <u>RATE</u> | <u>BEGINNING BALANCE</u> | <u>ADDITIONS</u> | <u>DELETIONS</u> | <u>ENDING BALANCE</u> |
|--|-------------|------------------------------|----------------------|---------------------|---------------------------|
| Renovations And Reconstruction – General Obligations | 1.25% | <u>\$ 10,010,000</u> | <u>\$ 19,990,000</u> | <u>\$ 1,691,500</u> | <u>\$ 28,308,500</u> |

Interest expense on short term debt consisted of the following:

| | |
|--|--------------------------|
| Interest Paid | \$ 435,477 |
| Less: Interest Accrued In Prior Year | (158,498) |
| Plus: Interest Accrued In Current Year | <u>-</u> |
| TOTAL EXPENSE | <u>\$ 276,979</u> |

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

The Monticello Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

B. Tax Certiorari Proceedings

The District may be liable for refunds related to tax assessment reviews brought on by various taxpayers. Individually, these claims would not have a material impact on the financial statements.

However, in the aggregate, if settled unfavorably, they may be material to the financial statements. The outcome cannot be reasonably estimated at this time. The District has funded its Tax Certiorari Reserve to be prepared in the event of unfavorable outcomes.

C. Other Items

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

D. COVID - 19

In the early months of 2020, the COVID – 19 pandemic spread quickly around the world, causing significant shutdowns of economic activity. As a result, the District had to switch to remote learning and incurred unanticipated costs related to the conversion. Additionally, the District recognized some savings related to budgeted activity that was no longer needed. The ultimate cost of the shutdown and the effect, if any, on future tax levies and State and Federal funding sources cannot be determined at this time.

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

The District provides post-employment coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

General Information about the OPEB Plan

Plan Description - The healthcare plan is a defined benefit OPEB plan that provides benefits for employees of the District who have reached certain levels of employment with the District. The plan is a pay as you go funding plan. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

MONTICELLO CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Benefits Provided – The District provides healthcare benefits for retirees, their dependents and surviving spouses. The benefit terms and contributions required by retirees vary based on the union contract that governs the employee, and years of service with the District. The District also reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. Retirees and surviving spouses contribute at rates ranging from 50% to 100% of premiums depending on the type of coverage and the individual contractual terms.

Employees Covered by Benefit Terms – At July 1, 2020, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 240 |
| Active Employees | <u>598</u> |
| | <u><u>838</u></u> |

Total OPEB Liability

The District’s total OPEB liability of \$110,502,000 was measured as of June 30, 2021, using an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

| | |
|-------------------------------------|---------------|
| Measurement Date | June 30, 2021 |
| Discount Rate | 2.16% |
| Inflation | 2.50% |
| Payroll Growth – ERS | 3.3%-8.8% |
| Payroll Growth – TRS | 2.9%-10.0% |
| Initial Healthcare Cost Trend Rate | 5.70% |
| Ultimate Healthcare Cost Trend Rate | 4.04% |

The actuarial cost method used in the valuation was Entry Age Normal Level Percentage of Pay Cost Method.

The discount rate was based on the 20-Bond GO Index.

Mortality rates were based on Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2020.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

The payroll growth assumptions used in the June 30, 2020 valuation were based on the NYS ERS assumption first adopted on April 1, 2020 and the NYS TRS assumption first adopted on June 30, 2015.

Changes in the Total OPEB Liability

| | | |
|---|--------------------|-----------------------|
| Balance at June 30, 2020 | | \$ 97,368,355 |
| Changes for the Year - | | |
| Service Cost | 4,713,265 | |
| Interest | 2,232,191 | |
| Changes of Benefit Terms | (14,055) | |
| Differences between expended and actual experience | (1,698,047) | |
| Changes in assumptions or other inputs | 10,067,181 | |
| Benefit Payments | <u>(2,166,890)</u> | |
| Net Changes | | <u>13,133,645</u> |
| Balance at June 30, 2021 | | <u>\$ 110,502,000</u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1 – percentage point higher (3.16%) than the current discount rate:

| | 1% Decrease (1.16%) | Current Assumption (2.16%) | 1% Increase (3.16%) |
|----------------------|------------------------|----------------------------------|------------------------|
| Total OPEB Liability | <u>\$ 133,880,046</u> | <u>\$ 110,502,000</u> | <u>\$ 92,284,836</u> |

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

| | 1% Decrease | Current Assumption | 1% Increase |
|----------------------|----------------------|-----------------------|-----------------------|
| Total OPEB Liability | <u>\$ 89,155,829</u> | <u>\$ 110,502,000</u> | <u>\$ 139,179,851</u> |

MONTICELLO CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$9,866,179. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 10,158,195 |
| Changes of assumptions or other inputs | <u>34,051,325</u> | <u>1,985,615</u> |
| Total | <u>\$ 34,051,325</u> | <u>\$ 12,143,810</u> |

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

| | |
|------------|----------------------|
| | \$ 2,934,778 |
| 2022 | 2,934,778 |
| 2023 | 2,934,778 |
| 2024 | 2,934,778 |
| 2025 | 2,934,778 |
| 2026 | 2,934,778 |
| Thereafter | <u>7,233,625</u> |
| TOTAL | <u>\$ 21,907,515</u> |

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) are included in Note 9-A to the financial statements.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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

At June 30, 2021, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

| | <u>ERS</u> | <u>TRS</u> |
|---|---------------|----------------|
| Actuarial valuation date | April 1, 2020 | June 30, 2019 |
| Net pension asset/(liability) | \$ (22,430) | \$ (4,717,766) |
| District's portion of the Plan's total net pension asset/(liability) | 0.0225264% | 0.170731% |

For the year ended June 30, 2021, the District recognized pension expense of \$606,601 for ERS and \$6,451,536 for TRS. At June 30, 2021, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | | <u>Deferred Inflows of Resources</u> | |
|---|---|----------------------|--|---------------------|
| | <u>ERS</u> | <u>TRS</u> | <u>ERS</u> | <u>TRS</u> |
| Differences between expected and actual experience | \$ 273,936 | \$ 4,133,707 | \$ - | \$ 241,776 |
| Changes of assumptions | 4,124,233 | 5,966,877 | 77,784 | 2,126,880 |
| Net difference between projected and actual earnings on pension plan investments | - | 3,081,115 | 6,443,341 | - |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 250,915 | 477,559 | 49,427 | 93,018 |
| District's contributions subsequent to the measurement date | <u>328,651</u> | <u>2,757,822</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 4,977,735</u> | <u>\$ 16,417,080</u> | <u>\$ 6,570,552</u> | <u>\$ 2,461,674</u> |

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

District contributions subsequent to the measurement date of \$328,651 for ERS and \$2,757,822 for TRS will be recognized as a reduction of the net pension liability in the year June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | <u>ERS</u> | <u>TRS</u> |
|------------|-----------------------|----------------------|
| 2021 | \$ - | \$ 1,937,592 |
| 2022 | (305,625) | 3,809,718 |
| 2023 | (78,236) | 3,164,782 |
| 2024 | (314,538) | 1,950,090 |
| 2025 | (1,223,069) | 102,639 |
| Thereafter | <u>-</u> | <u>232,763</u> |
| TOTAL | <u>\$ (1,921,468)</u> | <u>\$ 11,197,584</u> |

Actuarial Assumptions

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

| | <u>ERS</u> | <u>TRS</u> |
|--------------------------|----------------|---------------|
| Measurement date | March 31, 2021 | June 30, 2020 |
| Actuarial valuation date | April 1, 2020 | June 30, 2019 |
| Interest rate | 5.90% | 7.10% |
| Salary scale | 4.4% | 1.90%-4.72% |
| Inflation rate | 2.7% | 2.20% |

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, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015-March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009-June 30, 2014.

MONTICELLO CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
 OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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

| Measurement date | <u>ERS</u> March 31, 2021 | <u>TRS</u> June 30, 2020 |
|-----------------------------|------------------------------|-----------------------------|
| Asset Type: | | |
| Domestic Equity | 4.05% | 7.1% |
| International Equity | 6.30 | 7.7 |
| Real Estate | 4.95 | 6.8 |
| Real Assets | 5.95 | - |
| Domestic Fixed Income | - | 1.8 |
| Global Bonds | - | 1.0 |
| Global Equities | - | 7.4 |
| Opportunistic/ARS Portfolio | 4.50 | - |
| Credit | 3.63 | - |
| Private Equities | 6.75 | 10.4 |
| Private Debt | - | 5.2 |
| High Yield Bonds | - | 3.9 |
| Real Estate Debt | - | 3.6 |
| Cash Equivalents | 0.50 | 0.7 |
| Fixed Income | 0.00 | - |

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employees will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MONTICELLO CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
 OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Sensitivity of the Proportionate Share for the Net Pension Liability to the Discount Rate Assumption

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 7.10% for TRS, as well as what the District’s proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 6.10% for TRS) or 1-percentage point higher (6.90% for ERS and 8.10% for TRS) than the current rate:

| <u>ERS</u> | 1% Decrease <u>(4.90%)</u> | Current Assumption <u>(5.90%)</u> | 1% Increase <u>(6.90%)</u> |
|---|-------------------------------|--------------------------------------|-------------------------------|
| Employer’s proportionate share of the net pension asset (liability) | \$ (6,225,821) | \$ (22,430) | \$ 5,698,547 |
| | 1% Decrease <u>(6.10%)</u> | Current Assumption <u>(7.10%)</u> | 1% Increase <u>(8.10%)</u> |
| <u>TRS</u> Employer’s proportionate share of the net pension asset (liability) | (29,800,505) | (4,717,766) | 16,333,088 |

Pension Plan Fiduciary Net Position

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

| | <u>ERS (in thousands)</u> April 1, 2020 | <u>TRS</u> June 30, 2019 |
|--|--|-----------------------------|
| Valuation date | | |
| Employers’ total pension liability | \$ (220,680,157) | \$ (123,242,776,215) |
| Plan Net Position | <u>220,580,583</u> | <u>120,479,505,380</u> |
| Employer’s net pension asset/(liability) | <u>\$ (99,574)</u> | <u>\$ (2,763,270,835)</u> |
| Ratio of plan net position to the Employer’s total pension asset/(liability) | 99.95% | 97.8% |

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Accrued retirement contributions as of June 30 represent the projected employer contribution for the period of April 1 through June 30, based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$328,651.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30 are paid to the System in September, October, and November through a state aid intercept. Accrued retirement contributions as of June 30 represent employee and employer contributions for the fiscal year 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, 2021 amounted to \$3,026,571.

NOTE 13 – TAX ABATEMENTS

The District is subject to tax abatement agreements entered into by the County of Sullivan Industrial Development Agency pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2021, the District received \$2,048,589 in tax abatement payments, which resulted in abated property taxes totaling \$6,418,614.

NOTE 14 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2021 and October 4, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2021, the Monticello Central School District implemented GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the beginning fund balance in the Miscellaneous Special Revenue Fund has been increased by \$208,615 to account for scholarships and extra classroom activities previously reported in the Fiduciary Fund. Under GASB 84, the District has no activity required to be reported in the Fiduciary Fund. The increase in fund balance also effects the beginning net position in the statement of activities.

NOTE 16 – RESTATED BALANCES

The beginning fund balance in the General Fund and the beginning net position in the statement of activities have been increased by \$116,618 to account for State funded Special Aid expenses posted to the General Fund in the previous year.

MONTICELLO CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021
 (WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2020)

| | ORIGINAL <u>BUDGET</u> | REVISED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) | <u>2020</u> |
|---|---------------------------|--------------------------|-------------------|--|-------------------|
| REVENUES | | | | | |
| Local Sources: | | | | | |
| Real Property Taxes | \$ 44,493,025 | \$ 44,493,025 | \$ 42,510,433 | \$ (1,982,592) | \$ 41,752,579 |
| Other Tax Items | 2,508,959 | 2,508,959 | 4,272,775 | 1,763,816 | 4,588,434 |
| Charges For Services | 203,500 | 203,500 | 304,807 | 101,307 | 145,339 |
| Use of Money and Property | 289,625 | 289,625 | 125,195 | (164,430) | 239,175 |
| Sale of Property & Compensation For Loss | 20,000 | 20,000 | 53,720 | 33,720 | 55,928 |
| Miscellaneous Local Sources | 1,870,000 | 1,871,000 | 2,645,420 | 774,420 | 2,559,012 |
| State Sources: | | | | | |
| Basic Formula | 31,358,841 | 31,358,841 | 28,590,745 | (2,768,096) | 30,592,824 |
| Lottery Aid | 1,896,303 | 1,896,303 | 451,145 | (1,445,158) | 4,541,074 |
| BOCES | 2,803,352 | 2,803,352 | 3,019,497 | 216,145 | 2,188,129 |
| Other | 1,202,322 | 1,202,322 | 4,713,623 | 3,511,301 | 760,114 |
| Federal Sources | 250,000 | 1,953,524 | 623,093 | (1,330,431) | 197,603 |
| TOTAL REVENUES | <u>86,895,927</u> | <u>88,600,451</u> | <u>87,310,453</u> | <u>(1,289,998)</u> | <u>87,620,211</u> |
| OTHER FINANCING SOURCES | | | | | |
| Interfund Transfers In | <u>937,098</u> | <u>937,098</u> | <u>937,098</u> | <u>-</u> | <u>14,068</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>87,833,025</u> | <u>89,537,549</u> | <u>88,247,551</u> | <u>\$ (1,289,998)</u> | <u>87,634,279</u> |
| FUND BALANCE | | | | | |
| Appropriated Fund Balance | 2,700,000 | 2,700,000 | | | |
| Appropriated Reserves | - | 4,958,358 | | | |
| Prior Year Encumbrances | - | 939,880 | | | |
| TOTAL FUND BALANCE | <u>2,700,000</u> | <u>8,598,238</u> | | | |
| TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE | <u>\$ 90,533,025</u> | <u>\$ 98,135,787</u> | | | |

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2020)

| | <u>ORIGINAL</u> <u>BUDGET</u> | <u>REVISED</u> <u>BUDGET</u> | <u>ACTUAL</u> | <u>ENCUMBRANCES</u> | <u>UNECUMBERED</u> <u>BALANCES</u> | <u>2020</u> |
|--|----------------------------------|---------------------------------|----------------------|---------------------|---------------------------------------|----------------------|
| EXPENDITURES | | | | | | |
| General Support | | | | | | |
| Board of Education | \$ 96,085 | \$ 96,529 | \$ 70,647 | \$ 1,895 | \$ 23,987 | \$ 110,060 |
| Central Administration | 278,723 | 283,732 | 275,601 | 1,568 | 6,563 | 533,257 |
| Finance | 919,387 | 919,364 | 871,285 | 25,250 | 22,829 | 831,670 |
| Staff | 453,631 | 533,347 | 520,235 | 6,073 | 7,039 | 518,858 |
| Central Services | 5,484,035 | 5,872,448 | 4,574,787 | 561,425 | 736,236 | 5,069,190 |
| Special Items | 1,715,500 | 1,697,409 | 1,644,209 | - | 53,200 | 1,583,821 |
| Instructional: | | | | | | |
| Instruction, Administration, and Improvement | 4,264,503 | 4,309,807 | 3,966,554 | 119,412 | 223,841 | 3,826,694 |
| Teaching: | | | | | | |
| Regular School | 22,633,227 | 24,225,136 | 21,969,335 | 696,558 | 1,559,243 | 21,869,290 |
| Programs For Children With Handicapped Conditions | 18,750,139 | 18,938,757 | 17,886,878 | 17,923 | 1,033,956 | 18,144,680 |
| Occupational Education | 2,005,000 | 2,009,195 | 2,009,166 | - | 29 | 1,813,925 |
| Special Schools | 344,000 | 78,031 | - | - | 78,031 | 116,618 |
| Instructional Media | 1,419,969 | 1,879,681 | 1,275,296 | 419,376 | 185,009 | 1,473,109 |
| Pupil Services | 3,818,711 | 3,803,426 | 3,305,523 | 10,378 | 487,525 | 3,396,206 |
| Pupil Transportation | 4,699,642 | 4,702,613 | 3,665,705 | 60,737 | 976,171 | 3,813,404 |
| Community Services | 31,370 | 32,320 | 32,316 | - | 4 | 30,598 |
| Employee Benefits | 20,378,214 | 21,100,570 | 18,802,501 | 35,900 | 2,262,169 | 18,838,449 |
| Debt Service: | | | | | | |
| Principal | 2,678,244 | 2,716,686 | 2,406,599 | - | 310,087 | 4,268,830 |
| Interest | 287,645 | 528,983 | 528,808 | - | 175 | 178,414 |
| TOTAL EXPENDITURES | 90,258,025 | 93,728,034 | 83,805,445 | 1,956,495 | 7,966,094 | 86,417,073 |
| OTHER USES | | | | | | |
| Interfund Transfers Out | 275,000 | 4,407,753 | 4,424,555 | - | (16,802) | 193,990 |
| TOTAL EXPENDITURES AND OTHER USES | \$ 90,533,025 | \$ 98,135,787 | 88,230,000 | \$ 1,956,495 | \$ 7,949,292 | 86,611,063 |
| NET CHANGE IN FUND BALANCE | | | 17,551 | | | 1,023,216 |
| FUND BALANCE - Beginning of Year (Restated) | | | 27,528,421 | | | 26,388,587 |
| FUND BALANCE - End of Year | | | \$ 27,545,972 | | | \$ 27,411,803 |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
 YEAR ENDED JUNE 30, 2021

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-----------------------|----------------------|----------------------|----------------------|
| Service Cost | \$ 4,713,265 | \$ 3,510,751 | \$ 2,723,943 | \$ 1,930,488 |
| Interest | 2,232,191 | 3,040,176 | 2,651,715 | 2,384,735 |
| Changes of Benefit Terms | (14,055) | - | 286,734 | - |
| Differences Between Expected and Actual Experience | (1,698,047) | (11,006,290) | (126,247) | - |
| Changes of Assumptions | 10,067,181 | 19,799,294 | 13,861,816 | (3,368,351) |
| Benefit Payments | <u>(2,166,890)</u> | <u>(2,140,599)</u> | <u>(2,038,192)</u> | <u>(1,508,631)</u> |
| Net Change in Total OPEB Liability | 13,133,645 | 13,203,332 | 17,359,769 | (561,759) |
| Beginning Total OPEB Liability | <u>97,368,355</u> | <u>84,165,023</u> | <u>66,805,254</u> | <u>67,367,013</u> |
| Ending Total OPEB Liability | <u>\$ 110,502,000</u> | <u>\$ 97,368,355</u> | <u>\$ 84,165,023</u> | <u>\$ 66,805,254</u> |
| Covered Employee Payroll | <u>\$ 35,678,891</u> | <u>\$ 41,296,805</u> | <u>\$ 42,836,082</u> | <u>\$ 40,804,583</u> |
| Total OPEB Liability as a Percentage of Covered Payroll | 309.7% | 235.8% | 196.5% | 163.72% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

| | |
|---------------------------------|-------|
| June 30, 2021 Measurement Date: | 2.16% |
| June 30, 2020 Measurement Date: | 2.21% |

Aging subsidy has been added to the post-65 periods as a reflection of healthcare costs that vary by age (higher cost as the participant gets older). This change caused an increase in the District's liability.

Mortality improvements scale has been updated from MP-2018 to MP-2020, which caused a decrease in liability.

Health care trend rates have been updated as follows, which caused a decrease in the District's liability.

- a. Medical and prescription drug trend rates have been updated from 2018 Getzen to 2020 Getzen model, with an initial rate that is based on the actual NYSHIP premium increases from 2020-2021.
- b. Medicare Part B trend rates have been updated to an initial rate of 2.70% in 2020, followed by projected Part B premium increase shown in the 2020 Medicare Trustees report, decreasing gradually to an ultimate rate of 4.04% by 2075.

Salary scale, termination, and retirement rates have been updated based on NYS ERS assumptions first adopted on April 1, 2020. The net impact of this change is a slight decrease in liability.

The percentage of future retirees who are assumed to have a covered spouse has increased from 45% for males and 35% for females, to 50% for males and 40% for females.

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

MONTICELLO CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
 YEAR ENDED JUNE 30, 2021

TRS System

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------|--------------|--------------|--------------|----------------|---------------|---------------|
| The District's proportion of the net pension asset (liability) | 0.170731% | 0.172275% | 0.172605% | 0.177144% | 0.182945% | 0.179337% | 0.177923% |
| The District's proportionate share of the net pension asset (liability) | \$ (4,717,766) | \$ 4,475,710 | \$ 3,121,162 | \$ 1,346,472 | \$ (1,959,421) | \$ 18,627,421 | \$ 19,819,530 |
| The District's covered employee payroll | 28,978,504 | 28,755,459 | 28,115,495 | 28,071,533 | 28,230,312 | 26,938,882 | 26,973,701 |
| The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll | 16.28% | 15.56% | 11.10% | 4.80% | 6.94% | 69.15% | 73.48% |
| Plan Fiduciary net position as a percentage of the total pension liability | 97.8% | 102.17% | 101.53% | 100.66% | 99.01% | 110.46% | 111.48% |

ERS System

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|----------------|----------------|--------------|----------------|----------------|--------------|
| The District's proportion of the net pension liability | 0.0225264% | 0.0228643% | 0.0230005% | 0.0232243% | 0.0240426% | 0.0242518% | 0.0235178% |
| The District's proportionate share of the net pension liability | \$ (22,430) | \$ (6,054,611) | \$ (1,629,656) | \$ (749,552) | \$ (2,259,093) | \$ (3,892,474) | \$ (794,489) |
| The District's covered employee payroll | 7,794,457 | 7,411,768 | 7,313,717 | 7,405,398 | 6,821,965 | 6,521,948 | 6,513,081 |
| The District's proportionate share of the net pension liability as a percentage of covered employee payroll | 0.29% | 81.69% | 22.28% | 10.12% | 33.12% | 59.68% | 12.20% |
| Plan Fiduciary net position as a percentage of the total pension liability | 99.95% | 86.39% | 96.27% | 98.24% | 94.7% | 90.7% | 97.9% |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2021

TRS System

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 2,757,822 | \$ 2,567,495 | \$ 3,053,830 | \$ 2,755,319 | \$ 3,289,984 | \$ 3,743,339 | \$ 4,722,386 | \$ 4,383,226 | \$ 3,276,702 | \$ 3,011,458 |
| Contribution in relation to the contractually required contribution | <u>2,757,822</u> | <u>2,567,495</u> | <u>3,053,830</u> | <u>2,755,319</u> | <u>3,289,984</u> | <u>3,743,339</u> | <u>4,722,386</u> | <u>4,383,226</u> | <u>3,276,702</u> | <u>3,011,458</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contribution as a percentage of covered employee payroll | 9.52% | 8.86% | 10.62% | 9.80% | 11.72% | 13.26% | 17.53% | 16.25% | 11.84% | 11.11% |

ERS System

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|------------------|------------------|------------------|------------------|----------------|------------------|------------------|------------------|------------------|----------------|
| Contractually required contribution | \$ 1,056,003 | \$ 1,055,391 | \$ 1,021,297 | \$ 1,038,813 | \$ 992,650 | \$ 1,156,937 | \$ 1,175,280 | \$ 1,284,389 | \$ 1,197,522 | \$ 958,072 |
| Contribution in relation to the contractually required contribution | <u>1,056,003</u> | <u>1,055,391</u> | <u>1,021,297</u> | <u>1,038,813</u> | <u>992,650</u> | <u>1,156,937</u> | <u>1,175,280</u> | <u>1,284,389</u> | <u>1,197,522</u> | <u>958,072</u> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contribution as a percentage of covered employee payroll | 13.55% | 14.24% | 13.96% | 14.03% | 14.55% | 17.74% | 18.05% | 19.95% | N/A | N/A |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

| | <u>MISCELLANEOUS SPECIAL REVENUE</u> | | | <u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u> |
|-------------------------------------|--------------------------------------|---------------------|--------------------------------------|---|
| | <u>DEBT SERVICE</u> | <u>SCHOLARSHIPS</u> | <u>EXTRACLASSROOM ACTIVITIES</u> | |
| ASSETS | | | | |
| Cash | \$ 235,975 | \$ - | \$ 121,550 | \$ 357,525 |
| Cash-Restricted | - | 77,600 | - | 77,600 |
| Due From Other Funds | 304,599 | - | - | 304,599 |
| | - | - | - | - |
| TOTAL ASSETS | \$ 540,574 | \$ 77,600 | \$ 121,550 | \$ 739,724 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ 100 | \$ - | \$ 100 |
| Due To Other Funds | - | 250 | - | 250 |
| TOTAL LIABILITIES | - | 350 | - | 350 |
| FUND BALANCES | | | | |
| Restricted: | | | | |
| Scholarships | - | 77,250 | - | 77,250 |
| Assigned: | | | | |
| Unappropriated | 540,574 | - | 121,550 | 662,124 |
| TOTAL FUND BALANCES | 540,574 | 77,250 | 121,550 | 739,374 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 540,574 | \$ 77,600 | \$ 121,550 | \$ 739,724 |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

| | <u>MISCELLANEOUS SPECIAL REVENUE</u> | | | <u>TOTAL NON-MAJOR</u> |
|---|--------------------------------------|---------------------|--|-------------------------------------|
| | <u>DEBT SERVICE</u> | <u>SCHOLARSHIPS</u> | <u>EXTRACLASSROOM</u> <u>ACTIVITIES</u> | <u>GOVERNMENTAL</u> <u>FUNDS</u> |
| REVENUES | | | | |
| Use of Money and Property | \$ 281 | \$ 20 | \$ - | \$ 301 |
| Miscellaneous Local Sources | - | - | 42,164 | 42,164 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL REVENUES | 281 | 20 | 42,164 | 42,465 |
| OTHER FINANCING SOURCES | | | | |
| Premium on Obligations | 464,499 | - | - | 464,499 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | 464,780 | 20 | 42,164 | 506,964 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | | |
| Instruction | - | 600 | 51,399 | 51,999 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL EXPENDITURES | - | 600 | 51,399 | 51,999 |
| OTHER FINANCING USES | | | | |
| Interfund Transfers Out | 937,098 | - | - | 937,098 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL EXPENDITURES AND OTHER USES | 937,098 | 600 | 51,399 | 989,097 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCE | (472,318) | (580) | (9,235) | (482,133) |
| FUND BALANCE - Beginning of Year (Restated) | 1,012,892 | 77,830 | 130,785 | 1,221,507 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| FUND BALANCE - End of Year | <u>\$ 540,574</u> | <u>\$ 77,250</u> | <u>\$ 121,550</u> | <u>\$ 739,374</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2021

| | |
|------------------------------|----------------------|
| ADOPTED BUDGET | \$ 90,533,025 |
| ADDITIONS: | |
| Encumbrances From Prior Year | 939,880 |
| Appropriated Reserves | 4,958,358 |
| Supplemental Appropriations | <u>1,704,524</u> |
| FINAL BUDGET | <u>\$ 98,135,787</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
REAL PROPERTY TAX LIMIT
YEAR ENDED JUNE 30, 2021

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

| | | |
|--|------------------|----------------------|
| 2021-2022 Voter Approved Expenditure Budget | | <u>\$ 91,266,606</u> |
| Maximum allowed (4% of Budget) | | <u>\$ 3,650,664</u> |
| General Fund Balance subject to Section 1318 of Real Property Tax Law: | | |
| Unrestricted Fund Balance: | | |
| Assigned Fund Balance | \$ 3,956,495 | |
| Unassigned Fund Balance | <u>9,700,434</u> | |
| Total Unrestricted Fund Balance | | 13,656,929 |
| Less: | | |
| Appropriated Fund Balance | 2,000,000 | |
| Encumbrances included in Assigned Fund Balance | <u>1,956,495</u> | |
| Total Adjustments | | <u>3,956,495</u> |
| General Fund Balance subject to Section 1318 of Real Property Tax Law: | | <u>\$ 9,700,434</u> |
| Actual Percentage | | 10.63% |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
 SCHEDULE OF PROJECT EXPENDITURES
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2021

| PROJECT TITLE | ORIGINAL APPROPRIATIONS | REVISED APPROPRIATIONS | EXPENDITURES | | | UNEXPENDED BALANCE | METHODS OF FINANCING | | | | FUND BALANCE JUNE 30, 2021 |
|-------------------|----------------------------|---------------------------|----------------|----------------------|------------|-----------------------|----------------------|------------------|------------------|------------|-------------------------------|
| | | | PRIOR YEARS | CURRENT YEAR | TOTAL | | STATE AID | DEBT PROCEEDS | LOCAL SOURCES | TOTAL | |
| Tennis Courts | \$ 650,000 | \$ 650,000 | \$ 80,820 | \$ 22,680 | \$ 103,500 | \$ 546,500 | \$ - | \$ - | \$ 650,687 | \$ 650,687 | \$ 547,187 |
| Capital Project | 54,000,000 | 54,000,000 | 5,837,484 | 15,716,670 | 21,554,154 | 32,445,846 | - | 1,691,500 | 4,004,990 | 5,696,490 | (15,857,664) |
| Smart School Bond | 490,938 | 490,938 | - | 20,400 | 20,400 | 470,538 | 20,400 | - | - | 20,400 | - |
| | | | | <u>\$ 15,759,750</u> | | | | | | | <u>\$ (15,310,477)</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021

| | |
|---|----------------------|
| Capital Assets, Net | \$ 59,742,383 |
| Less: Outstanding Bonds | (1,275,000) |
| Outstanding Energy Performance Contract | (1,510,578) |
| Outstanding Installment Purchase Debt | (118,722) |
| Outstanding Bond Anticipation Notes | (28,308,500) |
| Plus: Unspent Debt Proceeds | <u>8,450,836</u> |
| Net Investment in Capital Assets | <u>\$ 36,980,419</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

| <u>GRANTOR AGENCY</u> | <u>CFDA NUMBER</u> | <u>PASS-THROUGH GRANTORS NUMBER</u> | <u>EXPENDITURES CURRENT YEAR</u> |
|---|------------------------|---|--------------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE: | | | |
| Passed Through State Dept. of Education: | | | |
| School Lunch Program | 10.555 | N/A | \$ - |
| School Breakfast Program | 10.553 | N/A | - |
| Summer Food Service Program | 10.559 | N/A | 1,076,005 |
| School Snack Program | 10.555 | N/A | <u>401</u> |
| Total Child Nutrition Cluster | | | 1,076,406 |
| Passed Through State Dept. of Health and Human Services: | | | |
| Commodity Supplement Food Program (Non-cash) | 10.565 | N/A | <u>66,868</u> |
| TOTAL U.S. DEPT. OF AGRICULTURE | | | <u>1,143,274</u> |
| U.S. DEPARTMENT OF EDUCATION | | | |
| Passed Through State Department of Education | | | |
| Title I | 84.010A | 021-20-3320 | 123,078 |
| Title I | 84.010A | 021-21-3320 | 1,140,719 |
| Title I, School Improvement | 84.010A | 011-20-3090 | 7,200 |
| Title I, School Improvement | 84.010A | 011-21-3090 | 88,487 |
| Title I, Part D | 84.010A | 016-20-3320 | 2,949 |
| Title III, A | 84.365A | 293-21-3320 | 29,108 |
| Title III, A | 84.365A | 293-20-3320 | 12,899 |
| Title V | 84.358B | 006-21-3320 | 70,657 |
| Title V | 84.358B | 006-20-3320 | 15,615 |
| Title IV | 84.424A | 204-21-3320 | 47,044 |
| Title IV | 84.424A | 204-20-3320 | 34,712 |
| Homeless Children | 84.196A | 212-21-3102 | 38,126 |
| IDEA, Part B | 84.027A | 032-21-0969 | 922,322 |
| IDEA, Pre-School | 84.173A | 033-21-0969 | <u>37,914</u> |
| Total Special Education Cluster | | | <u>960,236</u> |
| Title II, A | 84.367A | 147-20-3320 | 72,879 |
| Title II, A | 84.367A | 147-21-3320 | 186,344 |
| Cares Act – ESSER | 84.425D | 5890-21-3320 | 408,958 |
| Cares Act – GEER | 84.425C | 5895-21-3320 | <u>133,188</u> |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | <u>3,372,199</u> |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | <u>\$ 4,515,473</u> |

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Monticello Central School District. The Monticello Central School District's reporting entity is defined in Note 1 to the District's basic financial statements. All federal financial assistance passed through other governmental agencies is included on the schedule.

The District has elected not to use the 10% indirect cost rate allowed under the Uniform Guidance.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the District's basic financial statements as follows:

| | |
|---------------------|-------------------------|
| Governmental Funds: | |
| General Fund | \$ 542,146 |
| Special Aid Fund | 2,830,053 |
| School Lunch Fund | <u>1,143,274</u> |
| TOTAL | <u>\$ 4,515,473</u> |

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

To the Board of Education of the
Monticello Central School District
Monticello, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Monticello Central School District, New York as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Monticello Central School District, New York's basic financial statements and have issued our report thereon dated October 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Monticello Central School District, New York's internal control over financial reporting (internal control) to determine the 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 Monticello Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Monticello Central School District, New York'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 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 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 over financial reporting 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, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Monticello Central School District, New York's financial statements are free of 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 determination of financial statement amounts. 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 result 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.

Cooper Arias, LLP

Mongaup Valley, New York
October 4, 2021

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

To the Board of Education of the
Monticello Central School District
Monticello, New York

Report on Compliance for Each Major Federal Program

We have audited the Monticello Central School District, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Monticello Central School District, New York's major federal programs for the year ended June 30, 2021. The Monticello Central School District, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Monticello Central School District, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Monticello Central School District, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination on the Monticello Central School District, New York's compliance.

Basis for Qualified Opinion on Title I and Cares Act-ESSER

As described in the accompanying schedule of findings and questioned costs, the Monticello Central School District, New York did not comply with requirements regarding CFDA 84.010A Title I and CFDA 84.425D Cares Act-ESSER as described in finding number 2021-001 for Time and Effort. Compliance with such requirements is necessary, in our opinion, for the Monticello Central School District, New York to comply with the requirements applicable to that program.

Qualified Opinion on Title I and Cares Act-ESSER

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Monticello Central School District, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I and Cares Act-ESSER for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Monticello Central School District, New York 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

The Monticello Central School District, New York's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Monticello Central School District, New York's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Monticello Central School District, New York is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Monticello Central School District, New York's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the Monticello Central School District, New York's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Cooper Arias, LLP

Mongaup Valley, New York
October 4, 2021

MONTICELLO CENTRAL SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2021

Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of the Monticello Central School District.
2. There were no significant deficiencies disclosed during the audit of the financial statements of the Monticello Central School District.
3. No instances of non-compliance material to the financial statements of the Monticello Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of internal control over major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the Monticello Central School District expresses a qualified opinion on two major programs and an unmodified opinion on all other major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) are reported on this schedule.
7. The programs tested as major programs included:

| | |
|-----------------------------|---------|
| Title I | 84.010A |
| Title I, School Improvement | 84.010A |
| Title I, Part D | 84.010A |
| Cares Act – ESSER | 84.425D |
| Cares Act – GEER | 84.425C |
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Monticello Central School District was determined to be a low-risk auditee.

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

Department of Education

2021-001 Title I – CFDA No. 84.010A; Grant No. 021-21-3320; Grant period –
Year ending August 31, 2021
Elementary and Secondary School Emergency Relief (ESSER) – CFDA
No. 5890-21-3320; Grant period – Period ending September 30, 2022

Condition: We noted several examples of federal payroll certifications that were either not present or not completed properly.

Criteria: Employees working on federal programs are required to provide a certification either monthly or bi-annually to certify the percentage of their time spent on the federal program.

Cause: The District has an employee tracking the certifications to ensure that they are being completed as required, but several were omitted in the current year.

Effect: Incorrect salaries may be charged to federal programs resulting in federal aid being disallowed.

Recommendation: The District should make sure that all required certifications for the current fiscal year are on file.

Views of Responsible Officials and Planned Corrective Action: Due to the lateness of the grants being approved, and the overall challenges of the COVID-19 environment the District experienced last year, some of the certifications were missed. Management will make sure a review is being done on all required certifications in the upcoming year to make sure this requirement is met.

MONTICELLO CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2021

No findings noted in the prior year.

INDEPENDENT AUDITORS' REPORT

To The President and Board Members of
The Board of Education
Monticello Central School District
Monticello, New York

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Monticello Central School District as of June 30, 2021, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Monticello Central School District as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion of these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the Monticello Central School District as of June 30, 2021, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

This report is intended solely for the information and use of the school board governing body and management of the Extraclassroom Activity Funds of Monticello Central School District, and for filing with the various offices and agencies of the State of New York. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Cooper Arias, LLP

Mongaup Valley, New York
October 4, 2021

MONTICELLO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
JUNE 30, 2021

| | |
|----------------------|-----------------------|
| ASSETS | |
| Cash – High School | \$ 102,998 |
| Cash – Middle School | <u>18,552</u> |
| TOTAL ASSETS | <u>\$ 121,550</u> |
| FUND BALANCE | <u>\$ 121,550</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
HIGH SCHOOL EXTRACLASROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE- CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

| <u>ACTIVITY</u> | CASH & FUND BALANCE <u>6/30/20</u> | <u>RECEIPTS</u> | <u>DISBURSEMENTS</u> | CASH & FUND BALANCE <u>6/30/21</u> |
|----------------------|--|------------------|----------------------|--|
| Academy of Finance | \$ 966 | \$ 9,689 | \$ 6,940 | \$ 3,715 |
| Art Club | 77 | - | - | 77 |
| Athletic Association | 13,839 | 579 | 1,287 | 13,131 |
| Career Readiness | 7,480 | - | 775 | 6,705 |
| Class of 2018 | 130 | - | - | 130 |
| Class of 2019 | 16 | - | - | 16 |
| Class of 2020 | 232 | - | 232 | - |
| Class of 2021 | 2,283 | 12,121 | 10,837 | 3,567 |
| Class of 2022 | 1,809 | 1,939 | 774 | 2,974 |
| Class of 2023 | - | 130 | - | 130 |
| Class of 2024 | - | 1,860 | 756 | 1,104 |
| Culinary Club | 1,304 | - | - | 1,304 |
| Debate Club | 29,077 | - | 1,597 | 27,480 |
| ECO Club | 1,737 | - | - | 1,737 |
| Food and Toy Drive | 23,176 | 2,205 | 2,730 | 22,651 |
| Honor Society | 26 | - | - | 26 |
| Interact Club | 1,428 | - | 500 | 928 |
| Key Club | 810 | - | 53 | 757 |
| LGBTS | 801 | - | - | 801 |
| Monticello Dance Co. | 66 | - | - | 66 |
| My Brothers Keeper | 401 | - | - | 401 |
| NYS Sales Tax | 179 | 1,089 | 791 | 477 |
| Performing Arts | 2,960 | - | 468 | 2,492 |
| Student Council | 2,016 | 2,275 | 3,070 | 1,221 |
| Teens Against Cancer | - | - | - | - |
| Yearbook | 6,864 | 4,244 | - | 11,108 |
| TOTALS | \$ 97,677 | \$ 36,131 | \$ 30,810 | \$ 102,998 |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
MIDDLE SCHOOL EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE- CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

| ACTIVITY | CASH & FUND BALANCE <u>6/30/20</u> | <u>RECEIPTS</u> | <u>DISBURSEMENTS</u> | CASH & FUND BALANCE <u>6/30/21</u> |
|----------------------|--|-----------------|----------------------|---------------------------------------|
| Junior Honor Society | \$ 688 | \$ 4,758 | \$ 2,817 | \$ 2,629 |
| Student Council | 4,342 | 9 | - | 4,351 |
| NY Sales Tax | - | 786 | 784 | 2 |
| Yearbook | 239 | 480 | 700 | 19 |
| Environmental Club | 2,855 | - | - | 2,855 |
| Builders Club | 349 | - | - | 349 |
| Red Cross | 285 | - | - | 285 |
| Musical | 141 | - | - | 141 |
| Media Club | 417 | - | - | 417 |
| RJK Activity Fund | 281 | - | - | 281 |
| 6th Grade Trip | 2,262 | - | - | 2,262 |
| 7th Grade Trip | - | - | - | - |
| Class of 2021 | 21,080 | - | 16,288 | 4,792 |
| SADD | 169 | - | - | 169 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL | <u>\$ 33,108</u> | <u>\$ 6,033</u> | <u>\$ 20,589</u> | <u>\$ 18,552</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - DESCRIPTION OF OPERATIONS

Student activity funds are defined by the New York State Education Department as “funds raised other than by taxation, or through charges of a Board of Education, for, by or in the name of a school, student body or any subdivision thereof.”

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school activity funds in accordance with established policies and rules of the District’s Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The books and records of the Extraclassroom Activity Funds of Monticello School District are maintained on the cash basis of accounting. Consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.

Interest Income

Interest income earned on the bank account during the year has been credited to the Student Council Fund.

Bank Charges

All bank service charges have been charged to the respective activity fund.