

MONTICELLO CENTRAL SCHOOL DISTRICT

GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2022

MONTICELLO CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2022, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 5 through 17 and 58 through 63, respectively, 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.

Supplementary Information

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 combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 not a required part of the basic financial statements. The combining and individual non-major fund financial statements and 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.

Other Matters

The prior year summarized comparative information was derived from the District's June 30, 2021 financial statements and, in our report dated October 4, 2021, we expressed an unmodified opinion on the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 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
September 30, 2022

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022
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, 2022. 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 2021-22 total revenues for all categories was \$101,025,146. General fund revenues accounted for \$89,225,793 of revenue or 88% of all revenues. Program specific revenues in the form of operating grants, charges for services, contributions and capital grants accounted for \$11,799,353 or 12% of total revenues.

The District had \$101,182,137 in expenses. Of this amount, expenses of \$11,799,353 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 \$2,034,078. 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 \$1,014,750. The purpose of the reserve fund is to fund employer retirement contributions.

The District also has two Capital Reserves totaling \$11,689,684. 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 \$89,349,248 in revenues and \$89,823,864 in expenses. This resulted in a decrease in fund balance of \$474,616. This decrease 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, 2022 and June 30, 2021.

Table 1
Net Position

Assets	June 30, 2022	June 30, 2021
Current and Other Assets	54,496,972	52,838,203
Non-Current Assets	108,537,377	59,742,383
Total Assets	163,034,349	112,580,586
Pensions	21,260,390	21,394,815
OPEB Liability	30,862,948	34,051,325
Total Deferred Outflows of Resources	52,123,338	55,446,140
Liabilities		
Current Liabilities	54,273,534	39,228,587
Long Term Liabilities	99,866,341	119,188,246
Total Liabilities	154,139,875	158,416,833
Pensions	39,555,465	9,032,226
OPEB Liability	33,185,481	12,143,810
Total Deferred Inflows of Resources	72,740,946	21,176,036
Net Position		
Net Investment in Capital Assets	42,186,562	36,980,419
Restricted	17,386,874	13,966,293
Unrestricted	(71,296,570)	(62,512,855)
Total Net Position	(11,723,134)	(11,566,143)

Table 2 shows changes in net position for fiscal year 2021-2022. Comparative data is presented for fiscal year end June 30, 2021.

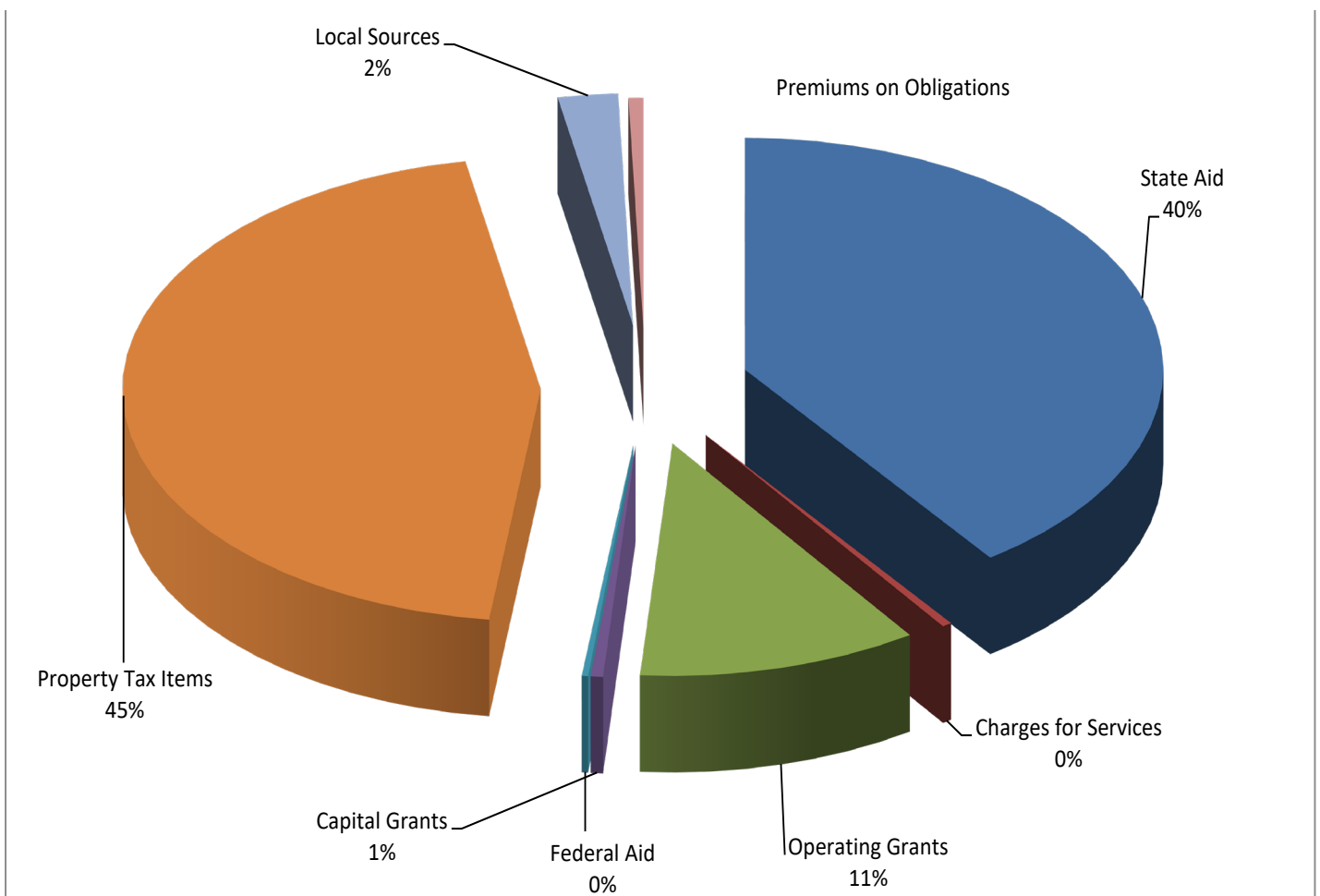
Table 2
Changes in Net Position

REVENUES	6/30/2022	6/30/2021
Program Revenues:		
Charges for Services	381,426	498,294
Operating Grants and Contributions	10,935,956	6,673,605
Capital Grants and Contributions	481,971	20,400
General Revenues:		
Property Tax Items	45,605,388	46,783,208
State Aid	40,446,332	36,775,010
Federal Aid	252,190	80,947
Local Sources	2,342,271	2,763,821
Premiums on Obligations	579,612	464,499
Total Revenues	101,025,146	94,059,784
EXPENSES		
Instruction	81,615,601	82,845,786
General Support	11,092,210	9,873,678
Pupil Transportation	6,135,485	5,408,265
Debt Service	462,340	363,290
School Lunch Program	1,825,663	1,408,659
Community Service	50,838	53,466
Total Expenses	101,182,137	99,953,144
Change in Net Position – Increase/(Decrease)	(156,991)	(5,893,360)

Governmental Activities

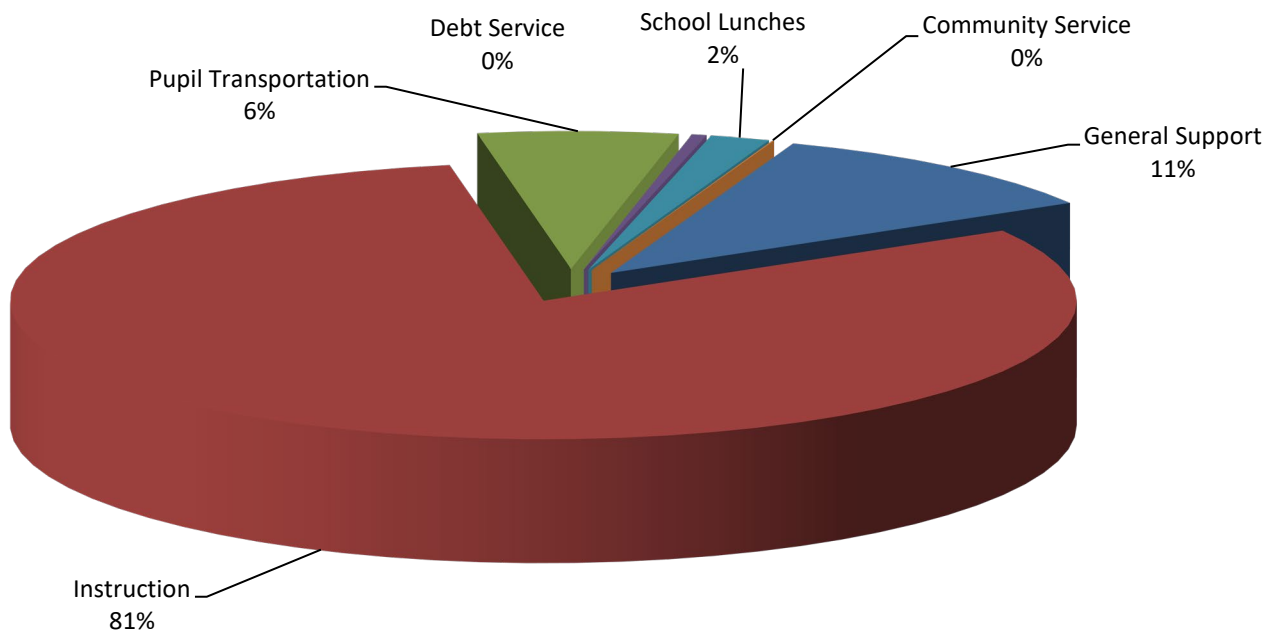
School district revenue sources are similar throughout the state. The nature of property taxes in New York creates the legal requirement to annually seek voter approval for School District operations. Property taxes and other tax items made up 45.14 percent of revenues for governmental activities for fiscal year 2022. State Aid, Federal Aid and Local Sources, exclusive of amounts reported as program revenues, accounted for another 54.28 percent of revenue. The District's total revenue for the year ended June 30, 2022 was \$101,025,146. Please refer to the Statement of Activities for additional detail.

Sources of Revenue 2021-22



The total cost of all programs and services was \$101,182,137. Instruction comprises 80.7 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 2021-2022



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, 2022.

Table 3
Cost of Services

	Total Cost	Net Cost	Total Cost	Net Cost
	2021-22	2021-22	2020-21	2020-21
Instruction	81,615,601	72,446,298	82,845,786	77,066,765
General Support	11,092,210	10,567,719	9,873,678	9,734,939
Pupil Transportation	6,135,485	6,088,017	5,408,265	5,407,793
Debt Service	462,340	462,340	363,290	363,290
School Lunch Program	1,825,663	232,428	1,408,659	134,592
Community Service	50,838	50,838	53,466	53,466
Total Expenses	101,182,137	89,382,784	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, 2022, exclusive of interfund transfers, amounted to \$105,122,559 and \$118,485,024, respectively. The net change in fund balance for the year ended June 30, 2022 for all governmental funds was a decrease of \$13,362,465.

The General Fund had a fund balance decrease of \$474,616. This decrease indicates that current year expenses were in excess of current year revenues.

The Cafeteria had an increase in fund balance of \$250,553. 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, 2022, 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 2021-22	Revenue 2020-21	\$ Increase/ (Decrease)	Percentage Inc/(Dec)
Local Sources	48,366,985	50,054,956	(1,687,971)	(3.4%)
State Sources	43,214,328	38,908,628	4,305,700	11.1%
Federal Sources	8,868,758	4,596,420	4,272,338	92.9%
Total	100,450,071	93,560,004	6,890,067	7.4%

The increase in State sources of revenue in the amount of \$4,305,700 was mainly due to an increase in State Aid. The increase in Federal sources of revenue in the amount of \$4,272,338 was mainly due to COVID relief funds. 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, 2022, and the percentage increases and decreases in relation to prior year amounts. This table excludes interfund transfers.

	Expenses 2021-22	Expenses 2020-21	\$ Increase/ (Decrease)	Percentage Inc/(Dec)
Instruction	62,076,413	55,196,575	6,879,838	12.5%
General Support	9,072,316	7,974,664	1,097,652	13.8%
Pupil Transportation	4,374,848	3,666,295	708,553	19.3%
Employee Benefits	20,990,516	19,393,723	1,596,793	8.2%
Debt Service	2,127,237	2,935,407	(808,170)	(27.5%)
Cost of Sales	1,500,421	1,038,293	462,128	44.5%
Capital Outlay	18,310,666	15,759,750	2,550,916	16.2%
Community Services	32,607	32,316	291	0.9%
Total	118,485,024	105,997,023	12,488,001	11.8%

Changes in expenditures were mainly the result of ongoing capital project work and expenditures due to COVID-19 pandemic relief funds 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 2022, the District had \$76,687,468 invested in land, buildings, furniture and equipment and vehicles, net of \$30,653,325 in accumulated depreciation. Table 4 shows fiscal year 2022 balances compared to fiscal 2021.

Table 4
Capital Assets (Net of Depreciation)

	6/30/2022	6/30/2021
Land	135,333	135,333
Construction in Progress	35,145,981	16,835,315
Building and Improvements	37,913,185	39,312,756
Furniture and Equipment	816,065	668,969
Vehicles	2,676,904	2,790,010
Total	76,687,468	59,742,383

Overall, net capital assets increased by \$16,945,085. 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, 2022, 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

	6/30/2022	6/30/2021
Serial Bonds	905,000	1,275,000
Energy Performance Contract	4,464,047	1,510,578
Compensated Absences	1,273,532	1,041,750
Total OPEB Liability	92,800,935	110,502,000
Installment Purchase Debt	81,146	118,722
Lease Payable	341,681	483,308*
Total	99,866,341	114,931,358

*restated

Serial bonds decreased overall by \$370,000 due to repayment of principal. In addition, outstanding debt increased due to new debt obligation and repayment of debt in conjunction with the two energy performance contracts of \$2,953,469, a increase in compensated absences in the amount of \$231,782 and a net decrease in Total other post-employment benefits in the amount of \$17,701,065.

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>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash	\$ 13,098,540	\$ 20,171,627
Cash - Restricted	34,615,187	26,305,898
Accounts Receivable	35,608	35,147
State and Federal Aid Receivable	5,261,753	4,580,289
Due From Other Governments	1,448,840	1,720,399
Inventory	<u>37,044</u>	<u>24,843</u>
Total Current Assets	<u>54,496,972</u>	<u>52,838,203</u>
Non-Current Assets:		
Net Pension Asset	31,508,228	-
Right to Use Asset, net	341,681	-
Capital Assets, net	<u>76,687,468</u>	<u>59,742,383</u>
Total Non-Current Assets	<u>108,537,377</u>	<u>59,742,383</u>
 TOTAL ASSETS	 <u>163,034,349</u>	 <u>112,580,586</u>
 DEFERRED OUTFLOW OF RESOURCES		
Pensions	21,260,390	21,394,815
OPEB Liability	<u>30,862,948</u>	<u>34,051,325</u>
 TOTAL DEFERRED OUTFLOW OF RESOURCES	 <u>52,123,338</u>	 <u>55,446,140</u>

SEE ACCOMPANYNG NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	<u>2022</u>	<u>2021</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 4,540,215	\$ 4,467,894
Accrued Liabilities	1,456,674	888,356
Bond Anticipation Notes	42,492,500	28,308,500
Due To Other Governments	2,110,186	2,190,317
Due To TRS	3,390,803	3,026,571
Due To ERS	245,399	328,651
Unearned Revenues	<u>37,757</u>	<u>18,298</u>
Total Current Liabilities	<u>54,273,534</u>	<u>39,228,587</u>
Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	385,000	370,000
Energy Performance Contract	501,445	323,407
Installment Purchase Debt	39,540	37,576
Lease Payable	144,486	-
Total OPEB Liability	2,200,000	2,200,000
Compensated Absences	40,418	110,825
Due Beyond One Year:		
Serial Bonds	520,000	905,000
Energy Performance Contract	3,962,602	1,187,171
Installment Purchase Debt	41,606	81,146
Lease Payable	197,195	-
Total OPEB Liability	90,600,935	108,302,000
Compensated Absences	1,233,114	930,925
Net Pension Liability	<u>-</u>	<u>4,740,196</u>
Total Non-Current Liabilities	<u>99,866,341</u>	<u>119,188,246</u>
TOTAL LIABILITIES	<u>154,139,875</u>	<u>158,416,833</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	39,555,465	9,032,226
OPEB Liability	<u>33,185,481</u>	<u>12,143,810</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>72,740,946</u>	<u>21,176,036</u>
NET POSITION		
Net Investment in Capital Assets	42,186,562	36,980,419
Restricted	17,386,874	13,966,293
Unrestricted	<u>(71,296,570)</u>	<u>(62,512,855)</u>
TOTAL NET POSITION	<u>\$ (11,723,134)</u>	<u>\$ (11,566,143)</u>

SEE ACCOMPANYNG NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2021)

	<u>PROGRAM REVENUES</u>				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND DONATIONS</u>	<u>2022</u>	<u>2021</u>
FUNCTIONS/PROGRAMS						
General Support	\$ 11,092,210	\$ 110,439	\$ 16,829	\$ 397,223	\$ (10,567,719)	\$ (9,734,939)
Instruction	81,615,601	118,108	8,966,447	84,748	(72,446,298)	(77,066,765)
Pupil Transportation	6,135,485	-	47,468	-	(6,088,017)	(5,407,793)
Community Service	50,838	-	-	-	(50,838)	(53,466)
School Lunch Program	1,825,663	152,879	1,905,212	-	232,428	(134,592)
Debt Service	<u>462,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(462,340)</u>	<u>(363,290)</u>
TOTAL FUNCTIONS/PROGRAMS	<u>101,182,137</u>	<u>381,426</u>	<u>10,935,956</u>	<u>481,971</u>	<u>(89,382,784)</u>	<u>(92,760,845)</u>
GENERAL REVENUES						
Real Property Tax					41,596,944	42,510,433
Other Tax Items					4,008,444	4,272,775
Investment Earnings					35,651	28,834
Sale Of Property and Compensation For Loss					97,409	89,001
Premium On Obligations					579,612	464,499
Miscellaneous Local Sources					2,209,211	2,645,986
State Sources					40,446,332	36,775,010
Federal Sources					<u>252,190</u>	<u>80,947</u>
TOTAL GENERAL REVENUES					<u>89,225,793</u>	<u>86,867,485</u>
CHANGE IN NET POSITION					(156,991)	(5,893,360)
TOTAL NET POSITION- Beginning of Year					<u>(11,566,143)</u>	<u>(5,672,783)</u>
TOTAL NET POSITION- End of Year					<u><u>\$ (11,723,134)</u></u>	<u><u>\$ (11,566,143)</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	<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>2021</u>
ASSETS							
Cash	\$ 11,975,657	\$ 95,354	\$ 343,918	\$ -	\$ 683,611	\$ 13,098,540	\$ 20,171,627
Cash - Restricted	17,309,618	-	-	17,228,313	77,256	34,615,187	26,305,898
Accounts Receivable	9,875	-	25,733	-	-	35,608	35,147
Due From Other Funds	2,670,481	-	-	-	580,231	3,250,712	7,435,861
State and Federal Aid Receivable	1,494,166	2,795,049	554,915	417,623	-	5,261,753	4,580,289
Due From Other Governments	1,442,614	6,226	-	-	-	1,448,840	1,720,399
Inventories	-	-	37,044	-	-	37,044	24,843
TOTAL ASSETS	<u>\$ 34,902,411</u>	<u>\$ 2,896,629</u>	<u>\$ 961,610</u>	<u>\$ 17,645,936</u>	<u>\$ 1,341,098</u>	<u>\$ 57,747,684</u>	<u>\$ 60,274,064</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	<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>2021</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 717,108	\$ 595,957	\$ 21,215	\$ 3,205,935	\$ -	\$ 4,540,215	\$ 4,467,894
Accrued Liabilities	1,355,511	30,800	21,062	-	-	1,407,373	862,768
Bond Anticipation Notes	-	-	-	42,492,500	-	42,492,500	28,308,500
Due To Other Governments	2,098,295	6,055	5,836	-	-	2,110,186	2,190,317
Due To Other Funds	-	2,252,608	-	997,854	250	3,250,712	7,435,861
Due To Teachers' Retirement System	3,390,803	-	-	-	-	3,390,803	3,026,571
Due To Employees' Retirement System	245,399	-	-	-	-	245,399	328,651
Unearned Revenues	23,939	11,209	2,609	-	-	37,757	18,298
TOTAL LIABILITIES	<u>7,831,055</u>	<u>2,896,629</u>	<u>50,722</u>	<u>46,696,289</u>	<u>250</u>	<u>57,474,945</u>	<u>46,638,860</u>
FUND BALANCES							
Non-spendable:							
Inventory	-	-	37,044	-	-	37,044	24,843
Restricted:							
Tax Certiorari	1,097,818	-	-	-	-	1,097,818	1,194,701
Unemployment Insurance	276,581	-	-	-	-	276,581	276,156
Workers' Compensation	2,034,078	-	-	-	-	2,034,078	2,030,985
Employee Benefit Accrued Liability	1,014,750	-	-	-	-	1,014,750	1,013,605
Capital	11,689,684	-	-	-	-	11,689,684	8,178,493
Retirement Contributions - ERS	1,196,707	-	-	-	-	1,196,707	1,195,103
Capital Projects	-	-	-	1,731,422	-	1,731,422	-
Scholarships	-	-	-	-	77,006	77,006	77,250
Assigned:							
Encumbrances	1,217,896	-	-	-	-	1,217,896	1,956,495
Appropriated	575,712	-	-	-	-	575,712	2,000,000
Unappropriated	-	-	873,844	-	1,263,842	2,137,686	1,844,803
Unassigned	7,968,130	-	-	(30,781,775)	-	(22,813,645)	(6,157,230)
TOTAL FUND BALANCES	<u>27,071,356</u>	<u>-</u>	<u>910,888</u>	<u>(29,050,353)</u>	<u>1,340,848</u>	<u>272,739</u>	<u>13,635,204</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 34,902,411</u>	<u>\$ 2,896,629</u>	<u>\$ 961,610</u>	<u>\$ 17,645,936</u>	<u>\$ 1,341,098</u>	<u>\$ 57,747,684</u>	<u>\$ 60,274,064</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, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

		<u>2022</u>	<u>2021</u>
Total Governmental Fund Balances		\$ 272,739	\$ 13,635,204
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2022 are \$107,340,793 and \$30,653,325, respectively.			
		76,687,468	59,742,383
Leased assets used in governmental activities are expensed in the initial year of the lease term in the governmental funds. In the full accrual financials, the assets are capitalized and amortized over the term of the lease. The cost of leased assets and accumulated amortization at June 30, 2022 are \$714,343 and \$372,662, respectively.			
		341,681	-
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.			
Net Pension Asset	31,508,228		
Deferred Outflows of Resources	21,260,390		
Net Pension Liability	-		
Deferred Inflows of Resources	<u>(39,555,465)</u>	13,213,153	7,622,393
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.			
Deferred Outflows of Resources	30,862,948		
Total OPEB Liability	(92,800,935)		
Deferred Inflows of Resources	<u>(33,185,481)</u>	(95,123,468)	(88,594,485)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Serial Bonds	(905,000)		
Energy Performance Contract	(4,464,047)		
Installment Purchase Debt	(81,146)		
Compensated Absences	(1,273,532)		(3,946,050)
Leases Payable	<u>(341,681)</u>	(7,065,406)	
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.			
		<u>(49,301)</u>	<u>(25,588)</u>
Net Position Of Governmental Activities		<u>\$ (11,723,134)</u>	<u>\$ (11,566,143)</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, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	<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>2021</u>
REVENUES							
Real Property Taxes	\$ 41,596,944	\$ -	\$ -	\$ -	\$ -	\$ 41,596,944	\$ 42,510,433
Other Tax Items	4,008,444	-	-	-	-	4,008,444	4,272,775
Charges For Services	118,108	-	-	-	-	118,108	304,807
Use of Money and Property	144,068	-	21	557	1,444	146,090	129,273
Sale of Property and Compensation For Loss	97,409	-	-	-	-	97,409	53,720
Miscellaneous Local Sources	2,090,887	-	838	-	150,849	2,242,574	2,690,900
Interfund Revenues	4,537	-	-	-	-	4,537	-
State Sources	40,446,332	2,334,584	36,189	397,223	-	43,214,328	38,908,628
Federal Sources	842,519	6,157,216	1,869,023	-	-	8,868,758	4,596,420
Sales	-	-	152,879	-	-	152,879	93,048
TOTAL REVENUES	89,349,248	8,491,800	2,058,950	397,780	152,293	100,450,071	93,560,004
OTHER FINANCING SOURCES							
Interfund Transfers In	-	498,228	-	80,134	-	578,362	5,361,653
BAN's Redeemed From Appropriations	-	-	-	816,000	-	816,000	1,691,500
Premium on Obligations	-	-	-	-	579,612	579,612	464,499
Proceeds of Long Term Debt	-	-	-	3,276,876	-	3,276,876	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	89,349,248	8,990,028	2,058,950	4,570,790	731,905	105,700,921	101,077,656
EXPENDITURES							
General Support	9,067,779	4,537	-	-	-	9,072,316	7,974,664
Instruction	53,558,956	8,387,026	-	-	130,431	62,076,413	55,196,575
Pupil Transportation	4,315,513	59,335	-	-	-	4,374,848	3,666,295
Community Services	32,607	-	-	-	-	32,607	32,316
Employee Benefits	20,143,410	539,130	307,976	-	-	20,990,516	19,393,723
Debt Services:							
Principal	1,688,610	-	-	-	-	1,688,610	2,406,599
Interest	438,627	-	-	-	-	438,627	528,808
Cost of Sales	-	-	1,500,421	-	-	1,500,421	1,038,293
Capital Outlay	-	-	-	18,310,666	-	18,310,666	15,759,750
TOTAL EXPENDITURES	89,245,502	8,990,028	1,808,397	18,310,666	130,431	118,485,024	105,997,023
OTHER USES							
Interfund Transfer Out	578,362	-	-	-	-	578,362	5,361,653
TOTAL EXPENDITURES AND OTHER USES	89,823,864	8,990,028	1,808,397	18,310,666	130,431	119,063,386	111,358,676
NET CHANGE IN FUND BALANCE	(474,616)	-	250,553	(13,739,876)	601,474	(13,362,465)	(10,281,020)
FUND BALANCE - Beginning of Year	27,545,972	-	660,335	(15,310,477)	739,374	13,635,204	23,916,224
FUND BALANCE - End of Year	\$ 27,071,356	\$ -	\$ 910,888	\$ (29,050,353)	\$ 1,340,848	\$ 272,739	\$ 13,635,204

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, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	<u>2022</u>	<u>2021</u>
Total Net Change in Fund Balances – Governmental Funds	\$ (13,362,465)	\$ (10,281,020)

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

Capital outlays are reported in governmental funds as expenditures. In 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	(2,167,603)	
Capital Outlay	<u>19,112,688</u>	16,945,085
		14,503,781

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	370,000	
Energy Performance Contract	323,407	
Installment Purchase Debt	37,576	
Leases	<u>141,627</u>	872,610
		715,099

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	(231,782)	14,597
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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)
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(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	4,643,705	
Employees' Retirement System	<u>947,055</u>	5,590,760
		(3,242,827)

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, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

(Continued)

	<u>2022</u>	<u>2021</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	\$ (6,528,983)	\$ (7,699,289)
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.		
Energy Performance Contract	(3,276,876)	-
In the governmental funds, leased assets are expensed in the initial year of the lease. In the full accrual financials, the asset is capitalized as a "right to use" asset and amortized over the term of the lease.		
Amortization Expense	(141,627)	-
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	(49,301)	
Prior Year Accrued Interest	<u>25,588</u>	<u>(23,713)</u>
		<u>165,518</u>
Change in Net Position of Governmental Activities	<u>\$ (156,991)</u>	<u>\$ (5,893,360)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022

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, 2022

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.

General Support	\$ 16,829
Instruction	<u>813,559</u>
	<u>\$ 830,388</u>

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 inventorable 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, 2022

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, 2022

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, 2022

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 \$37,044.

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, 2022

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.

Capital Projects

Proceeds of debt that are restricted for use per the specifics of the debt issue. This reserve is accounted for in the Capital Projects 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, 2022.

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 \$1,217,896 as assigned fund balance in the General Fund as of June 30, 2022.

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, 2022

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, 2022, the District implemented the following new standards issued by GASB:

GASB 87 – *Leases*

GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*

GASB 92 – *Omnibus*

GASB 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No.32*

Q. Future Accounting Standards

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

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

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 93 – *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2022, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending June 30, 2023.

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023

GASB 96 – *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

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 \$21,260,390 in deferred outflows of resources related to pensions and in \$30,862,948 deferred outflows of resources related to the Total OPEB Liability as of June 30, 2022.

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-

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The District reports \$39,555,465 in deferred inflows of resources related to pensions and \$33,185,481 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2022.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net decrease of \$18,295,075 to unrestricted net position as of June 30, 2022.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net decrease of \$2,322,533 to unrestricted net position as of June 30, 2022.

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 \$30,781,775 at June 30, 2022. The deficit was caused by the accounting treatment of bond anticipation notes and will be eliminated when the note is converted to long term financing.

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, 2022

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, 2022, the Monticello Central School District was billed \$17,524,280 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 \$2,608,298.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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. \$ 47,340,092

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 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>16,835,315</u>	<u>18,310,666</u>	<u>-</u>	<u>35,145,981</u>
Total non-depreciable historical cost	<u>16,970,648</u>	<u>18,310,666</u>	<u>-</u>	<u>35,281,314</u>
Capital assets that are depreciated:				
Building and Improvements	63,880,243	84,748	-	63,964,991
Machinery and Equipment	1,280,601	267,811	-	1,548,412
Vehicles	<u>6,507,172</u>	<u>449,463</u>	<u>410,559</u>	<u>6,546,076</u>
Total depreciable historical cost	<u>71,668,016</u>	<u>802,022</u>	<u>410,559</u>	<u>72,059,479</u>
Less accumulated depreciation:				
Building and Improvements	24,567,487	1,484,319	-	26,051,806
Machinery and Equipment	611,632	120,715	-	732,347
Vehicles	<u>3,717,162</u>	<u>562,569</u>	<u>410,559</u>	<u>3,869,172</u>
Total Accumulated Depreciation	<u>28,896,281</u>	<u>2,167,603</u>	<u>410,559</u>	<u>30,653,325</u>
Total historical cost, net	<u>\$ 59,742,383</u>	<u>\$ 16,945,085</u>	<u>\$ -</u>	<u>\$ 76,687,468</u>

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to Governmental functions as follows:	
General Support	\$ 347,939
Instruction	1,330,744
Pupil Transportation	484,304
School Lunch Program	<u>4,616</u>
	<u>\$ 2,167,603</u>

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2022 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND EXPENDITURES</u>	<u>INTERFUND REVENUES</u>
General Fund	\$ 2,670,481	\$ -	\$ 578,362	\$ -
Special Aid Fund	-	2,252,608	-	498,228
Miscellaneous Special Revenue	-	250	-	-
Capital Projects Fund	<u>580,231</u>	<u>997,854</u>	<u>-</u>	<u>80,134</u>
Total Governmental Activities	<u>3,250,712</u>	<u>3,250,712</u>	<u>578,362</u>	<u>578,362</u>
TOTALS	<u>\$ 3,250,712</u>	<u>\$ 3,250,712</u>	<u>\$ 578,362</u>	<u>\$ 578,362</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, 2022 consisted of the following:

Food & Supplies	<u>\$ 37,044</u>
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MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 9.80% of the annually covered payroll for the fiscal year ended June 30, 2022. Rates applicable to the fiscal years ended June 30, 2021 and 2020, were respectively 9.53% and 8.86%.

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>
2022	1,168,417	3,037,451
2021	1,056,003	2,757,822
2020	1,055,391	2,567,495

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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	\$ 75,809
Less: Interest Accrued in the Prior Year	(25,588)
Plus: Interest Accrued in the Current Year	<u>49,301</u>
Total Expense	<u>\$ 99,522</u>

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2022 are summarized as follows:

	BALANCE <u>06/30/21</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE <u>06/30/22</u>	AMOUNTS DUE WITHIN <u>ONE YEAR</u>
Serial Bonds –					
General Obligations	\$ 1,275,000	\$ -	\$ 370,000	\$ 905,000	\$ 385,000
Energy Performance Contract-					
Direct Borrowing	1,510,578	3,276,876	323,407	4,464,047	501,445
Installment Purchase Debt –					
Direct Borrowings	118,722	-	37,576	81,146	39,540
Compensated Absences	1,041,750	231,782	-	1,273,532	40,418
Total OPEB Liability	110,502,000	10,057,170	27,758,235	92,800,935	2,200,000
Lease Payable (Restated)	<u>483,308</u>	<u>-</u>	<u>141,627</u>	<u>341,681</u>	<u>144,486</u>
TOTAL	<u>\$ 114,931,358</u>	<u>\$ 13,565,828</u>	<u>\$ 28,630,845</u>	<u>\$ 99,866,341</u>	<u>\$ 3,310,889</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 06/30/22</u>
Excel Project	2010	2025	3.00%-4.00%	\$ 905,000
Energy Performance Contract	2015	2025	2.120%	4,464,047
Installment Purchase Debt	2020	2024	5.22%	<u>81,146</u>
				<u>\$ 5,450,193</u>

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – LIABILITIES (Continued)

The following is a summary of maturing debt service requirements.

	<u>General Obligations</u>		<u>Direct Borrowings And Direct Placements</u>	
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2023	\$ 385,000	\$ 26,538	\$ 540,985	\$ 106,239
2024	400,000	12,300	578,360	68,858
2025	120,000	2,400	547,175	56,266
2026	-	-	380,935	45,641
2027	-	-	209,265	40,450
2028-2032	-	-	1,098,291	150,308
2033-2037	<u>-</u>	<u>-</u>	<u>1,190,182</u>	<u>58,443</u>
TOTAL	<u>\$ 905,000</u>	<u>\$ 41,238</u>	<u>\$ 4,545,193</u>	<u>\$ 526,205</u>

2. Short-Term Debt

The following is a summary of the bond anticipation note activity for the year ended June 30, 2022:

<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>\$ 28,308,500</u>	<u>\$ 15,000,000</u>	<u>\$ 816,000</u>	<u>\$ 42,492,500</u>

Interest expense on short term debt consisted of the following:

Interest Paid	\$ 353,856
Less: Interest Accrued In Prior Year	-
Plus: Interest Accrued In Current Year	<u>-</u>
TOTAL EXPENSE	<u>\$ 353,856</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, 2022

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. In fiscal 2022, the District returned to in-person learning but 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, 2022

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, 2021, 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 \$92,800,935 was measured as of June 30, 2022, using an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2022 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, 2022
Discount Rate	3.54%
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, 2022

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, 2021		\$ 110,502,000
Changes for the Year -		
Service Cost	5,860,408	
Interest	2,490,921	
Changes of Benefit Terms	-	
Differences between expended and actual experience	1,705,841	
Changes in assumptions or other inputs	(25,663,020)	
Benefit Payments	<u>(2,095,215)</u>	
Net Changes		<u>(17,701,065)</u>
Balance at June 30, 2022		<u>\$ 92,800,935</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 (2.54%) or 1 – percentage point higher (4.54%) than the current discount rate:

	1% Decrease <u>(2.54%)</u>	Current Assumption <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Total OPEB Liability	<u>\$ 110,519,306</u>	<u>\$ 92,800,935</u>	<u>\$ 78,798,783</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 <u></u>	Current Assumption <u></u>	1% Increase <u></u>
Total OPEB Liability	<u>\$ 75,691,079</u>	<u>\$ 92,800,935</u>	<u>\$ 115,483,480</u>

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, the District recognized OPEB expense of \$8,624,198. At June 30, 2022, 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	\$ 1,516,303	\$ 8,733,977
Changes of assumptions or other inputs	<u>29,346,645</u>	<u>24,451,504</u>
Total	<u>\$ 30,862,948</u>	<u>\$ 33,185,481</u>

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

2023	272,869
2024	272,869
2025	272,869
2026	272,869
2027	361,358
Thereafter	<u>(3,775,367)</u>
TOTAL	<u>\$ (2,322,533)</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, 2022

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, 2022, 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, 2022 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, 2021	June 30, 2020
Net pension asset/(liability)	\$ 1,963,225	\$ 29,545,003
District's portion of the Plan's total net pension asset/(liability)	0.0240162%	0.170494%

For the year ended June 30, 2022, the District recognized pension expense of \$231,295 for ERS and \$(1,604,736) for TRS. At June 30, 2022, 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	\$ 148,678	\$ 4,072,465	\$ 192,843	\$ 153,499
Changes of assumptions	3,276,402	9,717,969	55,286	1,720,909
Net difference between projected and actual earnings on pension plan investments	-	-	6,428,739	30,921,903
Changes in proportion and differences between the District's contributions and proportionate share of contributions	403,653	358,373	28,681	53,605
District's contributions subsequent to the measurement date	<u>245,399</u>	<u>3,037,451</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,074,132</u>	<u>\$ 17,186,258</u>	<u>\$ 6,705,549</u>	<u>\$ 32,849,916</u>

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

District contributions subsequent to the measurement date of \$245,399 for ERS and \$3,037,451 for TRS will be recognized as a reduction of the net pension liability in the year June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
2022	\$ -	\$ (3,724,834)
2023	(374,022)	(4,368,841)
2024	(624,472)	(5,581,911)
2025	(1,591,817)	(7,426,858)
2026	(286,506)	1,414,893
Thereafter	<u>-</u>	<u>986,442</u>
TOTAL	<u>\$ 2,876,817</u>	<u>\$ (18,701,109)</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, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.90%	6.95%
Salary scale	4.4%	1.95%-5.18%
Inflation rate	2.7%	2.40%

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-2020, applied on a generational basis.

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

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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:

	<u>ERS</u> March 31, 2022	<u>TRS</u> June 30, 2021
Measurement date		
Asset Type:		
Domestic Equity	3.30%	6.8%
International Equity	5.85	7.6
Real Estate	5.00	6.5
Real Assets	5.80	-
Domestic Fixed Income	-	1.3
Global Bonds	-	0.8
Global Equities	-	7.1
Opportunistic/ARS Portfolio	4.10	-
Credit	3.78	-
Private Equities	6.50	10.0
Private Debt	-	5.9
High Yield Bonds	-	3.8
Real Estate Debt	-	3.3
Cash Equivalents	(1.00)	(0.2)
Fixed Income	-	-

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from 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, 2022

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 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% 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)	\$ (5,053,320)	\$ 1,963,225	\$ 7,832,226
<u>TRS</u>	1% Decrease (<u>5.95%</u>)	Current Assumption (<u>6.95%</u>)	1% Increase (<u>7.95%</u>)
Employer's proportionate share of the net pension asset (liability)	\$ 3,100,317	\$ 29,545,003	\$ 51,769,843

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>	<u>TRS</u>
Valuation date	April 1, 2021	June 30, 2020
Employers' total pension liability	\$ (223,874,888)	\$ (130,819,415,417)
Plan Net Position	<u>232,049,473</u>	<u>148,148,457,363</u>
Employer's net pension asset/(liability)	<u>\$ 8,174,585</u>	<u>\$ 17,329,041,946</u>
Ratio of plan net position to the Employer's total pension asset/(liability)	103.65%	113.2%

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, 2022 amounted to \$245,699.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 amounted to \$3,390,803.

NOTE 13 – LEASES

Liabilities

The District has entered into lease agreements that do not qualify as a short term lease or an installment purchase under GASB 87 and, therefore, have been reported as a liability equal to the present value of future minimum lease payments. The District's current leases reported as long term liabilities are as follows:

<u>PURPOSE</u>	<u>START DATE</u>	<u>END DATE</u>	<u>INTEREST RATE</u>	<u>PAYMENT</u>	<u>OUTSTANDING 06/30/22</u>
Office Space	11/15/19	10/14/24	2.00%	\$12,500/month	<u>\$ 341,681</u>

The following is a summary of future minimum lease payments:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2023	\$ 144,486	\$ 5,514
2024	147,403	2,598
2025	<u>49,792</u>	<u>208</u>
TOTAL	<u>\$ 341,681</u>	<u>\$ 8,320</u>

Interest expense on leases consisted of the following:

Interest Paid	\$ 8,962
Less: Interest Accrued In Prior Year	-
Plus: Interest Accrued In Current Year	<u>-</u>
TOTAL EXPENSE	<u>\$ 8,962</u>

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 – LEASES (Continued)

Assets

The District has reported right to use assets as a result of implementing GASB 87. Right to use assets are initially reported at an amount equal to the initial lease liability, and amortized over the life of the related lease.

Right to use asset balances and activity for the year ended June 30, 2022 were as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>
Right to use assets:				
Leased office space	\$ 714,343	\$ -	\$ -	\$ 714,343
Total right to use assets	<u>714,343</u>	<u>-</u>	<u>-</u>	<u>714,343</u>
Less accumulated amortization:				
Leased office space	<u>231,035</u>	<u>141,627</u>	<u>-</u>	<u>372,662</u>
Total Accumulated Amortization	<u>231,035</u>	<u>141,627</u>	<u>-</u>	<u>372,662</u>
Right to use assets, net	<u>\$ 483,308</u>	<u>\$ 141,627</u>	<u>\$ -</u>	<u>\$ 341,681</u>

Amortization expense was charged to
Governmental functions as follows:

General Support	<u>\$ 141,627</u>
	<u>\$ 141,627</u>

NOTE 14 – 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, 2022, the District received \$1,960,922 in tax abatement payments, which resulted in abated property taxes totaling \$6,346,493.

NOTE 15 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2022 and September 30, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the Monticello Central School District implemented GASB Statement No. 87, *Leases* (GASB 87). As a result of the implementation of GASB 87, the District increased the beginning balance of its total assets in the statement of net position by \$483,308 to reflect the value of its right to use assets (Note 13), and increased the beginning balance of its total liabilities by \$483,308 to reflect the value of its lease liability (Note 13). The adjustments have no net effect on the beginning net position in the statement of activities and have no effect on the governmental fund financial statements.

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, 2022
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2021)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2021
REVENUES					
Local Sources:					
Real Property Taxes	\$ 43,576,655	\$ 43,576,655	\$ 41,596,944	\$ (1,979,711)	\$ 42,510,433
Other Tax Items	2,386,417	2,386,417	4,008,444	1,622,027	4,272,775
Charges For Services	213,000	213,000	118,108	(94,892)	304,807
Use of Money and Property	163,647	163,647	144,068	(19,579)	125,195
Sale of Property & Compensation For Loss	20,000	20,000	97,409	77,409	53,720
Miscellaneous Local Sources	2,270,000	2,327,302	2,090,887	(236,415)	2,645,420
Interfund Revenues	-	-	4,537	4,537	-
State Sources:					
Basic Formula	31,786,691	31,786,691	32,725,191	938,500	28,590,745
Lottery Aid	3,133,102	3,133,102	4,420,080	1,286,978	4,511,145
BOCES	2,863,141	2,863,141	2,608,298	(254,843)	3,019,497
Other	2,603,953	2,603,953	692,763	(1,911,190)	653,623
Federal Sources	250,000	1,023,086	842,519	(180,567)	623,093
TOTAL REVENUES	<u>89,266,606</u>	<u>90,096,994</u>	<u>89,349,248</u>	<u>(747,746)</u>	<u>87,310,453</u>
OTHER FINANCING SOURCES					
Interfund Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>937,098</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>89,266,606</u>	<u>90,096,994</u>	<u>89,349,248</u>	<u>\$ (747,746)</u>	<u>88,247,551</u>
FUND BALANCE					
Appropriated Fund Balance	2,000,000	2,000,000			
Appropriated Reserves	-	528,476			
Prior Year Encumbrances	<u>-</u>	<u>1,956,495</u>			
TOTAL FUND BALANCE	<u>2,000,000</u>	<u>4,484,971</u>			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	<u>\$ 91,266,606</u>	<u>\$ 94,581,965</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, 2022
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2021)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	ENCUMBRANCES	UNECUMBERED BALANCES	2021
EXPENDITURES						
General Support						
Board of Education	\$ 106,850	\$ 146,495	\$ 91,632	\$ 1,586	\$ 53,277	\$ 70,647
Central Administration	291,908	298,176	296,422	-	1,754	275,601
Finance	932,166	994,716	911,323	17,150	66,243	871,285
Staff	513,640	774,197	593,313	6,082	174,802	520,235
Central Services	5,221,192	5,527,398	4,717,934	405,071	404,393	4,574,787
Special Items	1,805,950	2,505,526	2,457,155	-	48,371	1,644,209
Instructional:						
Instruction, Administration, and Improvement	4,399,805	4,683,267	4,482,975	27,028	173,264	3,966,554
Teaching:						
Regular School	24,943,904	22,570,632	21,407,335	410,539	752,758	21,969,335
Programs For Children With Handicapped Conditions	19,498,580	19,410,814	18,723,350	128,832	558,632	17,886,878
Occupational Education	-	2,202,988	2,202,920	-	68	2,009,166
Special Schools	344,000	344,000	314,340	-	29,660	-
Instructional Media	1,429,638	2,880,951	2,502,701	98,000	280,250	1,275,296
Pupil Services	3,782,807	4,137,674	3,925,335	14,429	197,910	3,305,523
Pupil Transportation	4,491,961	4,697,698	4,315,513	109,179	273,006	3,665,705
Community Services	32,518	32,718	32,607	-	111	32,316
Employee Benefits	20,342,851	20,378,752	20,143,410	-	235,342	18,802,501
Debt Service:						
Principal	1,861,012	1,771,139	1,688,610	-	82,529	2,406,599
Interest	992,824	645,524	438,627	-	206,897	528,808
TOTAL EXPENDITURES	90,991,606	94,002,665	89,245,502	1,217,896	3,539,267	83,805,445
OTHER USES						
Interfund Transfers Out	275,000	579,300	578,362	-	938	4,424,555
TOTAL EXPENDITURES AND OTHER USES	\$ 91,266,606	\$ 94,581,965	89,823,864	\$ 1,217,896	\$ 3,540,205	88,230,000
NET CHANGE IN FUND BALANCE			(474,616)			17,551
FUND BALANCE - Beginning of Year			27,545,972			27,528,421
FUND BALANCE - End of Year			\$ 27,071,356			\$ 27,545,972

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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 5,860,408	\$ 4,713,265	\$ 3,510,751	\$ 2,723,943	\$ 1,930,488
Interest	2,490,921	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	1,705,841	(1,698,047)	(11,006,290)	(126,247)	-
Changes of Assumptions	(25,663,020)	10,067,181	19,799,294	13,861,816	(3,368,351)
Benefit Payments	<u>(2,095,215)</u>	<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	(17,701,065)	13,133,645	13,203,332	17,359,769	(561,759)
Beginning Total OPEB Liability	<u>110,502,000</u>	<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>\$ 92,800,935</u>	<u>\$ 110,502,000</u>	<u>\$ 97,368,355</u>	<u>\$ 84,165,023</u>	<u>\$ 66,805,254</u>
Covered Employee Payroll	<u>\$ 41,167,434</u>	<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	225.4%	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, 2022

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

June 30, 2022 Measurement Date:	3.54%
June 30, 2021 Measurement Date:	2.16%

Discount rate has been updated based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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 from 2020 to 2022 has been updated based on known premium rate increase.

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, 2022

TRS System

	<u>2022</u>	<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)	0.170494%	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)	\$ 29,545,003	\$ (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	28,938,325	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	102.10%	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	113.2%	97.8%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

ERS System

	<u>2022</u>	<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	0.0240162%	0.0225264%	0.0228643%	0.0230005%	0.0232243%	0.0240426%	0.0242518%	0.0235178%
The District's proportionate share of the net pension liability	\$ (1,963,225)	\$ (22,430)	\$ (6,054,611)	\$ (1,629,656)	\$ (749,552)	\$ (2,259,093)	\$ (3,892,474)	\$ (794,489)
The District's covered employee payroll	8,165,641	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	24.04%	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	103.65%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 3,037,451	\$ 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
Contribution in relation to the contractually required contribution	<u>3,037,451</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	10.50%	9.52%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

ERS System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,168,417	\$ 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
Contribution in relation to the contractually required contribution	<u>1,168,417</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	14.31%	13.55%	14.24%	13.96%	14.03%	14.55%	17.74%	18.05%	19.95%	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>DEBT SERVICE</u>	<u>MISCELLANEOUS SPECIAL REVENUE</u>	<u>TOTAL NON MAJOR GOVERNMENTAL FUNDS</u>
ASSETS			
Cash	\$ 541,393	\$ 142,218	\$ 683,611
Cash-Restricted	-	77,256	77,256
Due From Other Funds	<u>580,231</u>	<u>-</u>	<u>580,231</u>
	.		
TOTAL ASSETS	<u>\$ 1,121,624</u>	<u>\$ 219,474</u>	<u>\$ 1,341,098</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due To Other Funds	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ 250</u>
TOTAL LIABILITIES	<u>-</u>	<u>250</u>	<u>250</u>
FUND BALANCES			
Restricted:			
Scholarships	-	77,006	77,006
Assigned:			
Unappropriated	<u>1,121,624</u>	<u>142,218</u>	<u>1,263,842</u>
TOTAL FUND BALANCES	<u>1,121,624</u>	<u>219,224</u>	<u>1,340,848</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,121,624</u>	<u>\$ 219,474</u>	<u>\$ 1,341,098</u>

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, 2022

	<u>DEBT SERVICE</u>	<u>MISCELLANEOUS SPECIAL REVENUE</u>	<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>
REVENUES			
Use of Money and Property	\$ 1,438	\$ 6	\$ 1,444
Miscellaneous Local Sources	<u>-</u>	<u>150,849</u>	<u>150,849</u>
TOTAL REVENUES	1,438	150,855	152,293
OTHER FINANCING SOURCES			
Premium on Obligations	<u>579,612</u>	<u>-</u>	<u>579,612</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>581,050</u>	<u>150,855</u>	<u>731,905</u>
EXPENDITURES			
Instruction	<u>-</u>	<u>130,431</u>	<u>130,431</u>
TOTAL EXPENDITURES	<u>-</u>	<u>130,431</u>	<u>130,431</u>
NET CHANGE IN FUND BALANCE	581,050	20,424	601,474
FUND BALANCE - Beginning of Year	<u>540,574</u>	<u>198,800</u>	<u>739,374</u>
FUND BALANCE - End of Year	<u>\$ 1,121,624</u>	<u>\$ 219,224</u>	<u>\$ 1,340,848</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, 2022

ADOPTED BUDGET	\$ 91,266,606
ADDITIONS:	
Encumbrances From Prior Year	1,956,495
Appropriated Reserves	528,476
Supplemental Appropriations	<u>830,388</u>
FINAL BUDGET	<u>\$ 94,581,965</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
REAL PROPERTY TAX LIMIT
YEAR ENDED JUNE 30, 2022

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2022-2023 Voter Approved Expenditure Budget		\$ <u>94,460,575</u>
Maximum allowed (4% of Budget)		\$ <u>3,778,423</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	1,793,608	
Unassigned Fund Balance	<u>7,968,130</u>	
Total Unrestricted Fund Balance		9,761,738
Less:		
Appropriated Fund Balance	575,712	
Encumbrances included in Assigned Fund Balance	<u>1,217,896</u>	
Total Adjustments		<u>1,793,608</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		\$ <u>7,968,130</u>
Actual Percentage		8.44%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

<u>PROJECT TITLE</u>	<u>ORIGINAL APPROPRIATIONS</u>	<u>REVISED APPROPRIATIONS</u>	<u>I EXPENDITURES I</u>			<u>UNEXPENDED BALANCE</u>	<u>I METHODS OF FINANCING I</u>				<u>FUND BALANCE JUNE 30, 2022</u>
			<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	<u>TOTAL</u>		<u>STATE AID</u>	<u>DEBT PROCEEDS</u>	<u>LOCAL SOURCES</u>	<u>TOTAL</u>	
Tennis Courts	\$ 650,000	\$ 650,000	\$ 22,680	\$ 662,579	\$ 685,259	\$ (35,259)	\$ -	\$ -	\$ 650,062	650,062	\$ (35,197)
Capital Project	54,000,000	54,000,000	21,554,154	15,705,410	37,259,564	16,740,436	-	2,507,500	4,005,486	6,512,986	(30,746,578)
Smart School Bond	490,938	490,938	20,400	397,223	417,623	73,315	417,623	-	-	417,623	-
Energy Performance Contract	3,276,876	3,276,876	-	<u>1,545,454</u>	1,545,454	1,731,422	-	3,276,876	-	3,276,876	<u>1,731,422</u>
				<u>\$ 18,310,666</u>							<u>\$ 29,050,353</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2022

Capital Assets, Net	\$ 76,687,468
Less: Outstanding Bonds	(905,000)
Outstanding Energy Performance Contract	(4,464,407)
Outstanding Installment Purchase Debt	(81,146)
Outstanding Bond Anticipation Notes	(42,492,500)
Plus: Unspent Debt Proceeds	<u>13,442,147</u>
Net Investment in Capital Assets	<u>\$ 42,186,562</u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

<u>GRANTOR AGENCY</u>	<u>ASSISTANCE LISTING 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	\$ 1,112,721
School Breakfast Program	10.553	N/A	515,370
School Snack Program	10.555	N/A	18,807
Summer Food Service Program	10.559	N/A	24,375
COVID-19 – Supply Chain	10.555	N/A	56,790
COVID-19 - Emergency Operating Cost Reimbursement	10.555	N/A	<u>60,571</u>
Total Child Nutrition Cluster			1,788,634
COVID-19 - Pandemic EBT Food Benefits	10.542	N/A	3,005
Passed Through State Dept. of Health and Human Services:			
Commodity Supplement Food Program (Non-cash)	10.565	N/A	<u>77,384</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>1,869,023</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
Title I	84.010A	021-22-3320	1,398,131
Title I	84.010A	021-21-3320	159,107
Title I, School Improvement	84.010A	011-22-3090	50,959
Title I, School Improvement	84.010A	011-21-3090	1,575
Title III, A	84.365A	293-21-3320	17,101
Title III, A	84.365A	293-22-3320	71,695
Title V	84.358B	006-21-3320	317
Title V	84.358B	006-22-3320	41,906
Title IV	84.424A	204-21-3320	29,094
Title IV	84.424A	204-22-3320	46,395
Homeless Children	84.196A	212-22-3102	33,017
IDEA, Part B	84.027A	032-22-0969	990,340
IDEA, Pre-School	84.173A	033-22-0969	<u>41,009</u>
Total Special Education Cluster			<u>1,031,349</u>
Title II, A	84.367A	147-22-3320	174,392
Title II, A	84.367A	147-21-3320	4,509
COVID-19 - Cares Act – ESSER	84.425D	5890-21-3320	576,901
COVID-19 - Cares Act – GEER	84.425C	5895-21-3320	13,428
COVID-19 - CRRSA-ESSER II	84.425D	5891-21-3320	1,531,262
COVID-19 - ARP-ESSER III	84.425U	5880-21-3320	<u>1,566,407</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>6,747,545</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 8,616,568</u>

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

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	\$ 590,329
Special Aid Fund	6,157,216
School Lunch Fund	<u>1,869,023</u>
 TOTAL	 <u>\$ 8,616,568</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, 2022, 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 September 30, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monticello Central School District, New York's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monticello Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
September 30, 2022

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

Opinion on Each Major Federal Program

We have audited the Monticello Central School District, New York's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Monticello Central School District, New York's major federal programs for the year ended June 30, 2022. 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.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Cooper Arias, LLP

Mongaup Valley, New York
September 30, 2022

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

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 an unmodified opinion on all 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
IDEA, Part B	84.027A
IDEA, Pre-School	84.173A
COVID-19 - Cares Act – ESSER	84.425D
COVID-19 - Cares Act – GEER	84.425C
COVID-19 - CRRSA – ESSER II	84.425D
COVID-19 - ARP – ESSER III	84.425U
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Monticello Central School District was determined to be a high-risk auditee.

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

MONTICELLO CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2022

Finding 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.

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

Current Status: All certifications were present in the current year.

INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2022, 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.

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, 2022, 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 for Opinions

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

Emphasis of Matter—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 opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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 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 Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Cooper Arias, LLP

Mongaup Valley, New York
September 30, 2022

MONTICELLO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
JUNE 30, 2022

ASSETS	
Cash – High School	\$ 116,131
Cash – Middle School	<u>26,087</u>
TOTAL ASSETS	<u>\$ 142,218</u>
FUND BALANCE	<u>\$ 142,218</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, 2022

<u>ACTIVITY</u>	<u>CASH & FUND BALANCE 6/30/21</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH & FUND BALANCE 6/30/22</u>
Academy of Finance	\$ 3,715	\$ 6,760	\$ 7,095	\$ 3,380
Art Club	77	-	-	77
Athletic Association	13,131	1,700	2,543	12,288
Career Readiness	6,705	1,184	2,615	5,274
Class of 2018	130	-	130	-
Class of 2019	16	-	16	-
Class of 2020	-	388	-	388
Class of 2021	3,567	260	3,827	-
Class of 2022	2,974	39,945	43,210	(291)
Class of 2023	130	11,998	6,557	5,571
Class of 2024	1,104	17,568	3,820	14,852
Class of 2025	-	476	475	1
Culinary Club	1,304	-	-	1,304
Debate Club	27,480	-	3,002	24,478
ECO Club	1,737	-	-	1,737
Food and Toy Drive	22,651	5,390	6,166	21,875
Honor Society	26	139	-	165
Interact Club	928	-	-	928
Key Club	757	247	247	757
LGBTs	801	-	-	801
Monticello Dance Co.	66	-	66	-
My Brothers Keeper	401	-	-	401
NYS Sales Tax	477	3,072	2,953	596
Performing Arts	2,492	1,080	585	2,987
Red Cross	-	2,509	750	1,759
Student Council	1,221	2,144	2,976	389
Yearbook	11,108	9,931	4,625	16,414
TOTALS	<u>\$ 102,998</u>	<u>\$ 104,791</u>	<u>\$ 91,658</u>	<u>\$ 116,131</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
MIDDLE SCHOOL EXTRACLASROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE- CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

ACTIVITY	CASH & FUND BALANCE <u>6/30/21</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	CASH & FUND BALANCE <u>6/30/22</u>
Junior Honor Society	\$ 2,629	\$ 110	\$ -	\$ 2,739
Student Council	4,351	5	-	4,356
NY Sales Tax	2	3,200	3,176	26
Yearbook	19	5,790	5,143	666
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	14,472	11,807	4,927
7th Grade Trip	-	5,524	2,796	2,728
RJK 8th Grade	4,792	16,956	15,315	6,433
SADD	<u>169</u>	<u>-</u>	<u>-</u>	<u>169</u>
TOTAL	<u>\$ 18,552</u>	<u>\$ 46,057</u>	<u>\$ 38,522</u>	<u>\$ 26,087</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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.