

UNATEGO CENTRAL
SCHOOL DISTRICT

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2022

**UNATEGO CENTRAL SCHOOL DISTRICT
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Independent Auditor's Report

Board of Education
Unatego Central School District

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Unatego Central School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Unatego Central School 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 Unatego Central School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller 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 Unatego Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter-New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the School District changed its accounting policies related to the accounting and reporting of leases by adopting the Governmental Accounting Standards Board's (GASB) Statement No. 87, *Leases*. The new pronouncement changes the criteria used, and provides guidance on accounting and reporting for leases. Our opinion is not modified with respect to this matter.

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 Unatego Central School 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 Unatego Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unatego Central School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unatego Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022, on our consideration of the Unatego Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Unatego Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unatego Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 24, 2022

Rome, New York

**UNATEGO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

The Unatego Central School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2022 and 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

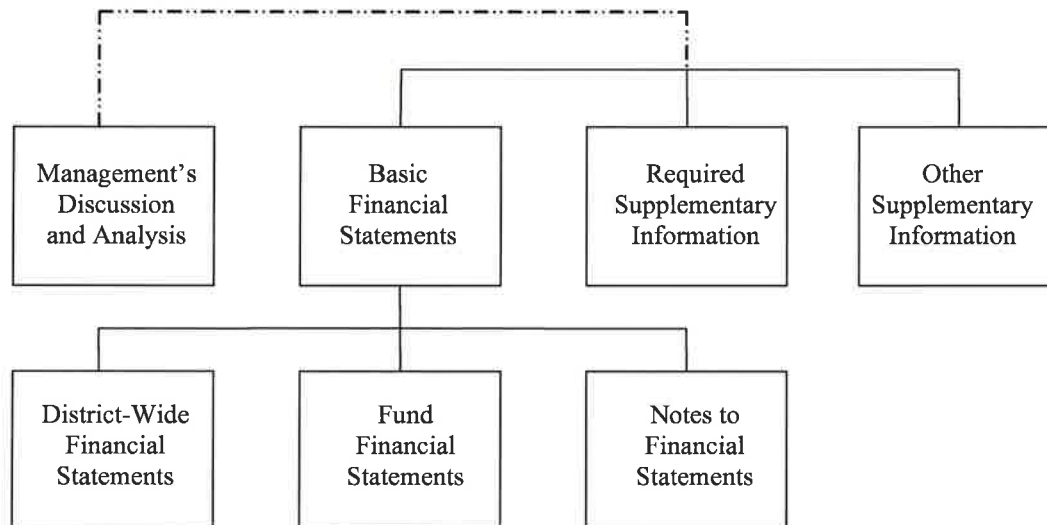
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year ended June 30, 2022, are as follows:

- The District's total Net Position, as reflected in the District-wide financial statements, increased by \$5,122,550 to a deficit of \$1,163,472.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$19,853,215. Of this amount, \$86,770 and \$2,230,130 was offset by program charges for services and operating grants to support instructional and food service programs, respectively. General revenues of \$22,658,865 amount to 90.7% of total revenues.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 16 and 18, increased by \$1,180,939 to \$7,194,138. This was due to the excess of revenues over expenditures based on the modified accrual basis of accounting.
- State and federal revenue increased by \$117,941 to \$14,763,929 in 2022 from \$14,645,988 in 2021.
- Operating Grants increased by \$1,231,464 due to additional grant funding related to the federal COVID-19 Education Stabilization Fund and School Lunch Nutrition Cluster.
- The General Fund's unassigned fund balance was 10.9% of the subsequent year's budget. The State legal limit is 4.0%.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements is as follows:



**UNATEGO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

A. District-wide Financial Statements

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference as net position. Increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in Net Position during the fiscal year. All changes in Net Position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual Governmental Funds, General Fund, School Lunch Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, Debt Service fund, and Capital Projects Fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations

**UNATEGO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total Net Position increased by \$5,122,550 between fiscal year 2021 and 2022. A summary of the District's Statement of Net Position for June 30, 2022 and 2021 is as follows:

	2022	Restated 2021	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 10,042,650	\$ 8,184,203	\$ 1,858,447	22.7%
Net Pension Asset - Proportionate Share	6,882,022		6,882,022	100.0%
Right to Use Leased Assets, Net	1,665,960	1,308,687	357,273	27.3%
Capital Assets, Net	24,677,994	24,739,181	(61,187)	(0.2%)
Total Assets	<u>43,268,626</u>	<u>34,232,071</u>	<u>9,036,555</u>	26.4%
Deferred Outflows of Resources	<u>6,804,975</u>	<u>7,535,719</u>	<u>(730,744)</u>	(9.7%)
Current Liabilities	3,227,697	1,829,097	1,398,600	76.5%
Net Pension Liability - Proportionate Share		1,058,025	(1,058,025)	(100.0%)
Non-Current Liabilities	<u>25,185,325</u>	<u>40,129,922</u>	<u>(14,944,597)</u>	(37.2%)
Total Liabilities	<u>28,413,022</u>	<u>43,017,044</u>	<u>(14,604,022)</u>	(33.9%)
Deferred Inflows of Resources	<u>22,824,051</u>	<u>5,036,768</u>	<u>17,787,283</u>	353.1%
Net Investment in Capital Assets	19,235,016	18,175,377	1,059,639	5.8%
Restricted	4,068,886	2,754,289	1,314,597	47.7%
Unrestricted (Deficit)	<u>(24,467,374)</u>	<u>(27,215,688)</u>	<u>2,748,314</u>	10.1%
Total Net Position (Deficit)	<u>\$ (1,163,472)</u>	<u>\$ (6,286,022)</u>	<u>\$ 5,122,550</u>	81.5%

Current and other assets increased by \$1,858,447, as compared to the prior year. This increase is primarily due to an increase in the District's restricted cash balances.

The Net Pension Asset - Proportionate Share increased by \$6,882,022, as compared to the prior year due to changes in the District's proportionate share of the total pension asset of the retirement systems..

Capital assets, net of accumulated depreciation, decreased by \$61,187, as compared to the prior year. This decrease is due to the expense for depreciation exceeding additions to fixed assets.

Deferred Outflows decreased by \$730,744 as compared to the prior year due to changes in assumptions used by the State's pension system actuaries.

Current liabilities increased by \$1,398,600, as compared to the prior year. This increase is primarily the result of the District obtaining short term financing in the amount of \$1,500,000.

The Net Pension Liability – Proportionate Share decreased by \$1,058,025 as compared to the prior year due to changes in the District's actuarially determined portion of the unfunded pension liability of the Retirement Systems.

Non-current liabilities decreased by \$14,944,597 as compared to the prior year. This decrease is due to a net decrease in the OPEB liability in the amount of \$12,933,777 and by the serial bond repayments of \$1,940,000..

Deferred Inflows increased by \$17,787,283 over the prior year due to amounts relating to the Other Postemployment Benefit valuation.

**UNATEGO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

The Net Investment in Capital Assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations.

The restricted Net Position at June 30, 2022 is \$4,068,886 which represents the amount of the District's reserves and other restricted funds in the Debt Service, Capital, Miscellaneous Special Revenue and General Funds.

The unrestricted Net Position at June 30, 2022, is a deficit of \$24,467,374, which represents the amount by which the District's liabilities and deferred inflows of resources, excluding debt related to capital construction, exceeded the District's assets other than capital assets and deferred outflows of resources, and excluding restricted amounts. This deficit is due to the recognition of the \$18,584,503 liability for other postemployment benefits.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2022 and 2021 is as follows:

Revenues	2022	2021	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	\$ 86,770	\$ 29,670	\$ 57,100	192.5%
Operating Grants	2,230,130	998,666	1,231,464	123.3%
General Revenues				
Property Taxes and STAR	7,448,185	7,450,983	(2,798)	0.0%
State and Federal Sources	14,763,929	14,645,988	117,941	0.8%
Miscellaneous	446,751	322,611	124,140	38.5%
Total Revenues	<u>24,975,765</u>	<u>23,447,918</u>	<u>1,527,847</u>	6.5%
Expenses				
General Support	4,430,854	4,111,780	319,074	7.8%
Instruction	13,313,719	16,008,547	(2,694,828)	(16.8%)
Pupil Transportation	1,272,630	1,641,133	(368,503)	(22.5%)
Community Service	41,681	17,660	24,021	136.0%
Debt Service-Unallocated Interest	283,307	551,327	(268,020)	(48.6%)
Food Service Program	511,024	339,199	171,825	50.7%
Total Expenses	<u>19,853,215</u>	<u>22,669,646</u>	<u>(2,816,431)</u>	(12.4%)
Total Change in Net Position	<u>\$ 5,122,550</u>	<u>\$ 778,272</u>	<u>\$ 4,344,278</u>	558.2%

The District's revenues increased by \$1,527,847 in 2022 or 6.5%. The major factor that contributed to the increase is as follows:

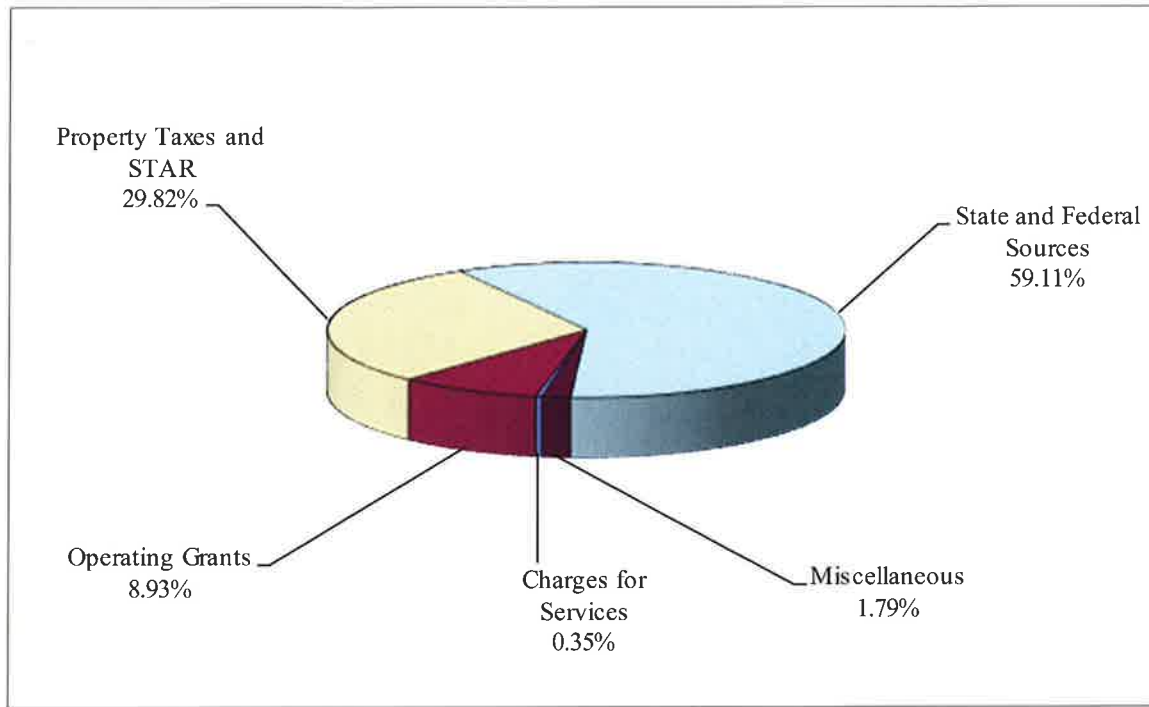
- The District received an increase in Operating Grants of \$1,231,464, primarily due to additional grant funding related to the federal COVID-19 Education Stabilization Fund..

The District's expenses for the year decreased by \$2,816,431 or 12.4%. These expenses decreased primarily due to the allocation of employee benefit costs related to pension and other post-employment benefits.

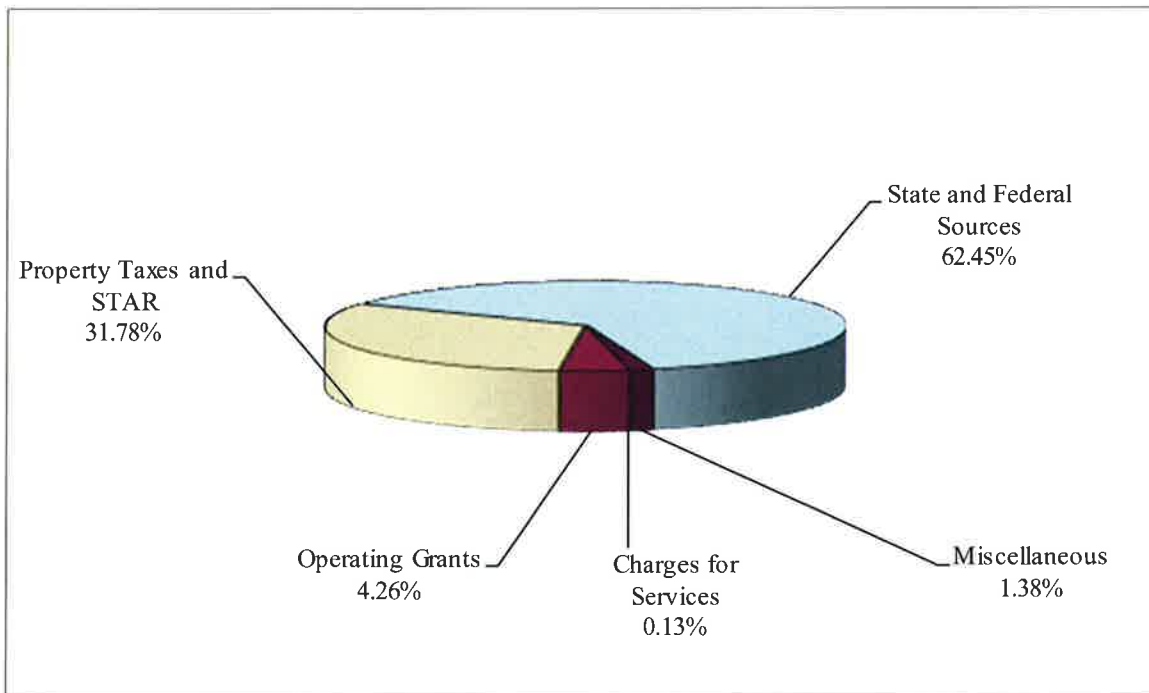
**UNATEGO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2022



For the Year Ended June 30, 2021

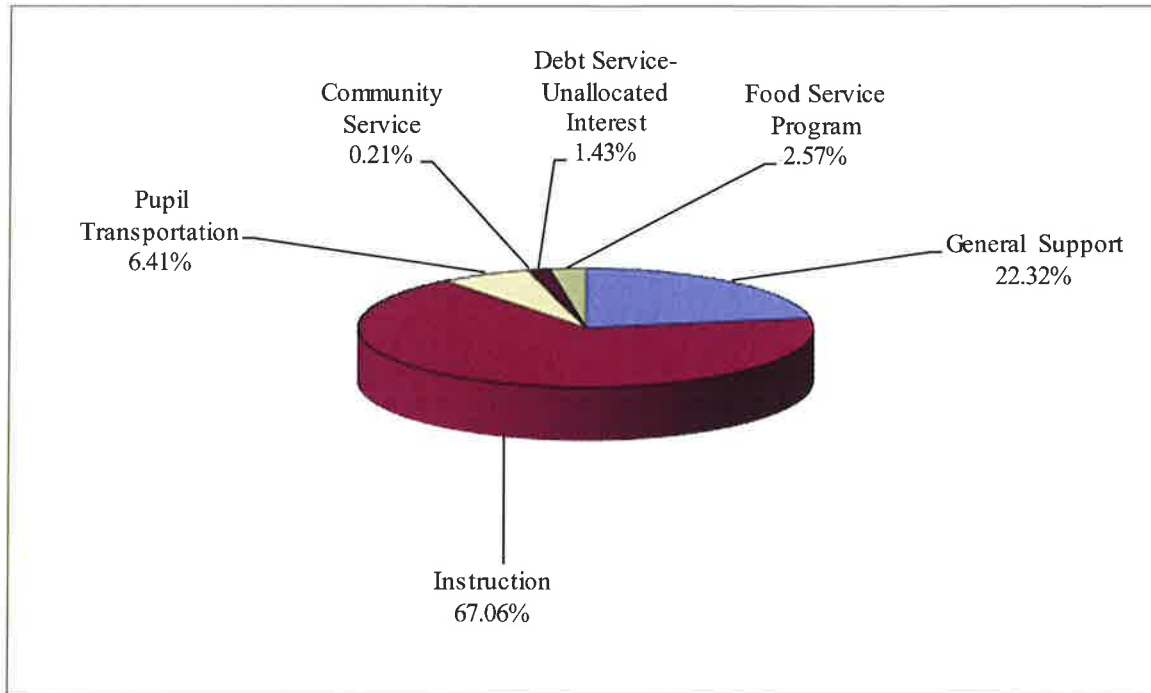


See Independent Auditor's Report

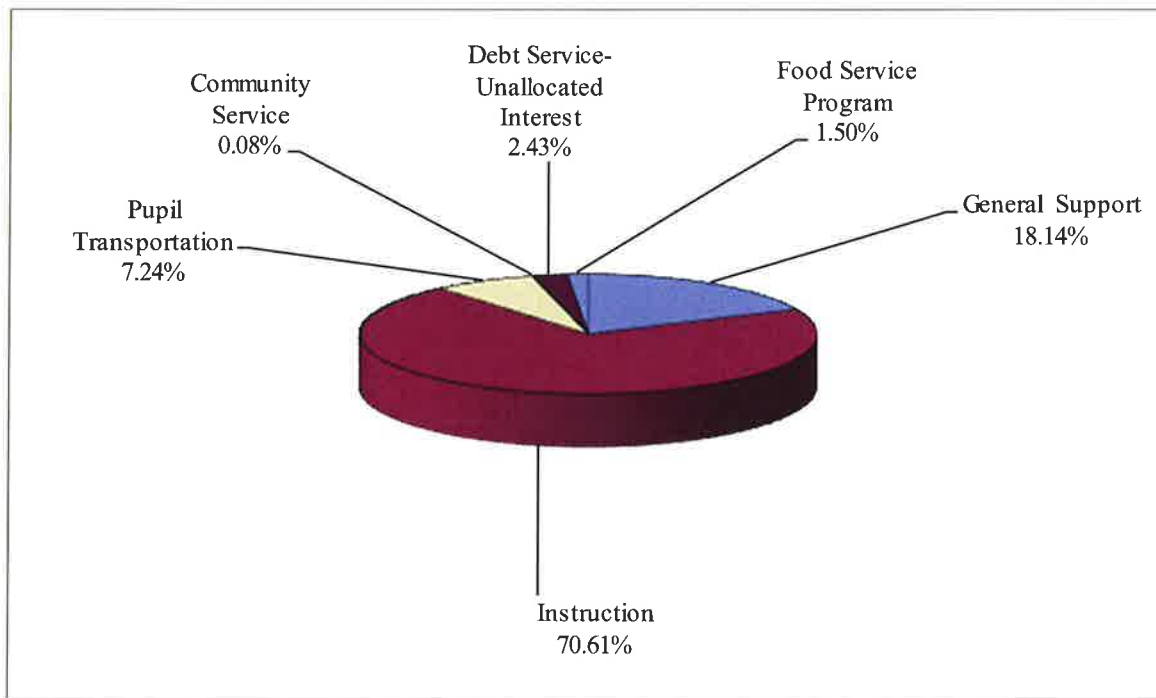
**UNATEGO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2022



For the Year Ended June 30, 2021



See Independent Auditor's Report

**UNATEGO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$6,823,836 which is an increase of \$6,823,836 over the prior year. This increase is due to an excess of revenues over expenditures for the year. A summary of the change in fund balance by fund is as follows:

	2022	2021	Increase (Decrease)
General Fund			
Restricted			
Workers' Compensation	\$ 207,267	\$ 107,267	\$ 100,000
Unemployment Insurance	107,000	107,000	
Retirement Contribution Reserve - ERS	660,470	560,470	100,000
Retirement Contribution Reserve - TRS	359,200	227,000	132,200
Liability	100,000	100,000	
Employee Benefit Accrued Liability Reserve	312,967	316,140	(3,173)
Capital Reserve	1,800,000	800,000	1,000,000
Repairs Reserve	399,299	299,299	100,000
Total Restricted	<u>3,946,203</u>	<u>2,517,176</u>	<u>1,429,027</u>
Assigned			
Appropriated for Subsequent Year's Budget	525,000	625,000	(100,000)
General Support	112,906	98,657	14,249
Instruction	16,215	34,720	(18,505)
Pupil Transportation	2,160	2,435	(275)
Total Assigned	<u>656,281</u>	<u>760,812</u>	<u>(104,531)</u>
Unassigned			
Unassigned	<u>2,591,654</u>	<u>2,735,211</u>	<u>(143,557)</u>
Total General Fund	<u>7,194,138</u>	<u>6,013,199</u>	<u>1,180,939</u>
School Lunch Fund			
Nonspendable	21,099	23,031	(1,932)
Assigned	<u>195,645</u>	<u>100,888</u>	<u>94,757</u>
Total School Lunch Fund	<u>216,744</u>	<u>123,919</u>	<u>92,825</u>
Miscellaneous Special Revenue Fund			
Restricted	<u>95,094</u>	<u>97,735</u>	<u>(2,641)</u>
Total Miscellaneous Special Revenue Fund	<u>95,094</u>	<u>97,735</u>	<u>(2,641)</u>
Debt Service Fund			
Restricted	<u>27,589</u>	<u>27,465</u>	<u>124</u>
Total Debt Service Fund	<u>27,589</u>	<u>27,465</u>	<u>124</u>
Capital Fund			
Restricted		111,913	(111,913)
Unassigned (Deficit)	<u>(709,729)</u>	<u> </u>	<u>(709,729)</u>
Total Capital Fund	<u>(709,729)</u>	<u>111,913</u>	<u>(821,642)</u>
Total Fund Balance	<u>\$ 6,823,836</u>	<u>\$ 6,374,231</u>	<u>\$ 449,605</u>

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2021-2022 Budget

The District's General Fund adopted budget for the year ended June 30, 2022, was \$23,293,288. This is an increase of \$461,883 over the prior year's adopted budget.

**UNATEGO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$7,448,815 in estimated property taxes and STAR and \$14,629,873 for State Aid.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 2,735,211
Revenues Over (Under) Budget and Appropriated Fund Balance	(761,228)
Expenditures and Encumbrances Under Budget	1,810,886
Encumbrances Carried Over to June 30, 2022	135,812
Decrease in Appropriated Fund Balance for June 30, 2023	100,000
Net Increase to Restricted Funds	<u>(1,429,027)</u>
Closing, Unassigned Fund Balance	<u>\$ 2,591,654</u>

Opening, Unassigned Fund Balance

The shown in the table is the portion of the District's June 30, 2020, fund balance that was retained as unassigned. This was 11.7 % of the District's 2021-2022 voter and Board approved operating budget.

Revenues Over Budget

The 2021-2022 final budget for revenues and other financing sources were \$23,432,279. The actual revenues and other financing sources received for the year were \$22,671,051. The actual revenue and other financing sources were overestimated of budgeted revenue by \$761,228. This variance contributes directly to the change to the unassigned portion of the General Fund balance from June 30, 2021 to June 30, 2022.

Expenditures and Encumbrances Under Budget

The 2021-2022 final budget for expenditures and other financing uses was \$23,432,279. The actual expenditures and other financing uses were \$21,490,112. The final budget was under expended and encumbered by \$1,810,886. This under expenditure offset by the June 30, 2022 encumbrances of \$135,812 contributes to the change to the unassigned portion of the General Fund balance from June 30, 2021 to June 30, 2022.

Net Increase to Restricted Funds

The District has chosen to fund its reserves in the current year. The net effect of those transactions resulted in an increase to the District reserves in the amount of \$1,429,027.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2022-2023 fiscal year with an unassigned fund balance of \$2,591,654. This is a decrease of \$143,557 from the unassigned balance from the prior year. This amount was 10.9% of the District's 2022-2023 approved operating budget.

**UNATEGO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

6. CAPITAL ASSET, RIGHT TO USE ASSET, AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2022, the District had invested in a broad range of capital assets, including land, buildings and improvements and furniture, equipment and vehicles. The net decrease in capital assets is due to depreciation exceeding capital additions for the year ended June 30, 2022. A summary of the District's capital assets, net of depreciation at June 30, 2022 and 2021, is as follows:

	2022	2021	Increase (Decrease)
Land	\$ 223,535	\$ 223,535	\$
Construction in Progress	908,442	1,189,440	(280,998)
Buildings and Improvements	23,340,800	23,167,930	172,870
Furniture, Equipment and Vehicles	205,217	158,276	46,941
Capital Assets, Net	<u>\$ 24,677,994</u>	<u>\$ 24,739,181</u>	<u>\$ (61,187)</u>

B. Right to Use Leased Assets

At June 30, 2022, the District reported right to use assets, net of accumulated amortization for leased equipment and buses as follows:

	2022	Restated 2021	Increase (Decrease)
Right to Use Leased Assets - Vehicles and Equipment, Net	<u>\$ 1,665,960</u>	<u>\$ 1,308,687</u>	<u>\$ 357,273</u>

C. Debt Administration

At June 30, 2022, the District had total long term debt payable of \$4,475,000. At June 30, 2022, A summary of the outstanding debt at June 30, 2022 and 2021 is as follows:

Issue Date	Interest Rate %	2022	2021	Increase (Decrease)
Serial Bonds				
06/25/10	3.00-5.00	\$ 875,000	\$ 985,000	\$ (110,000)
09/19/12	2.00-4.00	755,000	1,700,000	(945,000)
11/09/17	2.00-5.00	2,845,000	3,730,000	(885,000)
Total Serial Bonds		<u>\$ 4,475,000</u>	<u>\$ 6,415,000</u>	<u>\$ (1,940,000)</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The voters of the Unatego Central School District approved a budget of \$23,802,607 for the 2022-2023 school year.
- District enrollment has been declining for several years. This decreasing enrollment is a factor that the Board of Education takes into consideration as part of its program and fiscal decision-making process.
- The District has begun work on a \$27,695,000 capital project approved by the voters in May, 2021. The project includes proposed work at the elementary school, middle school/ high school and the bus garage.

**UNATEGO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District's Business Office, Unatego Central School District, 2641 State Highway 7, Otego, New York 13825.

UNATEGO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

Assets	
Cash and Cash Equivalents	\$ 4,194,469
Restricted Cash and Cash Equivalents	4,539,434
Receivables	
Other Governments	1,269,039
Other Receivables	18,609
Inventory	21,099
Net Pension Asset-Proportionate Share	6,882,022
Right to Use Leased Assets (Net of Accumulated Amortization)	1,665,960
Capital Assets (Net of Accumulated Depreciation)	<u>24,677,994</u>
Total Assets	<u>43,268,626</u>
Deferred Outflows of Resources	
Deferred Outflow-Pensions	4,824,434
Deferred Outflow-OPEB	1,806,058
Deferred Charge from Refunding of Debt (Net of Amortization)	<u>174,483</u>
Total Deferred Outflows of Resources	<u>6,804,975</u>
Total Assets and Deferred Outflows of Resources	\$ <u>50,073,601</u>
Liabilities	
Accounts Payable	\$ 668,379
Accrued Liabilities	196,472
Accrued Interest Payable	13,558
Due To	
Other Governments	24
Teachers' Retirement System	676,002
Employees' Retirement System	49,597
Short-Term Notes Payables	
Bond Anticipation Notes	1,500,000
Unearned Revenue	123,665
Noncurrent Liabilities	
Due Within One Year	2,140,362
Due in More Than One Year	<u>23,044,963</u>
Total Liabilities	<u>28,413,022</u>
Deferred Inflows of Resources	
Deferred Inflow-Pensions	8,922,742
Deferred Inflow-OPEB	<u>13,901,309</u>
Total Deferred Inflows of Resources	<u>22,824,051</u>
Total Liabilities and Deferred Inflows of Resources	<u>51,237,073</u>
Net Position	
Net Investment in Capital Assets	19,235,016
Restricted	4,068,886
Unrestricted (Deficit)	<u>(24,467,374)</u>
Total Net Position (Deficit)	<u>(1,163,472)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ <u>50,073,601</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
General Support	\$ 4,430,854	\$	\$	\$ (4,430,854)
Instruction	13,313,719	62,165	1,652,995	(11,598,559)
Pupil Transportation	1,272,630			(1,272,630)
Community Service	41,681			(41,681)
Food Service Program	511,024	24,605	577,135	90,716
Debt Service-Unallocated Interest	283,307			(283,307)
Total Functions/Programs	<u>\$ 19,853,215</u>	<u>\$ 86,770</u>	<u>\$ 2,230,130</u>	<u>(17,536,315)</u>
General Revenues				
Real Property Taxes				6,293,047
STAR and Other Real Property Tax Items				1,155,138
Use of Money and Property				11,143
Sale of Property and Compensation for Loss				26,075
State and Federal Sources				14,763,929
Miscellaneous				<u>409,533</u>
Total General Revenues				<u>22,658,865</u>
Change in Net Position				5,122,550
Net Position (Deficit), Beginning of Year				(6,191,966)
Cumulative Effect of Change in Accounting Principle				<u>(94,056)</u>
Net Position (Deficit), Beginning of Year (Restated)				<u>(6,286,022)</u>
Net Position (Deficit), End of Year				<u>\$ (1,163,472)</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Assets							
Cash and Cash Equivalents	\$ 3,740,601	\$ 136,146	\$ 317,722	\$	\$	\$	\$ 4,194,469
Restricted Cash and Cash Equivalents	3,946,203			95,094	26,674	471,463	4,539,434
Receivables							
Other Governments	890,888	129,575	248,576				1,269,039
Due from Other Funds	486,427				1,178	349,194	836,799
Other Receivables	18,609						18,609
Inventory		21,099					21,099
Total Assets	<u>\$ 9,082,728</u>	<u>\$ 286,820</u>	<u>\$ 566,298</u>	<u>\$ 95,094</u>	<u>\$ 27,852</u>	<u>\$ 820,657</u>	<u>\$ 10,879,449</u>
Liabilities							
Payables							
Accounts Payable	\$ 612,465	\$ 17,341	\$ 9,365	\$	\$	\$ 29,208	\$ 668,379
Accrued Liabilities	190,657	5,650	165				196,472
Accrued Interest	4,675						4,675
Due To							
Other Governments		24					24
Other Funds	349,194	47,061	439,103		263	1,178	836,799
Teachers' Retirement System	676,002						676,002
Employees' Retirement System	49,597						49,597
Short-Term Notes Payables							
Bond Anticipation Notes						1,500,000	1,500,000
Unearned Revenue	6,000		117,665				123,665
Total Liabilities	<u>1,888,590</u>	<u>70,076</u>	<u>566,298</u>	<u></u>	<u>263</u>	<u>1,530,386</u>	<u>4,055,613</u>
Fund Balance							
Nonspendable		21,099					21,099
Restricted	3,946,203			95,094	27,589		4,068,886
Assigned	656,281	195,645					851,926
Unassigned	2,591,654					(709,729)	1,881,925
Total Fund Balance	<u>7,194,138</u>	<u>216,744</u>	<u></u>	<u>95,094</u>	<u>27,589</u>	<u>(709,729)</u>	<u>6,823,836</u>
Total Liabilities and Fund Balance	<u>\$ 9,082,728</u>	<u>\$ 286,820</u>	<u>\$ 566,298</u>	<u>\$ 95,094</u>	<u>\$ 27,852</u>	<u>\$ 820,657</u>	<u>\$ 10,879,449</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE DISTRICT-WIDE NET POSITION
June 30, 2022

Total Governmental Fund Balances \$ 6,823,836

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

The cost of building, acquiring, and leasing capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital and right to use leased assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Right to Used Leased Assets	2,793,298
Accumulated Amortization	(1,127,338)
Original Cost of Capital Assets	42,064,393
Accumulated Depreciation	<u>(17,386,399)</u>
	<u>26,343,954</u>

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until that time. Deferred outflows of resources at year end consisted of:

Deferred Outflows - Pensions	4,824,434
Deferred Outflows - OPEB	1,806,058
Deferred Charge on Advance Refunding	<u>174,483</u>
	<u>6,804,975</u>

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. Deferred inflows of resources at year end consisted of:

Deferred Inflows - Pensions	(8,922,742)
Deferred Inflows - OPEB	<u>(13,901,309)</u>
	<u>(22,824,051)</u>

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 funds.

Net Pension Asset - Proportionate Share	<u>6,882,022</u>
	<u>6,882,022</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	(4,475,000)
Unamortized Premium	(286,086)
Accrued Interest on Bonds Payable	(8,883)
Lease Liability	(1,493,798)
Other Postemployment Liabilities	(18,584,503)
Compensated Absences Payable	<u>(345,938)</u>
	<u>(25,194,208)</u>

Total Net Position (Deficit) \$ (1,163,472)

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues							
Real Property Taxes	\$ 6,293,047	\$	\$	\$	\$	\$	\$ 6,293,047
STAR and Other Real Property Tax Items	1,155,138						1,155,138
Charges for Services	62,165						62,165
Use of Money and Property	11,010	9			124		11,143
Sale of Property and Compensation for Loss	26,075						26,075
Miscellaneous	359,687	45,963		3,883			409,533
State Aid	14,685,987	33,070	96,730				14,815,787
Federal Aid	77,942	544,065	1,556,265				2,178,272
School Lunch Sales		24,605					24,605
Total Revenues	22,671,051	647,712	1,652,995	3,883	124		24,975,765
Expenditures							
General Support	3,440,345			6,524			3,446,869
Instruction	9,391,723		1,652,995				11,044,718
Pupil Transportation	1,212,062						1,212,062
Community Service	41,681						41,681
Food Service Program		495,632					495,632
Employee Benefits	4,661,048	109,255					4,770,303
Capital Outlay						1,335,200	1,335,200
Debt Service - Principal	2,362,503						2,362,503
Debt Service - Interest	330,750						330,750
Total Expenditures	21,440,112	604,887	1,652,995	6,524		1,335,200	25,039,718
Excess (Deficit) Revenues Over Expenditures	1,230,939	42,825		(2,641)	124	(1,335,200)	(63,953)
Other Financing Sources (Uses)							
Proceeds of Leases						513,558	513,558
Transfers from Other Funds		50,000					50,000
Transfers to Other Funds	(50,000)						(50,000)
Total Other Financing Sources (Uses)	(50,000)	50,000				513,558	513,558
Excess Revenues Over Expenditures and Other Financing Sources (Uses)	1,180,939	92,825		(2,641)	124	(821,642)	449,605
Fund Balance, Beginning of Year	6,013,199	123,919		97,735	27,465	111,913	6,374,231
Fund Balance (Deficit), End of Year	\$ 7,194,138	\$ 216,744	\$	\$ 95,094	\$ 27,589	\$ (709,729)	\$ 6,823,836

**UNATEGO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022**

Net Changes in Fund Balance - Total Governmental Funds	\$	449,605
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Capital Outlays to purchase, lease or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of Net Position and allocated over their useful lives as depreciation and amortization expenses in the statement of activities. This is the amount by which capital and leased asset additions exceeded depreciation and amortization expense in the period.

Lease Additions	513,558	
Amortization Expense	(156,285)	
Depreciation Expense	(992,929)	
Capital Additions	<u>931,742</u>	296,086

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of Net Position. Repayments of bond and lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position. This is the amount of principal repayments during the period.

Proceeds of Leases	(513,558)	
Repayment of Lease Principal	422,503	
Repayment Bond Principal	<u>1,940,000</u>	1,848,945

Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of Deferred Premium	95,362	
Amortization of Deferred Charge on Advance Refunding	(58,161)	
Other Postemployment Liabilities (including deferred inflows)	1,235,941	
Change in Compensated Absences	66,518	
Change in Pension Expense	<u>1,178,012</u>	<u>2,527,914</u>

Change in Net Position Governmental Activities	\$	<u>5,122,550</u>
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UNATEGO CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	Custodial Fund
	<hr/>
Assets	
Cash and Cash Equivalents - Restricted	\$ <u>191,518</u>
Liabilities	
Accrued Liabilities	<u>100,204</u>
Net Position	
Restricted for Extraclassroom Activities	<u>91,314</u>
Total Liabilities and Net Position	<u>\$ 191,518</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2022

	<u>Custodial Fund</u>
Additions	
Charges for Services, Sale of Property, and Miscellaneous	\$ 70,794
Deductions	
Club Activities	<u>66,293</u>
Change in Net Position	4,501
Net Position, Beginning of Year	<u>86,813</u>
Net Position, End of Year	<u>\$ 91,314</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Unatego Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the School District are described below:

Reporting Entity

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

The reporting entity of the School District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

(a) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in a custodial fund.

Joint Venture

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

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

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

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Basis of Presentation

(a) District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange 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 each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits and depreciation expense for the year, are allocated to functional areas in proportion to their expenditures. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

(b) Fund Financial Statements

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

General Fund: This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

Special Revenue Funds:

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

School Lunch Fund: This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

Miscellaneous Special Revenue Fund: This fund is used to account for and report transactions of the Districts' scholarship funds. The District has both custody and administrative control over the various scholarships. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Debt Service Fund: This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

Capital Project Fund: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

(c) Fiduciary Funds

This fund is used to account for and report fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District, and are not available to be used. There is one class of fiduciary funds:

Custodial Fund: These funds are strictly custodial in nature. Assets are held by the School District as agent for various student groups or extraclassroom activity funds.

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Measurement Focus and Basis of Accounting

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

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the School District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, State aid, 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 state aid is recognized in the fiscal year it is appropriated by the state. 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 School District considers all revenues reported in the governmental funds to be available if the revenues are collected within six months 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, other postemployment benefits, 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.

Estimates

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

Cash and Cash Equivalents

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1. Taxes are collected during the period September 1 to November 1. Uncollected real property taxes are subsequently enforced by the Counties of Otsego and Delaware in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

Receivables

Receivables 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 not be material.

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Interfund Transactions and Transfers

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

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 14 to the financial statements.

Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The School District uses capitalization thresholds of \$3,500 (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Lives</u>	<u>Depreciation Method</u>
Land Improvements	20 Years	Straight Line
Buildings and Improvements	20-40 Years	Straight Line
Furniture, Equipment, and Vehicles	5-15 Years	Straight Line

Right to Use Leased Assets

The School District has recorded right to use lease assets as a result of implementing GASB No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease, which range from 3-5 years.

Unearned Revenue

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence 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 recorded.

Deferred Outflow 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 District has three items that qualify for reporting in this category. First is the deferred charge on refunding of debt reported in the District-Wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second 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 not included in pension expense. The third item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

Inventories

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

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Accrued Liabilities and Long-Term Obligations

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

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

Compensated Absences

The School 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, an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

Retirement Plans

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

Postemployment Benefits

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 9).

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. First 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 or asset and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Equity Classifications

(a) District-Wide Financial Statements

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, constructions or improvements of those assets.

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Restricted Net Position – 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 Net Position – reports the balance of the net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

(b) Fund Statements

The following classifications describe the relative strength of the spending constraints:

Non-Spendable

This category includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. This category consists of the inventories in the School Lunch Fund.

Restricted Resources

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements. The School District has established the following restricted fund balances:

- ***Capital Reserve***

According to Education Law §3651, the Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of reserve, the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The reserve is accounted for in the General Fund.

- ***Reserve for Repairs***

The Repair Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

- ***Reserve for Employee Benefit Accrued Liability***

The Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

- ***Reserve for Retirement Contribution***

According to General Municipal Law §6-r, the Reserve for Retirement Contribution must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. Board established use of the Teacher's Retirement System reserve as of April 1, 2019.

UNATEGO CENTRAL SCHOOL DISTRICT
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For the Year Ended June 30, 2022

- ***Reserve for Workers' Compensation***

The Workers' Compensation Reserve (GML §6-j) 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. The reserve is established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

- ***Reserve for Unemployment Insurance***

The Unemployment Insurance Reserve (GML §6-m) is 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 is established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

- ***Committed*** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2022.
- ***Assigned*** – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than in the Capital Fund, are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General fund is also classified as Assigned Fund Balance in the General Fund.
- ***Unassigned*** – Includes all other fund resources that do not meet the definition of the above classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

(c) Reserve for Endowment and Scholarships

This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the miscellaneous special revenue fund.

(d) Order of Use of Fund Balance

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of application of expenditures to which the fund balance classification will be charged.

New Accounting Standard

Effective July 1, 2021, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

**UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

Future Changes in Accounting Standards

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. The District will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

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

2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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 resource management focus of the Statement of Activities, compared with the current financial resource management focus of the governmental funds.

Total Fund Balances of Governmental Funds Compared to Net Position of Governmental Activities

A total fund balance of the School District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This 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.

Statement of Revenues, Expenditures, and Changes in Fund Balance Compared to 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 six broad categories.

(a) 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 reports 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.

(b) Capital Related Differences

Capital related differences include the difference 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 or lease of capital items in the governmental fund statements and depreciation and amortization expense on those items as recorded in the Statement of Activities.

(c) 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.

(d) Employee Benefit Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and changes in fund equity based on the requirements of New York State. These costs have been allocated based on total salary for each function.

(e) Pension Differences

Pension differences occur as a result of changes in the School District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(f) OPEB Differences

OPEB differences occur as a result of changes in the School District's total OPEB liability and differences between the District's contributions and OPEB expense.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

General Fund – Statutory Unassigned Fund Balance Limit

The School District's unassigned fund balance was over the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the School District's budget for the upcoming school year. At June 30, 2022, the School District's unassigned fund balance was 10.9% of the 2022-2023 budget.

Statutory Debt Limit

At June 30, 2022, the School District was in compliance with the statutory debt limit.

Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. During the year ended June 30, 2022, the District did not make any supplemental appropriations.

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 23,293,288
Add: Prior Year's Encumbrances	<u>135,812</u>
Original Budget	<u>23,429,100</u>
Amendments:	
Donations	<u>3,179</u>
Final Budget	<u>\$ 23,432,279</u>

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

Encumbrances

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

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NYS Real Property Tax Cap

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments including school districts can levy. The tax levy for the 2020-2021 school year was in compliance with the NYS Tax Cap Limit.

4. CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

As of June 30, 2022, the School District's bank balances of \$9,093,171 were fully covered by FDIC or collateralized with securities held by an agent of the pledging financial institutions in the School District's name and not exposed to custodial credit risk.

Restricted Cash and Cash Equivalents

Restricted Cash and Cash Equivalents of \$3,946,203 in the General Fund represent the following:

<u>Description</u>	<u>Amount</u>
Capital Reserve	\$ 1,800,000
Unemployment Insurance Reserve	107,000
Workers Compensation Reserve	207,267
Liability Reserve	100,000
Reserve for Employee Benefit Accrued Liability	312,967
Repair Reserve	399,299
Retirement Contribution Reserve - TRS	359,200
Retirement Contribution Reserve - ERS	660,470
Total	<u>\$ 3,946,203</u>

Restricted Cash and Cash Equivalents of \$26,674 in the Debt Service fund represents funds restricted for debt service of outstanding deficit financing bonds.

Restricted Cash and Cash Equivalents of \$95,094 in the Miscellaneous Special Revenue Fund represents various expendable trust funds held by the District for scholarships and awards.

5. PARTICIPATION IN BOCES

During the year, the School District was billed \$4,372,183 for BOCES' administrative and program costs.

During the year ended June 30, 2022, the School District issued no debt on behalf of BOCES. However, during 2008, the BOCES issued \$47,755,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds will be repaid by the component districts of the BOCES as a lease payment included in the administrative budget of the BOCES over the term of the bonds. During 2022, a \$2,605,000 principal payment was made for the bond, leaving \$18,615,000 outstanding at June 30, 2022. The Bonds were refinanced through DASNY in June 2016, to reduce the debt service expenditures over the remaining life of the bonds.

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

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

6. CAPITAL AND RIGHT TO USE LEASED ASSETS

Capital asset activity for the year ended June 30, 2022, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 223,535	\$	\$	\$ 223,535
Construction in Progress	<u>1,189,440</u>	<u>670,180</u>	<u>951,178</u>	<u>908,442</u>
Total	<u>1,412,975</u>	<u>670,180</u>	<u>951,178</u>	<u>1,131,977</u>
Capital Assets Being Depreciated				
Buildings and Improvements	35,797,327			35,797,327
Improvements Other than Buildings	1,302,783	1,102,640		2,405,423
Furniture, Equipment and Vehicles	<u>2,619,566</u>	<u>110,100</u>		<u>2,729,666</u>
Total	<u>39,719,676</u>	<u>1,212,740</u>		<u>40,932,416</u>
Accumulated Depreciation				
Buildings and Improvements	12,827,205	889,720		13,716,925
Improvements Other than Buildings	1,104,975	40,050		1,145,025
Furniture, Equipment and Vehicles	<u>2,461,290</u>	<u>63,159</u>		<u>2,524,449</u>
Total	<u>16,393,470</u>	<u>992,929</u>		<u>17,386,399</u>
Net Capital Assets Being Depreciated	<u>23,326,206</u>	<u>219,811</u>		<u>23,546,017</u>
Net Capital Assets	<u>\$ 24,739,181</u>	<u>\$ 889,991</u>	<u>\$ 951,178</u>	<u>\$ 24,677,994</u>

Depreciation expense and loss on disposal were allocated and charged as follows based on estimated usage by function:

<u>Function/Program</u>	
General Support	\$ 162,343
Instruction	754,626
Pupil Transportation	60,568
School Lunch	<u>15,392</u>
Total Depreciation	<u>\$ 992,929</u>

Right to use leased asset activity for the year ended June 30, 2022, is as follows:

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Equipment	<u>\$ 2,279,740</u>	<u>\$ 513,558</u>	<u>\$</u>	<u>\$ 2,793,298</u>
Accumulated Amortization				
Leased Equipment	<u>971,053</u>	<u>156,285</u>		<u>1,127,338</u>
Net Right to Use Leased Assets	<u>\$ 1,308,687</u>	<u>\$ 357,273</u>	<u>\$</u>	<u>\$ 1,665,960</u>

Amortization expense of \$156,285 is charged to instruction.

**UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

7. SHORT TERM DEBT

Summary of short term debt is as follows:

<u>Payable From/Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
General Fund					
Bond Anticipation Note	07/21	\$ 1,500,000	07/22	0.33	1,500,000

Total interest for the year was as follows:

Interest Paid	\$
Plus: Interest Accrued in the Current Year	4,675
Total Interest Expense on Short -Term Debt	<u>\$ 4,675</u>

8. NONCURRENT LIABILITIES

Summary of Noncurrent Liabilities

Noncurrent liability balances and activity are as follows:

<u>Description</u>	<u>Restated Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Serial Bonds Payable	\$ 6,415,000	\$	\$ (1,940,000)	\$ 4,475,000	\$ 2,045,000
Unamortized Premium	381,448		(95,362)	286,086	95,362
	<u>6,796,448</u>		<u>(2,035,362)</u>	<u>4,761,086</u>	<u>2,140,362</u>
Other Liabilities					
Lease Liability	1,402,743	513,558	(422,503)	1,493,798	
OPEB Liability	31,518,275	1,499,497	(14,433,269)	18,584,503	
Compensated Absences	412,456		(66,518)	345,938	
Total Governmental Activities	<u>\$ 38,727,179</u>	<u>\$ 1,499,497</u>	<u>\$ (16,535,149)</u>	<u>\$ 25,185,325</u>	<u>\$ 2,140,362</u>

Serial Bonds

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment on construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as expenditure when such amounts are due.

**UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

The following is a statement of serial bonds with corresponding maturity schedules:

<u>Payable From/Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
Serial Bond Refunded 2002 and 2005	09/19/12	\$ 8,540,000	06/15/23	2.00 - 4.00%	\$ 875,000
Serial Bond Capital Project	06/25/10	\$ 13,955,000	06/25/25	3.00 - 5.00%	755,000
Series 2017F DASNY Refunding	11/09/17	\$ 4,595,000	06/25/25	2.00 - 5.00%	2,845,000
Total					<u>\$ 4,475,000</u>

Principal and interest payments due on general obligation debt are as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,045,000	\$ 213,200	\$ 2,258,200
2024	1,200,000	119,700	1,319,700
2025	1,230,000	60,200	1,290,200
Total	<u>\$ 4,475,000</u>	<u>\$ 393,100</u>	<u>\$ 4,868,100</u>

Advance Refunding

On November 9, 2017, the School District issued \$4,595,000 in general obligation bonds with an average interest rate of 2.0% to 5.0% to advance refund a portion of \$4,765,000 of outstanding 2010 serial bonds with an average interest rate of 3.00% to 5.00%. The net proceeds of \$5,230,285 (after payment of \$127,612 in underwriting fees, insurance, and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, a portion of the 2010 serial bonds are considered to be defeased, and the liability for those bonds has been removed from the School District's financial statements. At June 30, 2021, the balance of the advance refunded bonds was \$2,970,000.

The deferred gain on the advance refunding of a portion of the 2010 Series Bonds will be amortized on the District-wide financial statements using the straight-line method over 8 years, the remaining time to maturity of the refunded bonds.

Prior-Year Defeasance of Debt

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 2022, \$5,910,000 of bonds outstanding are considered defeased.

Unamortized Premium

The original issue premiums on bonds has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premiums are being amortized using the straight-line method over 8 years, the remaining time to maturity of the respective bond issue. The current year amortization is \$95,362 and is included as a reduction to interest expense on the statement of activities.

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Deferred Premium from Refunding of Debt	\$ 762,897
Less: Amount Recognized	<u>(476,811)</u>
Unamortized Premium	<u>\$ 286,086</u>

Deferred Outflows of Resources

The cost of issuing the serial bonds has been capitalized and recorded as a deferred outflow on the District-wide financial statements. The cost is being amortized using the straight-line method over 8 years, the remaining time to maturity of the bonds. The current year amortization is \$58,161 and is included as an addition to interest expense on the statement of activities.

Deferred Charge from Refunding of Debt	\$ 465,285
Less: Accumulated Amortization	<u>(290,802)</u>
Net Capitalized Refunding of Debt Costs	<u>\$ 174,483</u>

Debt Limit

Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten percent of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consist of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority. At June 30, 2022, the School District exhausted 22.7% of its Statutory Debt Limit.

Interest on long-term debt for the year was composed of:

Total interest for the year was as follows:	
Interest Paid	330,750
Amortization of Deferred Charge on Advance Refunding	58,161
Amortization of Deferred Premium	(95,362)
Less: Interest Accrued in the Prior Year	(19,125)
Plus: Interest Accrued in the Current Year	<u>8,883</u>
Total Interest Expense on Long-Term Debt	<u>\$ 283,307</u>

Lease Liability

The District has entered into agreements with the BOCES and other vendors to lease certain equipment such as vehicles, copiers and other technology equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements.

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

The following is a schedule of District leases:

<u>Description</u>	<u>Lease Inception Date</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Annual Payment</u>	<u>Lease Liability</u>
SCH433	04/14/21	5	3.00%	\$ 31,726	119,095
SCH419	04/15/20	5	3.00%	31,633	94,057
SCH398	04/10/19	5	3.00%	30,492	60,876
SCH373	04/11/18	5	3.00%	30,157	29,093
Bus #8	07/01/18	5	4.51%	40,527	102,865
Bus #9	07/01/18	5	4.51%	20,407	36,006
Bus #10	07/22/19	5	3.23%	70,086	243,464
Bus #11	07/01/20	5	3.21%	92,101	382,542
Bus #12	07/01/21	5	2.35%	87,758	425,800
					<u>\$ 1,493,798</u>

Future lease payments are as follows:

<u>For the Year Ending</u>	<u>Lease Liability</u>		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 390,094	\$ 42,394	\$ 432,488
2024	402,942	30,535	433,477
2025	351,884	18,263	370,147
2026	245,201	8,783	253,984
2027	103,677	2,343	106,020
Total	<u>\$1,493,798</u>	<u>\$ 102,318</u>	<u>\$ 1,596,116</u>

9. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) *Plan Description*

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2018, he was reelected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social

Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2022, were paid.

The required contributions for the current year and two preceding years were:

	Amount
2020	\$ 230,878
2021	\$ 245,044
2022	\$ 261,055

(c) Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the School District reported an asset of \$501,999 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of April 1, 2021. The School District's proportion of the net pension asset/liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, the School District's proportion was .0061410 percent which represents an increase of .0002266 from the District's proportion at June 30, 2021.

For the year ended June 30, 2022, the School District recognized pension expense of \$34,079. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 38,017	\$ 49,310
Change of Assumptions	837,780	14,137
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments		1,643,837
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	79,369	23,150
Contributions Subsequent to the Measurement Date	49,597	
Total	<u>\$ 1,004,763</u>	<u>\$ 1,730,434</u>

**UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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

Year ended June 30:

2023	\$	(111,082)
2024	\$	(166,237)
2025	\$	(410,346)
2026	\$	(87,511)

(d) Actuarial Assumptions

The total pension asset at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2021 valuation were as follows:

Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of Living Adjustments	1.30%
Salary scale	4.40%
Inflation rate	2.70%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015- March 31, 2020.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32%	3.30%
International equity	15%	5.85%
Private equity	10%	6.50%
Real estate	9%	5.00%
Opportunistic/Absolute Return Strategy	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.80%
Fixed Income	23%	0.00%
Cash	1%	-1.00%
	<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.50%

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(e) Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's 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 asset/liability.

(f) Sensitivity of the Proportionate Share of the Net Pension Asset/ Liability to the Discount Rate Assumption

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Proportionate Share of the Net Pension (Asset)Liability	\$ 1,292,140	\$ (501,999)	\$ (2,002,710)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of \$49,957 at June 30, 2022. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2022-2023 billing cycle and has been accrued as an expenditure in the current year.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org.

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required employer contributions for the current year and two preceding years were:

	Amount
2020	\$ 548,962
2021	\$ 595,533
2022	\$ 636,900

(c) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the School District reported an asset of \$6,380,023 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the School District's proportion was .036817 percent, which was a decrease of .001259 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized a pension credit of \$329,194. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 879,419	\$ 33,147
Changes of Assumptions	2,098,523	371,618
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments		6,677,355
Changes in Proportion and Differences Between Contributions		
Changes in proportion	213,535	110,188
Contributions Subsequent to the Measurement Date	632,394	
Total	<u>\$ 3,823,871</u>	<u>\$ 7,192,308</u>

**UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

At June 30, 2022, \$632,394 was reported as a deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date, and, will be recognized as a reduction of the net pension asset. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$	(787,014)
2023	\$	(928,264)
2024	\$	(1,191,809)
2025	\$	(1,601,683)
2026	\$	291,998
Thereafter	\$	215,942

(d) Actuarial Assumptions

The total pension asset at June 30, 2021 measurement date was determined by using an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension asset to June 30, 2021.

Significant actuarial assumptions used in the June 30, 2020 valuation were as follows:

Investment Rate of Return	6.95 % compounded annually, net of pension plan investment expense, including inflation.	
Salary scale	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.	
	Service	Rate
	5	4.72%
	15	3.46%
	25	2.37%
	35	1.90%
Projected COLAs	1.3% compounded annually.	
Inflation rate	2.40%	

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP 2020, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

**UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2020 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equities	33.0%	6.8%
International equities	16.0%	7.6%
Global equities	4.0%	7.1%
Real estate equities	11.0%	6.5%
Private Equities	8.0%	10.0%
Domestic fixed income	16.0%	1.3%
Global bonds	2.0%	0.8%
High-yield bonds	1.0%	3.8%
Private debt	1.0%	5.9%
Real estate debt	7.0%	3.3%
Short-term	1.0%	-0.2%
	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.4% for 2021.

(e) Discount Rate

The discount rate used to measure the pension liability (asset) was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's 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 asset.

(f) Sensitivity of the Proportionate Share of the Net Pension Asset/Liability to the Discount Rate Assumption

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

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 669,490	\$ (6,380,023)	\$ (11,179,312)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS, including the employee share, in amount of \$632,394 in the General Fund at June 30, 2022. This amount represents the contribution for the 2020-2021 fiscal year that will be made in 2022-2023 and has been accrued as an expenditure in the current year.

**UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(a) *Plan Descriptions*

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

(b) *Benefits Provided*

Unatego Central School District provides medical and prescription drug insurance benefits for retirees, spouses and their covered dependents while contributing a portion of the expenses. Such post-employment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during post-employment. Nevertheless, both types of benefits constitute compensation for employee services. The contribution requirements of plan members and the District are established by the Board of Education. The required contribution is based on projected pay-as-you-go financing requirements. Employees are required to reach age 55 and have 10 years of service to qualify for the plan. The District pays various percentages of the retiree's benefits depending on the employees group. Surviving spouses are required to pay 100% of the cost following the death of the retiree.

(c) *Employees Covered by Benefit Terms*

	<u>Total</u>
Inactive employees currently receiving benefit payments	119
Active employees	<u>140</u>
Total	<u><u>259</u></u>

(d) *Total OPEB Liability*

The District's total OPEB liability of \$18,584,503 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

(e) *Changes in the Total OPEB Liability*

Changes in the District's total OPEB liability were as follows:

	<u>Total OPEB Liability</u>
Balances, June 30, 2021	<u>\$ 31,518,275</u>
Changes recognized for the year:	
Service cost	806,481
Interest on Total OPEB Liability	693,016
Effect of demographic gains or losses	(12,873,775)
Effect of assumptions changes or inputs	(1,075,560)
Benefit payments	<u>(483,934)</u>
Net changes	<u>(12,933,772)</u>
Balances, June 30, 2022	<u><u>\$ 18,584,503</u></u>

**UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

(f) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021 rolled forward to June 30, 2022, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Valuation Date	July 1, 2021
Measurement Date	June 30, 2022
Reporting Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Wage Inflation	2.60%
Medical Trend Rates	5.1% to 4.1% over 56 years
Discount Rate	3.54%

Discount Rate – The selected discount rate of 3.54% is based on the prescribed discount interest rate methodology under GASB 75 based on an average of three 20-year bond indices (S&P-20 Municipal Bond Index) as of June 30, 2022.

Cash Flows – The cash flows into and out of the Plan are expected to be consistent with the above assumptions and Plan descriptions of participant contributions.

(g) 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 percent) or 1 percentage point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Current Assumption (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 21,466,462	\$ 18,584,503	\$ 16,247,263

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend

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 (4.1 declining to 3.1 percent) or 1 percentage point higher (6.1 declining to 5.1 percent) than the current healthcare cost trend rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability	\$ 15,763,913	\$ 18,584,503	\$ 22,186,891

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(i) 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 \$1,283,543. At June 30, 2022, the District reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (12,069,999)	\$
Changes of assumptions	(1,831,310)	1,806,058
Total	<u>\$ (13,901,309)</u>	<u>\$ 1,806,058</u>

Contributions subsequent to the measurement date will be recognized in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amount
2023	\$ (2,251,504)
2024	(2,251,504)
2025	(2,186,056)
2026	(1,912,823)
2027	(2,035,969)
Thereafter	(1,457,395)

11. RISK MANAGEMENT

General Information

The School District is exposed to various risks of loss related to tax certioraris, torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. Except for tax certiorari, these risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

(a) Worker's Compensation Insurance Plan

The District participates in Worker's Compensation Alliance, a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The District's share of the liability for unbilled and open claims is unknown.

12. CONTINGENCIES AND COMMITMENTS

Construction Commitments

The School District had various open capital projects during the year ended June 30, 2022, with a total authorization of \$28,737,233.

Grantors

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 a request for a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial.

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2022, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. The General Fund encumbrances are reflected as part of the assigned fund balance. The other encumbrances are not reflected on the fund financial statements because the assignment would result in a negative unassigned fund balance. At June 30, 2022, there were no significant encumbrances outstanding.

14. FUND BALANCE

(a) The following is a summary of the change in General Fund restricted fund balances during the year ended June 30, 2022:

	Beginning	Increase	Decreases	Ending
Restricted				
General Fund				
Unemployment Insurance	\$ 107,000	\$	\$	107,000
Retirement Contribution Reserve- ERS	560,470	100,000		660,470
Retirement Contribution Reserve- TRS	227,000	132,200		359,200
Employee Benefit Accrued Liability	316,140		3,173	312,967
Workers Compensation Reserve	107,267	100,000		207,267
Liability Reserve	100,000			100,000
Capital Reserve	800,000	1,000,000		1,800,000
Repair Reserve	299,299	100,000		399,299
Total General Fund Restricted	<u>\$ 2,517,176</u>	<u>\$ 1,432,200</u>	<u>\$ 3,173</u>	<u>\$ 3,946,203</u>

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2022:

	General	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital	Total
Nonspendable	\$	\$ 21,099	\$	\$	\$	\$ 21,099
Restricted						
Unemployment Insurance	107,000					107,000
Retirement Contribution- ERS	660,470					660,470
Retirement Contribution- TRS	312,967					312,967
Employee Benefit Accrued Liability	359,200					359,200
Workers Compensation	207,267					207,267
Liability Reserve	100,000					100,000
Capital Reserve	1,800,000					1,800,000
Repair Reserve	399,299					399,299
Scholarships and Donations			95,094			95,094
Debt Service				27,589		27,589
Total Restricted	<u>3,946,203</u>		<u>95,094</u>	<u>27,589</u>		<u>4,068,886</u>
Assigned						
General Support	112,906					112,906
Instruction	16,215					16,215
Pupil Transportation	2,160					2,160
School Lunch		195,645				195,645
Appropriated for Subsequent Year's Budget	525,000					525,000
Total Assigned	<u>656,281</u>	<u>195,645</u>				<u>851,926</u>
Unassigned						
Unassigned	2,591,654				(709,729)	1,881,925
Total Unassigned	<u>2,591,654</u>				<u>(709,729)</u>	<u>1,881,925</u>
Total Fund Balances	<u>\$ 7,194,138</u>	<u>\$ 216,744</u>	<u>\$ 95,094</u>	<u>\$ 27,589</u>	<u>\$ (709,729)</u>	<u>\$ 6,823,836</u>

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

15. INTERFUND TRANSACTIONS – GOVERNMENTAL AND FIDUCIARY FUNDS

Fund Type	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 486,427	\$ 349,194	\$	\$ 50,000
School Lunch		47,061	50,000	
Special Aid		439,103		
Debt Service	1,178	263		
Capital Fund	349,194	1,178		
Total	<u>\$ 836,799</u>	<u>\$ 836,799</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

- The School District transferred a total of \$50,000 from the General Fund to the School Lunch Fund to subsidize operating expenses.
- Interfund receivables and payables are considered temporary. The School District intends to repay the amounts within the next fiscal year.

16. DEFICIT NET POSITION

At June 30, 2022, the District Wide Statement of Net Position had an unrestricted deficit of \$24,467,374 and a total deficit net position of \$1,163,472. The deficit is primarily the result of the recognition of GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which required the recognition of an unfunded liability of \$18,584,503 at June 30, 2022. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

17. CUMULATIVE EFFECT OF IMPLEMENTING NEW ACCOUNTING STANDARD

The following adjustments were made to the prior year's net position and fund balance due to the implementation of GASB 87, Accounting for Leases:

Net Position (Deficit) Beginning of Year, As Previously Stated	\$ (6,191,966)
GASB Statement No. 87 Implementation:	
Right to Use Leased Asset, Net	1,308,687
Lease Liability	(1,402,743)
Cumulative Effect of Change in Accounting Principle	(94,056)
Net Position (Deficit) Beginning of Year, As Restated	<u>\$ (6,286,022)</u>

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
Revenues					
Local Sources					
Real Property Taxes	\$ 7,420,915	\$ 6,159,534	\$ 6,293,047	\$	133,513
Other Real Property Tax Items	27,900	1,289,281	1,155,138		(134,143)
Charges for Services	68,600	68,600	62,165		(6,435)
Use of Money and Property	4,000	4,000	11,010		7,010
Sale of Property and Compensation for Loss			26,075		26,075
Miscellaneous	257,000	257,000	359,687		102,687
State Aid	14,629,873	14,629,873	14,685,987		56,114
Federal Aid	20,000	23,179	77,942		54,763
Total Revenues	<u>22,428,288</u>	<u>22,431,467</u>	<u>22,671,051</u>		<u>239,584</u>
Other Financing Sources					
Appropriated Reserve	240,000	240,000			(240,000)
Appropriated Fund Balance	760,812	760,812			(760,812)
Total Revenues and Other Financing Sources	<u>\$ 23,429,100</u>	<u>\$ 23,432,279</u>	<u>\$ 22,671,051</u>		<u>\$ (761,228)</u>
	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
Expenditures					
General Support					
Board of Education	\$ 10,295	\$ 264,647	\$ 262,312	\$	2,335
Central Administration	192,109	264,154	263,944		210
Finance	416,375	441,907	434,071		7,836
Staff	102,258	118,636	117,151		1,485
Central Services	2,021,950	2,118,207	1,796,280	112,906	209,021
Special Items	567,996	568,837	566,587		2,250
Total General Support	<u>3,310,983</u>	<u>3,776,388</u>	<u>3,440,345</u>	<u>112,906</u>	<u>223,137</u>
Instruction					
Instruction, Administration, and Improvement	539,928	539,099	508,436	34	30,629
Teaching - Regular School	4,909,180	4,932,069	4,533,227		398,842
Programs for Children With Special Needs	3,322,086	3,330,532	2,866,438		464,094
Occupational Education	616,772	629,426	177,598		451,828
Teaching - Special School	27,393	11,514	4,315		7,199
Instructional Media	423,629	480,445	432,741		47,704
Pupil Services	859,739	918,791	868,968	16,181	33,642
Total Instruction	<u>10,698,727</u>	<u>10,841,876</u>	<u>9,391,723</u>	<u>16,215</u>	<u>1,433,938</u>
Pupil Transportation	1,392,973	1,421,972	1,212,062	2,160	207,750
Community Services	70,000	60,182	41,681		18,501
Employee Benefits	5,669,667	5,045,111	4,661,048		384,063
Debt Service - Principal	1,940,000	1,940,000	2,362,503		(422,503)
Debt Service - Interest	296,750	296,750	330,750		(34,000)
Total Expenditures	<u>23,379,100</u>	<u>23,382,279</u>	<u>21,440,112</u>	<u>131,281</u>	<u>1,810,886</u>
Other Financing Uses					
Transfers to Other Funds	50,000	50,000	50,000		
Total Expenditures and Other Financing Uses	<u>\$ 23,429,100</u>	<u>\$ 23,432,279</u>	<u>21,490,112</u>	<u>\$ 131,281</u>	<u>\$ 1,810,886</u>
Net Change in Fund Balance			1,180,939		
Fund Balance - Beginning of Year			6,013,199		
Fund Balance - End of Year			<u>\$ 7,194,138</u>		

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2022

		2022 *	2021 *	2020 *	2019 *	2018 *
Measurement Date		6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability						
Service cost	\$	806,481	\$ 1,378,638	\$ 1,090,195	\$ 1,186,138	\$ 1,151,590
Interest on Total OPEB Liability		693,016	682,513	979,351	864,839	824,264
Effect of plan changes				172,419		
Effect of demographic gains or losses		(12,873,775)		(1,848,480)		(102,952)
Effect of assumption changes or inputs		(1,075,560)	258,532	2,789,268	(2,225,253)	
Benefit payments		(483,934)	(608,094)	(530,135)	(622,438)	(488,378)
Net change in total OPEB Liability		(12,933,772)	1,711,589	2,652,618	(796,714)	1,384,524
Total OPEB Liability - Beginning		31,518,275	29,806,686	27,154,068	27,950,782	26,566,258
Total OPEB Liability - Ending	\$	18,584,503	\$ 31,518,275	\$ 29,806,686	\$ 27,154,068	\$ 27,950,782
Covered payroll	\$	7,179,144	\$ 7,674,676	\$ 7,674,676	\$ 8,151,822	\$ 8,151,822
Total OPEB Liability as a percentage of covered payroll		258.87%	410.68%	388.38%	333.10%	342.88%

* 10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

Notes to Required Supplementary Information:

The District's net OPEB liability is not funded. Therefore, the liability is the net position of the plan. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Actuarial Assumptions

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 9 to the financial statements.

Changes to Assumptions -

Discount rate increased from 2.16% to 3.54%.

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULES OF DISTRICT CONTRIBUTIONS
For the Year Ended June 30, 2022

	ERS Pension Plan Last 8 Fiscal Years					
	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	\$ 261,055	\$ 245,044	\$ 230,878	\$ 231,939	\$ 231,163	\$ 320,829
Contributions in Relation to the Contractually Required Contribution	261,055	245,044	230,878	231,939	231,163	320,829
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$
School District's Covered-ERS Employee Payroll	\$ 1,726,889	\$ 1,739,540	\$ 1,621,489	\$ 1,624,965	\$ 1,640,160	\$ 1,696,808
Contributions as a Percentage of Covered-Employee Payroll	15.12%	14.09%	14.24%	14.27%	14.09%	18.91%
						15.41%
						19.76%

	TRS Pension Plan Last 8 Fiscal Years					
	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	\$ 636,900	\$ 595,533	\$ 548,962	\$ 634,228	\$ 597,153	\$ 738,259
Contributions in Relation to the Contractually Required Contribution	636,900	595,533	548,962	634,228	597,153	738,259
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$
School District's Covered-TRS Employee Payroll	\$ 6,498,976	\$ 6,249,035	\$ 6,195,959	\$ 5,972,015	\$ 6,093,398	\$ 6,299,138
Contributions as a Percentage of Covered-Employee Payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%
						13.26%
						17.53%

Information is presented only for the years available.

See Independent Auditor's Report

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET
For the Year Ended June 30, 2022

ERS Pension Plan

	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.0061410%	0.0059144%	0.0052400%	0.0055239%	0.0061180%	0.0064010%	0.0063579%
District's proportionate share of the net pension asset (liability)	\$ 501,999	\$ (5,889)	\$ (1,387,587)	\$ (391,386)	\$ (197,455)	\$ (601,455)	\$ (1,020,464)
District's covered-employee payroll	\$ 1,726,889	\$ 1,739,540	\$ 1,621,489	\$ 1,624,965	\$ 1,640,160	\$ 1,696,808	\$ 1,785,080
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.1%	0.3%	85.6%	24.1%	12.0%	35.4%	57.2%
Plan fiduciary net position as a percentage of total pension liability	103.65%	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%

TRS Pension Plan

	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the net pension asset/liability	0.036817%	0.038076%	0.035779%	0.037408%	0.039750%	0.041431%	0.041062%
District's proportionate share of the net pension asset (liability)	\$ 6,380,023	\$ (1,052,136)	\$ 929,528	\$ 676,441	\$ 302,143	\$ (443,746)	\$ 4,265,046
District's covered-employee payroll	\$ 6,249,035	\$ 6,195,959	\$ 5,972,015	\$ 6,093,398	\$ 6,299,138	\$ 6,383,971	\$ 6,118,209
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	102.10%	-16.98%	15.56%	11.10%	4.80%	6.95%	69.71%
Plan fiduciary net position as a percentage of total pension asset/liability	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.50%

Information is presented only for the years available.

**UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND REAL PROPERTY TAX LIMIT - GENERAL FUND
For the Year Ended June 30, 2022**

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 23,293,288
Add: Prior Year's Encumbrances	<u>135,812</u>
Original Budget	<u>23,429,100</u>
Amendments:	
Donations	<u>3,179</u>
Total Amendments	<u>3,179</u>
Final Budget	<u><u>\$ 23,432,279</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2022-23 Voter-Approved Expenditure Budget	<u>\$ 23,802,607</u>
Maximum Allowed (4% of 2022-2023 budget)	<u>\$ 952,104</u>

General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law :

Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 656,281	
Unassigned Fund Balance	<u>2,591,654</u>	
Total Unrestricted Fund Balance		<u>3,247,935</u>
Less:		
Appropriated Fund Balance	525,000	
Encumbrances Included in Committed and Assigned Fund Balance	<u>131,281</u>	
Total adjustments		<u>656,281</u>
General Fund's Fund Balance Subject to Section 1318 of Real Property Tax Law		<u>\$ 2,591,654</u>
Actual Percentage		10.9%

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2022

PROJECT TITLE	Original Authorization	Revised Authorization	Expenditures		Unexpended Balance	Methods of Financing			Fund Balance June 30, 2022
			Prior Years	Current Year	Total	Proceeds of Obligations	Federal and State Aid	Local Sources	Total
2018-19 Small Project	\$ 100,000	\$ 100,000	\$ 98,648	\$	\$ 98,648			\$ 100,000	\$ 100,000
Smart Schools Bonds	942,233	942,233	942,333	151,462	1,093,795			942,333	942,333
MS/HS Renovations	27,695,000	27,695,000	247,106	670,180	917,286			357,667	357,667
Totals	\$ 28,737,233	\$ 28,737,233	\$ 1,288,087	\$ 821,642	\$ 2,109,729	\$	\$	\$ 1,400,000	\$ 1,400,000
					\$ 26,627,504	\$			\$ (709,729)

UNATEGO CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2022

Capital Assets, Net	\$ 24,677,994
Right to Use Assets, Net	<u>1,665,960</u>
	<u>26,343,954</u>
Add:	
Unamortized Bond Issuance Costs	174,483
Capital Fund Unspent Bond Proceeds	<u>471,463</u>
	<u>645,946</u>
Deduct:	
Bond Anticipation Notes	1,500,000
Premium on Bonds Payable	286,086
Serial Bonds Payable	4,475,000
Lease Liability	<u>1,493,798</u>
	<u>7,754,884</u>
Net Investment in Capital Assets	<u>\$ 19,235,016</u>

See Independent Auditor's Report

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Education
Unatego Central School District

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 Unatego Central School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Unatego Central School District's basic financial statements, and have issued our report thereon dated October 24, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Unatego Central School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unatego Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Unatego Central School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the school district'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 may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

D'Arcangelo & Co., LLP

October 24, 2022

Rome, New York

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Board of Education
Unatego Central School District, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Unatego Central School District'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 Unatego Central School District's major federal programs for the year ended June 30, 2022. Unatego Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Unatego Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Unatego Central School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Unatego Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Unatego Central School District'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 Unatego Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Unatego Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Unatego Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

D'Arcangelo & Co., LLP

October 24, 2022

Rome, New York

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Current Year Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Agriculture</u>				
(Passed Through the State Education Department of the State of New York)				
Nutrition Cluster				
National School Lunch Program (Noncash)	10.555	N/A	\$ 40,079	\$
School Breakfast Program	10.553	N/A	101,488	
Snack Program	10.555	N/A	9,272	
National School Lunch Program	10.555	N/A	374,995	
Summer Food Service Program	10.559	N/A	18,231	
Total Cash Assistance Subtotal			503,986	
Total Child Nutrition Cluster			544,065	
Total U.S. Department of Agriculture			544,065	
<u>U.S. Department of Education</u>				
(Passed Through the State Education Department of the State of New York)				
Education Stabilization Fund				
Governor's Emergency Education Relief (GEER)	84.425C	5896-21-2415	\$ 12,499	\$
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	5891-21-2415	401,564	
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSR)	84.425U	5870-22-9224	187,200	
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSR)	84.425U	5880-21-2415	195,521	
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSR)	84.425U	5882-21-2415	41,674	
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSR)	84.425U	5883-21-2415	21,080	
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSR)	84.425U	5884-21-2415	158,327	
Total Education Stabilization Cluster			1,017,865	
Title I Grants to Local Educational Agencies				
Title I Grants to Local Educational Agencies	84.010	0021-21-2415	197,050	
Special Education Cluster				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-21-0731	257,585	
COVID-19- Special Education - Grants to States (IDEA, Part B)	84.027X	5532-22-0731	40,222	
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-21-0731	6,348	
Total Special Education Cluster			304,155	
Title IV, Student Support and Academic Enrichment Program	84.424	0204-21-2415	5,301	
Improving Teacher Quality State Grants (Title IIA)	84.367	0147-21-2415	31,894	
Total U.S. Department of Education			1,556,265	
Total Federal Financial Assistance			\$ 2,100,330	\$

UNATEGO CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Unatego Central School District, under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Unatego Central School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Unatego Central School District.

Basis of Accounting

The expenditures in the accompanying schedule are presented on an accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Cluster Programs

The following programs are identified by “OMB Compliance Supplement” to be part of a cluster of programs:

U.S. Department of Education

Special Education Cluster

ALN 84.027	Special Education - Grants to States (IDEA, Part B)
ALN 84.173	Special Education - Preschool Grants (IDEA Preschool)
ALN 84.027X	COVID-19 Special Education Grants to States

U.S. Department of Agriculture

Child Nutrition Cluster

ALN 10.553	National School Breakfast Program
ALN 10.555	National School Lunch Program
ALN 10.555	Non-cash Assistance (Food Distribution)
ALN 10.559	Summer Food Service Program for Children

De Minimis Indirect Cost Rate

Unatego Central School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Food Donation

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2022, the School District has food commodities in inventory of \$6,070.

Donated Personal Protective Equipment (Unaudited)

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of donated PPE, but such amounts are not included in the Schedule of Expenditures of Federal Awards. The School District did not receive any donated PPE during the reporting year.

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2022

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR section 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	<u>U.S. Department of Education</u> Education Stabilization Fund ALN 84.425C COVID-19 Governor's Emergency Education Relief (GEER) ALN 84.425D COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund ALN 84.425U COVID-19 American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Findings – Financial Statement Audit

None noted in the current year.

Findings and Questioned Costs – Major Federal Award Programs Audit

None noted in the current year.

**UNATEGO CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2022**

None noted.

D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
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Required Communication with Board of Education

To the Board of Education
Unatego CSD

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Unatego Central School District for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Unatego Central School District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District changed accounting policies related to leasing activities by adopting Statement of Governmental Accounting Standards (GASB) No. 87, Leases, in 2022. We noted no transactions entered into by Unatego CSD during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. The District, in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires significant actuarial estimates to calculate the District's postemployment benefits liability.
2. The District's estimate of its compensated absences liability.
3. Estimates involving depreciable lives of the District's capital assets and the related depreciation.
4. The District, in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions* (as amended by GASB Statement 71), requires significant actuarial estimates to calculate the net pension assets and liabilities, deferred inflows and outflows of resources – pensions, and pension expense.

We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 24, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund, the Schedules of Changes in the District's Total OPEB Liability and Related Ratios, the Schedules of District Contributions, and the Schedules of the District's Proportionate Share of the Net Pension Liability/Asset, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedules of Change from Original Budget to Revised Budget and Section 1318 of Real Property Tax Law Limit Calculation, Schedule of Project Expenditures – Capital Projects Fund, Net Investment in Capital Assets, and the Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of the Clinton Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Findings and Recommendations

In addition, we have enclosed a memorandum summarizing matters involving the internal control structure and its operations that we feel can be improved and strengthened. These matters are not considered to be significant deficiencies or material weaknesses.

D'Arcangelo & Co., LLP

October 24, 2022
Rome, New York

**UNATEGO CENTRAL SCHOOL DISTRICT
AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2022**

A. Unassigned Fund Balance

As of June 30, 2022, the General Fund of the School District has an unassigned fund balance of \$2,591,654 which represents 10.9% of the subsequent year's budget. New York State's Real Property Tax Law limits the amount of undesignated fund balance to 4% of the subsequent year's budget.

We recommend that Management should implement a plan to reduce the amount to within the 4% limit.

**UNATEGO CENTRAL SCHOOL DISTRICT
PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
June 30, 2022**

A. Unassigned Fund Balance

As of June 30, 2021, the General Fund of the School District has an unassigned fund balance of \$2,735,711 which represents 11.7% of the subsequent year's budget. New York State's Real Property Tax Law limits the amount of undesignated fund balance to 4% of the subsequent year's budget.

Status: Same in current year

UNATEGO CENTRAL
SCHOOL DISTRICT

EXTRACLASSROOM
ACTIVITY FUND

FINANCIAL STATEMENTS

For the Year Ended
June 30, 2022

**UNATEGO CENTRAL SCHOOL DISTRICT
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Independent Auditor's Report

Board of Education
Unatego Central School District

Report on Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the Extraclassroom Activity Fund of Unatego Central School District, which comprise the statement of assets, liabilities, and fund equity cash basis as of June 30, 2022, and the related statement of revenues, expenditures, and changes in fund equity cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund equity of the Extraclassroom Activity Fund of Unatego Central School District as of June 30, 2022, and its revenues, expenditures, and changes in fund equity for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis for Qualified Opinion

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 Extraclassroom Activity Fund of Unatego Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion. Insufficient accounting controls are exercised over cash receipts at the point of collection to the time of submission to the central treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

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 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal 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 Extraclassroom Activity Fund of Unatego Central School 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 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 Extraclassroom Activity Fund of Unatego Central School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Extraclassroom Activity Fund of Unatego Central School District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on page 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the opinion paragraphs, the information is fairly stated in all material respects in relation to the financial statements as a whole.

D'Arcangelo & Co., LLP

October 24, 2022

Rome, New York

UNATEGO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY - CASH BASIS
June 30, 2022

<u>Assets</u>	
Cash	\$ 91,314
<u>Total Assets</u>	<u>\$ 91,314</u>
<u>Fund Equity</u>	
Assigned	\$ 91,314
<u>Total Fund Equity</u>	<u>\$ 91,314</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

UNATEGO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY - CASH BASIS
For the Year Ended June 30, 2022

Revenues	
Charges for Services, Sale of Property, and Miscellaneous	\$ 70,794
Expenditures	
Instruction - Club Activities	<u>66,293</u>
Surplus Revenues Over Expenditures	4,501
<u>Fund Equity</u> , Beginning of Year	<u>86,813</u>
<u>Fund Equity</u> , End of Year	<u>\$ 91,314</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**UNATEGO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

The transactions of the Extraclassroom Activity Fund are considered part of the reporting entity of the Unatego Central School District. The related year-end cash balances are shown as part of the Custodial Fund with the respective offset being shown as restricted net position.

The Board of Education makes rules and regulations for the conduct, operation, and maintenance of the Extraclassroom Activity Fund and for the safeguarding, accounting, and auditing of all monies received and derived therefrom.

Basis of Accounting

The books and records of the School District's Extraclassroom Activity Fund are maintained on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recognized when cash is received, and expenditures are recognized when cash is disbursed.

Fund Equity Assigned

Fund equity includes amounts that are constrained by the Extraclassroom Activity Funds of Unatego Central School District's intent to be used for specific purposes of the respective activity, but are neither restricted nor committed.

Cash and Cash Equivalents

The Fund's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

2. CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. As of June 30, 2022, the School District's Extraclassroom bank balances of \$90,932 were covered by FDIC.

UNATEGO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
For the Year Ended June 30, 2022

Activities	Cash and Fund Equity 7/1/2021	Cash Receipts	Disbursements	Cash and Fund Equity 6/30/2022
Chargeback/Bank Fees	\$ (18)	\$	\$	(18)
Class of 2021	652	13	665	
Class of 2022	6,383	7,384	13,767	
Class of 2023	2,198	1,640		3,838
Class of 2024	421	866	22	1,265
Class of 2025		2,779	1,421	1,358
Band	10,177	23,839	20,552	13,464
Drama Club	14,239	6,473	9,329	11,383
FBLA	12,278	5,413	3,660	14,031
Interact	3,024		3,024	
Interest Earned		10	10	
Jr. National Honor Society	4,199	4,440	3,685	4,954
MS Drama Club	8,291	1,915	615	9,591
MS Student Council	806	234	429	611
MS Yearbook	1,090	725	415	1,400
National Senior Honor Society	1,294		40	1,254
SADD	9,346	4,000	1,284	12,062
Sales Tax	115	750	726	139
Ski & Snowboard Club	776	3,329	3,027	1,078
Student Council	3,503		586	2,917
Student Council PF	2,519	3,070		5,589
Unategan	5,520	3,914	3,036	6,398
Total	\$ 86,813	\$ 70,794	\$ 66,293	\$ 91,314

D'Arcangelo & Co., LLP

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Extraclassroom Activity Fund

Required Communication with Board of Education

To the Board of Education
Unatego Central School District

We have audited the financial statements of the Extraclassroom Activity Funds of the Unatego Central School District (the Funds) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Extraclassroom Activity Funds of the Unatego Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2022. We noted no transactions entered into by the Funds during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 24, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Funds' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Funds' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

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

Restriction on Use

This information is intended solely for the information and use of the Board of Education and Administration of Unatego Central School District and the New York State Education Department and is not intended to be, and should not be, used by anyone other than these specified parties.

D'Arcangelo + Co., LLP

October 24, 2022

Rome, New York