

**BOARD OF EDUCATION
MADRID-WADDINGTON CENTRAL SCHOOL
Thursday, October 27, 2022
High School Library
5:30 PM**

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Action Item**
 - **Acceptance of 2021-2022 External Audit, No Corrective Action Needed**
- IV. Adjournment**

Madrid-Waddington Central School District
Summarized audit information for the year ending June 30, 2022

The following information summarizes the audited financial statement by its major parts.

Independent Auditor's Report

1. The Auditing Standards Board changed the format of the report to more closely match international standards and to improve usefulness.
2. PMHV opinion – unmodified (clean) opinion – the financial statements present fairly, in all material respects, the financial position of the District and the changes in financial position for the year ended June 30, 2022 in accordance with accounting principles generally accepted in the U.S.
3. Basis – Auditing standards generally accepted in the U.S. and *Government Auditing Standards*.
4. Management is responsible for preparing the financial statements and for internal controls.

Management's Discussion and Analysis

1. This section of the audit report provides financial highlights, an overview of financial statements, comparative summarized information, tables, economic factors, and future highlights.

Notes to the Financial Statements

1. Provides a summary of significant accounting policies.
2. Provides further detail for amounts reported on the financial statements.
3. District is current on all GASB standards.
4. Change in accounting principle – new lease standard was implemented.
5. Provides tables for capital assets and long-term debt.
6. Provides detail information for pension obligations and OPEB obligations.

Supplementary Information

1. Provides:
 - a. Budget to actual schedules.
 - b. OPEB and pension schedules.
 - c. Combining financial statement schedules.
 - d. Real property tax limit schedule.
 - e. Capital projects schedule.

Independent Auditor's Report on Internal Control and Compliance – *Government Auditing Standards*

1. Provided in accordance with *Government Auditing Standards*.
2. Report on Internal Control – no material weaknesses identified.
3. Report on Compliance – no instances of noncompliance disclosed.

Independent Auditor's Report on Compliance & Internal Control over Compliance – Uniform Guidance

1. Provided in accordance with the Uniform Guidance (for each major program).
2. Report on Compliance for Each Major Federal Program - PMHV opinion – District complied with direct and material compliance requirements for each of its major programs.
3. Report on Internal Control over Compliance – no instances of material weaknesses identified.

**MADRID-WADDINGTON
CENTRAL SCHOOL DISTRICT**

**REQUIRED COMMUNICATIONS
AND OTHER MATTERS
JUNE 30, 2022**



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Board of Education
Madrid-Waddington Central School District
Madrid, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madrid-Waddington Central School District (the "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 August 1, 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 District are described in Note 1 to the financial statements. As described in Note 17 to the financial statements, the District changed accounting policies related to the accounting and reporting of leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases*, in 2021-22. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of net position. We noted no transactions entered into by the District 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 District's financial statements were:

Management's estimate of the valuation of receivables is based on a review of historical collection rates, contractual agreements, and an analysis of the collectability of individual receivables owed to the District.

Management's estimate of the useful lives of assets used in providing depreciation expense is based on the requirements of generally accepted accounting principles.

Management's estimate of pension prepayments/liabilities and other post-employment benefit liabilities is based on actuarial assumptions and valuations.

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

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures of significant accounting policies in Note 1, pension obligations in Note 10, and post-employment benefit obligations in Note 11.

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 disagreement on 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 26, 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 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 management's discussion and analysis on pages 4 through 10 and the supplemental schedules on pages 55 through 59, 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 supplementary schedules on pages 60 through 64, 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, the Audit Committee, and management of the Madrid-Waddington Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.


Piotr Mucinski Hooper Van House & Co.
Certified Public Accountants, P.C.

October 26, 2022

**MADRID-WADDINGTON
CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS
FINANCIAL STATEMENTS
JUNE 30, 2022**

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Madrid-Waddington Central School District
Madrid, New York

Opinions

We have audited the accompanying statement of cash receipts and disbursements of Extraclassroom Activity Funds of the Madrid-Waddington 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 financial statements of the Extraclassroom Activity Funds of the Madrid-Waddington Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis of the Extraclassroom Activity Funds of the Madrid-Waddington Central School District as of June 30, 2022, and the changes in financial position – cash basis, for the year then ended in accordance with the cash basis of accounting described in Note A.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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


Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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


Piotr Mucinski Hooper Van Housen & Co.
Certified Public Accountants, P.C.

October 26, 2022

**MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Activity	Balance 06/30/21	Cash Receipts	Cash Disbursements	Balance 06/30/22
Class of 2021	\$ 393	\$ -	\$ 393	\$ -
Class of 2022	16,085	17,803	33,888	-
Class of 2023	9,604	17,679	7,966	19,317
Class of 2024	4,058	12,124	6,647	9,535
Class of 2025	-	8,586	4,245	4,341
Band	1,095	639	647	1,087
Yellow Jackets BB Club	663	-	-	663
Cheering Club	1,556	1,900	2,815	641
Chorus	192	4,580	4,002	770
Community Connections	3,396	2,340	2,286	3,450
Drama Club	3,879	1,202	1,424	3,657
Forensics Club	161	-	-	161
History Club	1,345	1	1,344	2
National Honor Society	832	6,009	6,023	818
Lab Rats	193	-	-	193
Language Club	1,270	709	340	1,639
Newspaper Club	1	-	1	-
Spring Musical	3,620	14,701	5,779	12,542
Track Club	710	-	138	572
Tri-M Music Honor Society	202	905	635	472
Varsity Club	1,621	9,930	9,293	2,258
Boy's Varsity Baseball	76	57	94	39
Girl's Varsity Soccer	632	2,771	2,240	1,163
Volleyball Club	384	150	-	534
Whiz Quiz	1,331	-	107	1,224
Yearbook Club	1,780	5,402	4,046	3,136
NYS Sales Tax Collected	942	1,902	1,791	1,053
TOTALS	\$ 56,021	\$ 109,390	\$ 96,144	\$ 69,267

The accompanying note is an integral part of these financial statements.

**MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds of the Madrid-Waddington Central 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. By providing general oversight and administrative involvement over the funds, the extraclassroom funds are reported within the governmental funds of the District's financial statements.

The books and records of the Madrid-Waddington Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed. The cash basis differs from generally accepted accounting principles primarily because receivables and payables, inventory, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States of America, and which may be material in amount, are not recognized in the accompanying financial statements.

The District has evaluated subsequent events through October 26, 2022, which is the date the financial statements were available to be issued.

**MADRID-WADDINGTON
CENTRAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Madrid-Waddington Central School District
Madrid, New York

Report on the Audit of the 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 Madrid-Waddington 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 Madrid-Waddington 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 Madrid-Waddington 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 General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Madrid-Waddington 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.

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 Madrid-Waddington 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 Madrid-Waddington 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 Madrid-Waddington 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 on pages 4 - 10 and the supplemental schedules on pages 55 - 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madrid-Waddington Central School District's basic financial statements. The accompanying supplemental schedules on pages 60 – 64 and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 60 - 64 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022 on our consideration of the Madrid-Waddington 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 Madrid-Waddington 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 Madrid-Waddington Central School District's internal control over financial reporting and compliance.


Pauto Mucinski Hooper Van House & Co.
Certified Public Accountants, P.C.

October 26, 2022

Madrid-Waddington Central School District
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2022

INTRODUCTION

Our discussion and analysis of Madrid-Waddington Central School District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❑ Total net position (deficit) was \$ (24,340,096) at June 30, 2022. This was an increase in net position of \$ 4,612,726 over the prior year.
- ❑ Overall revenues of \$ 18,454,587, exceeded expenditures of \$ 13,841,861 by \$ 4,612,726.
- ❑ The District made no major changes in programs or activities during the year.
- ❑ Long-term liabilities have shown a net decrease of \$ 7,655,568 which consists of payments on Serial Bond obligations, a decrease in Compensated Absences, a decrease in Post-Employment Benefits and a decrease in the District's share of employee pension plan liabilities. The most significant decrease was a decrease in Post-Employment Benefits of \$ 6,164,191.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and the required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ **District-Wide Financial Statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ❑ **Fund Financial Statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
 - **Governmental Funds** statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - **Fiduciary Fund** statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements.

District-Wide Statements

The District-Wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-Wide statements report the District's net position and how they have changed. Net position - assets and deferred outflows of resources less liabilities and deferred inflows of resources - is one way to measure the District's financial health or position.

- ❑ Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- ❑ To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, and changes in program funding by the Federal and State governments, and the condition of facilities.

In the District-Wide financial statements, the District's activities are shown as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Board of Education establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has two kinds of funds:

- ❑ Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, the financial statements provide additional information that explains the relationship (or differences) between them.
- ❑ Fiduciary Funds - the District is the trustee, or fiduciary, for assets that belong to others; for the district, the student body activities fund is an agency fund. The District is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position (deficit) was \$ (24,340,096) at June 30, 2022. See Table 1.

Table 1:
Net Position

	June 30, 2022	June 30, 2021	Increase/ (Decrease)	Percentage Change
Current and Other Assets	\$ 6,287,176	\$ 8,790,211	\$ (2,503,035)	-28.48%
Net Pension Asset	5,349,421	-	5,349,421	
Capital Assets, Net	22,051,241	19,101,898	2,949,343	15.44%
Total Assets	33,687,838	27,892,109	5,795,729	20.78%
Deferred Outflows of Resources	10,172,725	11,638,227	(1,465,502)	-12.59%
Total Assets and Deferred Outflows of Resources	<u>\$ 43,860,563</u>	<u>\$ 39,530,336</u>	<u>\$ 4,330,227</u>	10.95%
Current Liabilities	\$ 5,648,902	\$ 5,334,111	\$ 314,791	5.90%
Long-Term Liabilities	39,534,204	47,189,772	(7,655,568)	-16.22%
Total Liabilities	45,183,106	52,523,883	(7,340,777)	-13.98%
Deferred Inflows of Resources	23,017,553	16,036,749	6,980,804	43.53%
Total Liabilities and Deferred Inflows of Resources	<u>68,200,659</u>	<u>68,560,632</u>	<u>(359,973)</u>	-0.53%
Net Position				
Net Investment in Capital Assets	14,271,108	14,418,428	(147,320)	-1.02%
Restricted	4,649,745	3,664,352	985,393	26.89%
Unrestricted (Deficit)	(43,260,949)	(47,113,076)	3,852,127	-8.18%
Total Net Position (Deficit)	<u>(24,340,096)</u>	<u>(29,030,296)</u>	<u>4,690,200</u>	-16.16%
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 43,860,563</u>	<u>\$ 39,530,336</u>	<u>\$ 4,330,227</u>	10.95%

Changes in Net Position

The District's total revenues were \$ 18,454,587, of which 25% comes from property taxes. State aid accounts for another 59% of total revenues. The total cost of all programs and services was \$ 13,841,861. The District's expenses are predominately related to educating and transporting students (71%). General support, which includes administrative activities and plant services accounted for 19% of total costs. The remaining expenses were community services, interest, unallocated depreciation, and the School Food Service Program.

Table 2:
Changes in Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 68,397	\$ 19,812	\$ 48,585	245.23%
Operating Grants and Contributions	2,290,651	1,605,566	685,085	42.67%
General Revenues				
Property Taxes	4,621,886	4,531,659	90,227	1.99%
State Aid	10,903,506	9,972,361	931,145	9.34%
Other	570,147	658,401	(88,254)	-13.40%
Total Revenues	<u>18,454,587</u>	<u>16,787,799</u>	<u>1,666,788</u>	9.93%
Expenses				
General Support	2,628,955	2,386,411	242,544	10.16%
Instruction	9,060,597	10,274,608	(1,214,011)	-11.82%
Pupil Transportation	816,823	1,117,765	(300,942)	-26.92%
Community Services	23,311	15,067	8,244	54.72%
Debt Service - Interest	198,272	171,556	26,716	15.57%
Depreciation - Unallocated	777,531	655,743	121,788	100.00%
School Food Service Program	336,372	450,910	(114,538)	-25.40%
Total Expenses	<u>13,841,861</u>	<u>15,072,060</u>	<u>(1,230,199)</u>	-8.16%
Increase/(Decrease) in Net Position	<u>\$ 4,612,726</u>	<u>\$ 1,715,739</u>	<u>\$ 2,896,987</u>	168.85%

Governmental Activities

Table 3 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants, and contributions.

Table 3
Net Cost of Governmental Activities

	<u>Total</u> <u>Expenses</u>	<u>Net (Expense)</u> <u>Revenue</u>
Instruction	\$ 9,060,597	\$ (7,386,780)
General Support	2,628,955	(2,475,202)
Pupil transportation	816,823	(816,823)
Community Services	23,311	(23,311)
Debt Service – Interest	198,272	(198,272)
School Food Service	336,372	195,106
Depreciation	<u>777,531</u>	<u>(777,531)</u>
Total Expenses	<u>\$ 13,841,861</u>	<u>\$ (11,482,813)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$ 1,313,335 as compared to last year's ending fund balance of \$ 4,706,250.

General Fund Budgetary Highlights

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had invested \$ 42,749,673 in a broad range of capital assets, including buildings and improvements, equipment and vehicles. See Table 4. Depreciation expense for the year amounted to \$ 777,531. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table 4
Capital Assets

	Beginning	Ending	Increase/ (Decrease)	Percentage Change
Land	\$ 19,000	\$ 19,000	\$ -	0.00%
Construction in Progress	1,088,470	4,262,312	3,173,842	74.46%
Buildings	16,727,099	16,393,256	(333,843)	-2.04%
Furniture and Equipment	499,307	566,144	66,837	11.81%
Vehicles	768,022	810,529	42,507	5.24%
	<u>\$ 19,101,898</u>	<u>\$ 22,051,241</u>	<u>\$ 2,949,343</u>	13.37%

Long-Term Debt

At year end, the District had \$ 40,272,338 in debt, consisting of the following items shown in Table 5.

Table 5
Long-Term Debt

	Beginning	Ending	Increase/ (Decrease)	Percentage Change
Serial Bonds	\$ 4,155,000	\$ 3,470,000	\$ (685,000)	-19.74%
Lease Payable	-	69,857	69,857	100.00%
Compensated Absences	292,397	261,715	(30,682)	-11.72%
Net Pension Liability	792,418	-	(792,418)	-100.00%
OPEB	42,634,957	36,470,766	(6,164,191)	-16.90%
	<u>\$ 47,874,772</u>	<u>\$ 40,272,338</u>	<u>\$ (7,602,434)</u>	-18.88%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

- ❑ The New York State Teachers' and Employees' Retirement Systems remained relatively stable for the District contributions, thereby having a small impact on our budgets.
- ❑ Federal Sequestration is projected to continue to have a negative impact on Federal Funding.
- ❑ The District presented a 2022-2023 budget requiring less than the 2% Tax Levy Cap Limit mandated by New York State law generating the tax rebate for District community members.
- ❑ In December 2019, the voters authorized and SED approved a \$ 5.024 million capital project for security, technology upgrades, as well as maintenance of buildings and grounds. Phase II of construction started in the summer of 2022 and will be completed during the 2022-2023 school year.
- ❑ The District's Facilities Committee is reviewing the School Building Survey in anticipation of a capital project proposal for voter authorization in May 2023.
- ❑ The District is conducting an analysis of District data and resources in order to develop long range financial and strategic planning for the next five years. The District continues to look at future position consolidation/reduction and shared contracts to assist in controlling costs while meeting District needs.
- ❑ Standards & Poor as well as Moody's has continued to be at the current "A" and "Baa2" respectfully. The bond rating will have a positive influence on future borrowings of the District.
- ❑ A capital outlay project to replace bus garage doors was commenced and completed in 2021 – 2022.
- ❑ The Teacher's union contract is in place for July 1, 2018 – June 30, 2023. The District negotiated the Teacher's union into a lower cost medical plan through Excellus BC/BS, thereby aiding in controlling the rising costs associated with employee benefit costs.
- ❑ The School Related Personnel (SRP) contract is in place for July 1, 2022 – June 30, 2025. The District negotiated the SRP union into a lower cost medical plan through Excellus BC/BS, thereby aiding in controlling the rising costs associated with employee benefit costs.
- ❑ The District's Finance Committee oversaw the prioritizing of current ESSER Funding Grants. Starting with the 2021-2022 fiscal year, the Committee will oversee the CRRSA and ARP Funding Grants and provide transparency via the District's website and public surveys.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Eric Burke, Superintendent, Madrid-Waddington Central School District.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>6/30/2022</u>
ASSETS	
Cash	
Unrestricted	\$ 1,319,882
Restricted	3,611,056
Receivables	
State and Federal Aid	1,275,046
Inventories	18,119
Capital Assets	
Not Being Depreciated	4,281,312
Being Depreciated, Net of Accumulated Depreciation	17,769,929
Right to Use Asset, Net of Accumulated Amortization	63,073
Net Pension Asset - Proportionate Share	5,349,421
Total Assets	<u>33,687,838</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other Postemployment Benefits	6,542,900
Pensions	3,629,825
Total Deferred Outflows of Resources	<u>10,172,725</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 43,860,563</u>
LIABILITIES	
Long-Term Liabilities	
Due and Payable Within One Year	
Due to Teachers' Retirement System	\$ 568,114
Due to Employees' Retirement System	32,521
Bond Anticipation Note Payable	4,310,133
Serial Bonds	715,000
Lease Payable	23,134
Due and Payable After One Year	
Serial Bonds	2,755,000
Lease Payable	46,723
Compensated Absences Payable	261,715
Other Post Employment Benefits	36,470,766
Total Liabilities	<u>45,183,106</u>
DEFERRED INFLOWS OF RESOURCES	
Other Postemployment Benefits	16,190,329
Pensions	6,827,224
Total Deferred Inflows of Resources	<u>23,017,553</u>
NET POSITION	
Investment in Capital Assets - Net of Related Debt	14,271,108
Restricted for	
Debt Service	2,062,805
Capital Projects	2,094,897
Other Legal Restrictions	492,043
Unrestricted (Deficit)	<u>(43,260,949)</u>
Total Net Position	<u>(24,340,096)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 43,860,563</u>

See Notes to Financial Statements.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
General Support	\$ 2,628,955	\$ -	\$ 153,753	\$ (2,475,202)
Instruction	9,060,597	22,115	1,651,702	(7,386,780)
Community Services	23,311	-	-	(23,311)
Pupil Transportation	816,823	-	-	(816,823)
Debt - Interest Expense	198,272	-	-	(198,272)
Depreciation	777,531	-	-	(777,531)
School Food Service	336,372	46,282	485,196	195,106
Total Functions and Programs	\$ 13,841,861	\$ 68,397	\$ 2,290,651	\$ (11,482,813)
GENERAL REVENUES				
Real Property Taxes				\$ 4,621,886
Use of Money and Property				1,190
Sale of Property and Compensation for Loss				4,540
State Sources				10,903,506
Miscellaneous				564,417
Total General Revenues				16,095,539
CHANGE IN NET POSITION				4,612,726
Total Net Position - Beginning of Year, as previously reported				(28,949,478)
Restatement (Note 17)				(3,344)
TOTAL NET POSITION - Beginning of Year, as restated				(28,952,822)
TOTAL NET POSITION - End of Year				\$ (24,340,096)

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash						
Unrestricted Cash	\$ 688,726	\$ 108,090	\$ 1,215	\$ 521,851	\$ -	\$ 1,319,882
Restricted Cash	2,549,389	-	-	-	1,061,667	3,611,056
Receivables						
Due from Other Funds	749,933	-	-	\$ 10,314	200,000	960,247
State and Federal Aid	774,128	408,046	92,872	-	-	1,275,046
Inventories	-	-	18,119	-	-	18,119
Total Assets	<u>\$ 4,762,176</u>	<u>\$ 516,136</u>	<u>\$ 112,206</u>	<u>\$ 532,165</u>	<u>\$ 1,261,667</u>	<u>\$ 7,184,350</u>
LIABILITIES						
Payables						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Anticipation Note Payable	-	-	-	4,310,133	-	4,310,133
Due to Other Funds	200,000	469,351	73,828	206,754	10,314	960,247
Due to Employees' Retirement System	32,521	-	-	-	-	32,521
Due to Teachers' Retirement System	568,114	-	-	-	-	568,114
Total Liabilities	<u>800,635</u>	<u>469,351</u>	<u>73,828</u>	<u>4,516,887</u>	<u>10,314</u>	<u>5,871,015</u>
FUND BALANCES						
NonSpendable	-	-	18,119	-	-	18,119
Restricted	2,549,389	-	-	-	19,432	2,568,821
Assigned	810,625	-	20,259	-	1,231,921	2,062,805
Unassigned	601,527	46,785	-	(3,984,722)	-	(3,336,410)
Total Fund Balances	<u>3,961,541</u>	<u>46,785</u>	<u>38,378</u>	<u>(3,984,722)</u>	<u>1,251,353</u>	<u>1,313,335</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,762,176</u>	<u>\$ 516,136</u>	<u>\$ 112,206</u>	<u>\$ 532,165</u>	<u>\$ 1,261,667</u>	<u>\$ 7,184,350</u>

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Fund Balances (Deficit) - Total Governmental Funds		\$ 1,313,335
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in Governmental Activities are not current financial resources and, therefore, are not reported in the funds.		22,051,241
Leased assets used in governmental activities are expensed in the initial year of the lease in the governmental funds. In the full accrual financials, the assets are capitalized and amortized over the term of the lease.		63,073
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds Payable		(3,470,000)
Leases Payable		(69,857)
Compensated Absences		(261,715)
Pension obligation activity:		
TRS Net pension asset - Proportionate share	5,009,413	
ERS Net pension asset - Proportionate share	340,008	
TRS Deferred outflows of resources	2,947,854	
ERS Deferred outflows of resources	681,971	
TRS Deferred inflows of resources	(5,663,422)	
ERS Deferred inflows of resources	<u>(1,163,802)</u>	
		2,152,022
Other postemployment benefit activity:		
Total other post employment benefit liability	(36,470,766)	
Deferred outflows of resources	6,542,900	
Deferred inflows of resources	<u>(16,190,329)</u>	
		<u>(46,118,195)</u>
Net Position of Governmental Activities		<u>\$ (24,340,096)</u>

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General	Special Aid	School Food Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Real Property Taxes	\$ 4,621,886	\$ -	\$ -	\$ -	\$ -	\$ 4,621,886
Charges for Services	22,115	-	-	-	-	22,115
Use of Money and Property	821	-	-	-	369	1,190
Sale of Property	4,540	-	-	-	-	4,540
Miscellaneous	441,639	-	-	-	122,778	564,417
State Sources	10,727,154	166,796	9,556	-	-	10,903,506
Federal Sources	153,753	1,651,702	485,196	-	-	2,290,651
Sales - School Food Service	-	-	46,282	-	-	46,282
Total Revenues	<u>15,971,908</u>	<u>1,818,498</u>	<u>541,034</u>	<u>-</u>	<u>123,147</u>	<u>18,454,587</u>
EXPENDITURES						
General Support	2,354,572	-	136,684	-	-	2,491,256
Instruction	7,623,180	1,474,657	-	-	114,729	9,212,566
Pupil Transportation	740,383	15,170	-	-	-	755,553
Community Services	23,311	-	-	-	-	23,311
Employee Benefits	4,132,954	319,537	82,838	-	-	4,535,329
Debt Service	-	-	-	-	-	-
Principal	703,605	-	-	-	-	703,605
Interest	145,772	-	-	-	52,500	198,272
Cost of Sales	-	-	306,355	-	-	306,355
Other Expenditures	-	-	2,491	-	-	2,491
Capital Outlay	-	-	-	3,683,643	-	3,683,643
Total Expenditures	<u>15,723,777</u>	<u>1,809,364</u>	<u>528,368</u>	<u>3,683,643</u>	<u>167,229</u>	<u>21,912,381</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>248,131</u>	<u>9,134</u>	<u>12,666</u>	<u>(3,683,643)</u>	<u>(44,082)</u>	<u>(3,457,794)</u>
OTHER FINANCING SOURCES AND USES						
Lease Proceeds	64,879	-	-	-	-	64,879
Operating Transfers In	724,000	37,651	-	339,839	200,000	1,301,490
Operating Transfers (Out)	(577,490)	-	-	-	(724,000)	(1,301,490)
Total Other Sources (Uses)	<u>211,389</u>	<u>37,651</u>	<u>-</u>	<u>339,839</u>	<u>(524,000)</u>	<u>64,879</u>
NET CHANGE IN FUND BALANCES	<u>459,520</u>	<u>46,785</u>	<u>12,666</u>	<u>(3,343,804)</u>	<u>(568,082)</u>	<u>(3,392,915)</u>
FUND BALANCES - Beginning of Year	<u>3,502,021</u>	<u>-</u>	<u>25,712</u>	<u>(640,918)</u>	<u>1,819,435</u>	<u>4,706,250</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,961,541</u>	<u>\$ 46,785</u>	<u>\$ 38,378</u>	<u>\$ (3,984,722)</u>	<u>\$ 1,251,353</u>	<u>\$ 1,313,335</u>

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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

Net Change in Fund Balances - Total Governmental Funds \$ (3,392,915)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$ 1,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, net of related losses on disposal of capital assets.

Capital Outlays	3,312,279	
Additions to Assets	420,680	
Depreciation Expense	(777,531)	
Disposal of Capital Assets	<u>(6,004)</u>	
		2,949,424

In the Governmental Funds, leased assets are expensed in the initial year of the lease. In the full accrual financials, the asset is capitalized as a "right to use" asset and amortized over the term of the lease.

Additions to Right to Use Asset	64,879	
Amortization Expense	<u>(22,045)</u>	
		42,834

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period.

Serial Bonds	685,000	
Lease Payable	<u>18,605</u>	
		703,605

Proceeds of long-term debt is recorded as an other financing source for governmental funds but it is not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current period.

(64,879)

(Increases) decreases in accrued compensated absences reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds.

30,682

On the Statement of Activities, the actual and projected long term expenditures for post employment benefits are reported whereas on the governmental funds only the actual expenditures are recorded for post employment benefits.

2,741,730

(Increases) Decreases in proportionate share of net pension assets / liabilities reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	1,491,786	
Employees' Retirement System	<u>110,459</u>	
		<u>1,602,245</u>

Change in Net Position of Governmental Activities \$ 4,612,726

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Madrid-Waddington Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. 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. Significant accounting principles and policies utilized by the District are described below:

A) Reporting Entity

The Madrid-Waddington Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 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 District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Component Units*. 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 District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the 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 an entity which is included in the District's reporting entity.

Extra-classroom Activity Funds

The extra-classroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extra-classroom activity funds are independent of the 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 District's business office. The District accounts for assets held as an agent for various student organizations in a custodial fund.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Joint Venture

The District is a component district in the St. Lawrence – Lewis Counties Board of Cooperative Educational Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs that 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 §199-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 costs 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.

During the year, the District was billed \$ 3,588,243 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$ 1,106,134.

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

C) Basis of Presentation

District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the 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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) Basis of Presentation (Continued)

District-Wide Statements (Continued)

The Statement of Activities presents a comparison between direct expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Statements

The fund statements provide information about the 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 remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition and school store operations or other activities whose funds are restricted to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The Special Revenue Funds classified as major are:

Special Aid Funds: Used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.

School Food Service Fund: Used to account for transactions of the lunch and breakfast programs.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) Basis of Presentation (Continued)

Fund Statements (Continued)

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

D) 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. Non-exchange transactions, in which the 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 District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year, as it matches the liquidation of related obligations.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pensions, and other post-employment benefits 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.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and became a lien on September 1. Taxes are collected during the period September 1 to November 2.

Uncollected real property taxes are subsequently enforced by the County of St. Lawrence. The county pays an amount representing uncollected real property taxes transmitted to the county for enforcement to the District no later than the following April 1.

F) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G) Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The 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.

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 13 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H) 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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I) Cash and Investments

The 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 District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit 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. Investments are stated at fair value.

J) Accounts Receivable

Receivables are shown net of an allowance for uncollectible accounts, when applicable. An allowance for uncollectible accounts represents the portion of accounts receivable that is not expected to be collected within 365 days. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K) Inventories

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value which approximates market. Purchases of inventorial items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

A reserve for inventories has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures.

L) Capital Assets

Capital assets are reported at actual cost or estimated historical cost, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight-line	40 - 50 Years
Building Improvements	\$ 5,000	Straight-line	40 - 50 Years
Site Improvements	\$ 5,000	Straight-line	20 Years
Furniture and Equipment	\$ 5,000	Straight-line	5 - 15 Years

M) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. If applicable, the District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide State 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 to the pension systems not included in pension expense. The third item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M) Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position or Balance Sheet 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 four items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. 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 liability (ERS System) 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 third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth 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.

N) Unearned Credits

The District reports unearned credits on its statement of net position and its balance sheet. On the statement of net position, unearned credits arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for unearned credits is removed and revenue is recorded.

O) Vested Employee Benefits

Compensated absences consist of unpaid accumulated annual sick leave and vacation time:

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at the year-end.

In the fund statements only, the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P) Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits based on contractual years of service eligibility requirements and 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 District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Section 403(b) and 457.

Q) Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The following is a summary of changes in short-term debt of Bond Anticipation Notes for the year ended June 30, 2022:

Balance, July 1	\$ 3,500,000
Increases	4,310,133
Decreases	<u>(3,500,000)</u>
Balance, June 30	<u>\$ 4,310,133</u>

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R) 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 full, in a timely manner, from current financial resources. Claims and judgments, other post-employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds 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.

S) Equity Classifications

District-Wide 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, construction, or improvements of those assets.

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

Unrestricted Net Position: Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Funds Statements

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

Non-Spendable: Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes inventory recorded in the School Food Service Fund of \$ 18,119.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S) Equity Classifications (Continued)

Funds Statements (Continued)

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

Debt Service Reserve Fund

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability Reserve Fund

According to General Municipal Law §6-p, expenditures made from the Employee Benefit Accrued Liability Reserve Fund must be used for the payment of accrued employee benefits 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. This reserve is accounted for in the General Fund.

Unemployment Insurance Payment Reserve Fund

According to General Municipal Law §6-m, all expenditures made from the unemployment insurance payment reserve fund must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. 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 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.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S) Equity Classifications (Continued)

Funds Statements (Continued)

Capital Reserve Fund

According to Education Law §3651, expenditures made from the capital reserve fund must be 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 the 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 form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

Restricted Fund Balance includes the following:

General Fund	
Employee Benefit Accrued Liability	\$ 94,494
Unemployment Insurance	359,998
Capital Reserve	2,094,897
Miscellaneous Special Revenue	<u>19,432</u>
Total Restricted Funds	<u>\$ 2,568,821</u>

Committed

Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2022.

Assigned

Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. The District had assigned fund balance of \$ 810,625 in the General Fund, \$ 20,259 in the School Food Service Fund, \$ 1,162,466 in the Debt Service Fund and \$ 69,455 in the Miscellaneous Special Revenue Fund for a total assigned fund balance of \$ 2,062,805 as of June 30, 2022.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S) Equity Classifications (Continued)

Funds Statements (Continued)

Unassigned

Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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

Net Position/Fund Balance

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the District-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S) Equity Classifications (Continued)

Net Position/Fund Balance (Continued)

Order of Use of Net Position: The District's policy is to apply expenditures against restricted net position first and then unrestricted net position at the end of the fiscal year.

Order of Use of Fund Balance: The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

T) Implementation of New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2022, the District implemented the following new standards issued by GASB.

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 92, *Omnibus*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates* (paragraphs 11b, 13, and 14), effective for the year ending June 30, 2022.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, effective for the year ending June 30, 2022 (the requirements in paragraph 4, as they apply to defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans, and paragraph 5 were effective as of June 2020).

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U) Future Changes in Accounting Standards

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

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023.

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 each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN 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 focus of the district-wide statements, compared with the current financial resources focus of the governmental funds.

A) Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balance of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (Continued)

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

Differences between the funds' Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

Long-Term Revenue and Expense 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.

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

Long-Term Debt Transaction Differences: Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

Pension Differences: Pension differences occur as a result of changes in the 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.

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

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*, which establishes criteria for reporting long-term Right to Use Assets and Lease Payables. See Note 9 for the financial statement impact of the implementation of the statement.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the 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) that may be incurred. Appropriations lapse at the end of the fiscal year unless expensed or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These 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. No supplemental appropriations occurred during the year.

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2022.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 4 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgets (Continued)

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

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 restrictions or assignments of 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. The District had no encumbrances as of June 30, 2022.

The portion of the District's fund balance subject to New York State Real Property Tax Law §1318 limit complied with the amount allowable, which is 4% of the District's budget for the upcoming year.

The Capital Projects Fund had a deficit fund balance of \$ 3,984,722 at June 30, 2022. The deficit was caused by accounting treatment of bond anticipation notes and will be eliminated when the note is converted to long-term financing.

NOTE 5 - CASH (AND CASH EQUIVALENTS) - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS

Cash and Investments

The District's aggregate bank balances (disclosed in the financial statements) included balances not covered by depository insurance at year-end, collateralized as follows:

A) Uncollateralized	\$ -
B) Collateralized with securities held by the pledging financial institution's Trust Department or agent, but not in the District's name	\$ 3,463,311

Restricted cash and investments represent cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$ 2,568,821 restricted for various fund balance reserves in the general fund, \$ 1,162,466 for retiring outstanding obligations in the debt service fund, \$ 69,455 restricted for extraclassroom and \$ 19,432 restricted for scholarships.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 5 - CASH (AND CASH EQUIVALENTS) - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS (Continued)

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) collateralized. At June 30, 2022 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposits.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 5 - CASH (AND CASH EQUIVALENTS) - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Depository Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 19,000	\$ -	\$ -	\$ 19,000
Construction in Progress	<u>1,088,470</u>	<u>3,173,842</u>	<u>-</u>	<u>4,262,312</u>
Total Nondepreciable Assets	<u>\$ 1,107,470</u>	<u>\$ 3,173,842</u>	<u>\$ -</u>	<u>\$ 4,281,312</u>
Capital Assets being Depreciated				
Buildings	\$ 32,070,256	\$ 170,466	\$ -	\$ 32,240,722
Furniture and Equipment	4,327,608	148,732	-	4,476,340
Vehicles	<u>1,775,241</u>	<u>239,838</u>	<u>263,780</u>	<u>1,751,299</u>
Total Depreciable Assets	<u>\$ 38,173,105</u>	<u>\$ 559,036</u>	<u>\$ 263,780</u>	<u>\$ 38,468,361</u>
Less Accumulated Depreciation				
Buildings	\$ 15,343,157	\$ 504,309	\$ -	\$ 15,847,466
Furniture and Equipment	3,828,301	81,895	-	3,910,196
Vehicles	<u>1,007,219</u>	<u>191,327</u>	<u>257,776</u>	<u>940,770</u>
Total Accumulated Depreciation	<u>\$ 20,178,677</u>	<u>\$ 777,531</u>	<u>\$ 257,776</u>	<u>\$ 20,698,432</u>
Total Depreciated Assets, Net	<u>\$ 17,994,428</u>	<u>\$ (218,495)</u>	<u>\$ 6,004</u>	<u>\$ 17,769,929</u>
Total Capital Assets Balances	<u>\$ 19,101,898</u>	<u>\$ 2,955,347</u>	<u>\$ 6,004</u>	<u>\$ 22,051,241</u>

Depreciation not charged to a specific function was \$ 777,531.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 - SHORT-TERM DEBT

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Fund. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The following is an analysis of BAN's outstanding as of June 30, 2022:

<u>Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount Outstanding</u>
Capital Fund	6/23/22	\$ 4,310,133	6/23/23	2.15%	<u>\$ 4,310,133</u>

The changes in BAN's during the year are as follows:

<u>Description</u>	<u>Balance at 6/30/21</u>	<u>Redeemed</u>	<u>Issued</u>	<u>Balance at 6/30/22</u>
Capital Fund	\$ 3,500,000	\$ (3,500,000)	\$ 4,310,133	<u>\$ 4,310,133</u>

NOTE 8 - LONG-TERM OBLIGATIONS

Long-term liability balances and activity for the year are summarized below.

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

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provisions will be in the General Fund's future budgets for capital indebtedness. Serial bonds consisted of the following:

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Changes in Indebtedness

Long-term liability balances and activity for the year are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government Activities Long-Term Liabilities					
Serial Bonds	\$ 4,155,000	\$ -	\$ 685,000	\$ 3,470,000	\$ 715,000
Other Liabilities:					
Lease Payable	\$ 23,583	\$ 64,879	\$ 18,605	\$ 69,857	\$ 23,134
Compensated Absences*	292,397	-	30,682	261,715	-
Other Post Employment Benefits Obligation	42,634,957	-	6,164,191	36,470,766	-
Net Pension Liability					
Proportionate Share	792,418	-	792,418	-	-
Total Other Liabilities	43,743,355	64,879	7,005,896	36,802,338	23,134
Total Long-Term Liabilities	\$ 47,898,355	\$ 64,879	\$ 7,690,896	\$ 40,272,338	\$ 738,134

**Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately.*

The General Fund has typically been used to liquidate long-term liabilities such as compensate absences.

The following is a summary of debt service requirements for bonds payable.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 715,000	\$ 116,344	\$ 831,344
2024	745,000	86,813	831,813
2025	245,000	55,881	300,881
2026	250,000	50,156	300,156
2027	255,000	44,294	299,294
2028-2032	1,210,000	113,575	1,323,575
2033-2036	50,000	1,750	51,750
Total Due	\$ 3,470,000	\$ 468,813	\$ 3,938,813

Interest expense on long-term debt for the year was \$ 144,525.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provisions will be in the General Fund's future budgets for capital indebtedness. Serial bonds consisted of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 06/30/2022</u>
Serial Bonds - 2014	2014	2030	3.4515%	\$ 240,000
Serial Bonds - 2016	2016	2033	2.4215%	1,730,000
Serial Bonds - 2017	2017	2033	3.2008%	505,000
Serial Bonds - 2019	2019	2024	3.96%	<u>995,000</u>
Total Serial Bonds				<u>\$ 3,470,000</u>

NOTE 9 - LEASES

Right to Use Asset

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Right to Use Assets:				
Leased Copier Equipment	\$ 61,688	\$ 64,879	\$ -	\$ 126,567
Less Accumulated Amortization				
Lease Copier Equipment	41,448	22,045	-	63,493
Right to Use Assets, Net	<u>\$ 20,240</u>	<u>\$ 86,924</u>	<u>\$ -</u>	<u>\$ 63,074</u>

Amortization expense charged to the Governmental function General Support for June 30, 2022 was \$ 22,045.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 9 - LEASES (Continued)

Lease Payable

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

<u>Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Balance at 06/30/22</u>
Ricoh	09/01/16	09/01/21	2.082%	\$ 140	\$ -
Underwood	01/01/18	01/01/23	1.910%	463	7,347
Underwood	08/16/18	08/16/23	2.082%	412	5,687
Underwood	09/01/21	09/01/26	1.910%	993	56,823
					<u>\$ 69,857</u>

The following is a summary of future lease payments:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 23,134	\$ 1,129	\$ 24,263
2024	11,953	782	12,735
2025	11,346	565	11,911
2026	11,565	347	11,912
2027	11,859	51	11,910
	<u>\$ 69,857</u>	<u>\$ 2,874</u>	<u>\$ 72,731</u>

NOTE 10 - PENSION OBLIGATIONS

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

Plan Description and Benefits Provided

Teacher's Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The system provides retirement benefits, as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in 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 Statute.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 10 - PENSION OBLIGATIONS (Continued)

Plan Description and Benefits Provided (Continued)

The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395, or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer benefit 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. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in 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 District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. 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.

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

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

	ERS	TRS
2022-2023	\$ 203,244	\$ 568,114
2021-2022	\$ 183,636	\$ 429,116
2020-2021	\$ 175,281	\$ 476,197

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 - PENSION OBLIGATIONS (Continued)

Plan Description and Benefits Provided (Continued)

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

Pension Assets/(Liabilities), Pension Expense/(Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of June 30, 2021 for TRS and March 31, 2022 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

Actuarial Valuation Date	TRS	ERS
	June, 30, 2021	March 31, 2022
Net Pension		
Asset/(Liability)	\$ 5,009,413	\$ 340,008
District's Portion of the Plan's		
Total Net Pension Asset/(Liability)	0.028908%	0.0041593%

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 - PENSION OBLIGATIONS (Continued)

Pension Assets/(Liabilities), Pension Expense/(Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2022, the District recognized its proportionate share of pension expense (income) of \$ 1,045,807 for TRS and \$ 102,310 for ERS. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>		<u>Deferred Inflows</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Difference Between Expected and Actual Experience	\$ 690,495	\$ 25,749	\$ 26,026	\$ 33,398
Changes of Assumptions	1,647,701	567,435	291,784	9,575
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	5,242,869	1,113,383
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	41,544	56,266	102,743	7,446
District's Contributions Subsequent to the Measurement Date	<u>568,114</u>	<u>32,521</u>	-	-
Total	<u>\$ 2,947,854</u>	<u>\$ 681,971</u>	<u>\$ 5,663,422</u>	<u>\$ 1,163,802</u>

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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>TRS</u>	<u>ERS</u>
Year Ended:		
2023	\$ (666,395)	\$ -
2024	(769,568)	(71,819)
2025	(965,290)	(111,530)
2026	(1,269,213)	(277,695)
2027	222,842	(53,308)
Thereafter	<u>163,942</u>	<u>-</u>
	<u>\$ (3,483,682)</u>	<u>\$ (514,352)</u>

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 - PENSION OBLIGATIONS (Continued)

Actuarial Assumptions

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

	<u>TRS</u>	<u>ERS</u>
Measurement Date	June 30, 2021	March 31, 2022
Actuarial Valuation Date	June 30, 2020	April 1, 2021
Interest Rate	6.95%	5.90%
Salary Scale	1.95 – 6.95%	4.4%
Decrement Tables	July 1, 2015 – June 30, 2020 System's Experience	April 1, 2015 – March 31, 2020 System's Experience
Inflation Rate	2.40%	2.7%
Projected Cost of Living Adjustments	1.3%	1.4%

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

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

The long term 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.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 10 - PENSION OBLIGATIONS (Continued)

Actuarial Assumptions (Continued)

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 the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Measurement Date	06/30/2021	06/30/2021
Asset Class:		
Domestic Equity	33.0%	6.80%
International Equity	16.0%	7.60%
Global Equity	4.0%	7.10%
Real Estate Equity	11.0%	6.50%
Private Equity	8.0%	10.00%
Domestic Fixed Income	16.0%	1.30%
Global Bonds	2.0%	0.80%
High-Yield Bonds	1.0%	3.80%
Private Debt	1.0%	5.90%
Real Estate Debt	7.0%	3.30%
Cash Equivalents	1.0%	(0.20)%
	<u>100.0%</u>	

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

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Measurement Date	3/31/2022	3/31/2022
Asset Class:		
Domestic Equity	32.0%	3.30%
International Equity	15.0%	5.85%
Private Equity	10.0%	6.50%
Real Estate Equity	9.0%	5.00%
Opportunistic/ARS Portfolio	3.0%	4.10%
Credit	4.0%	3.78%
Real Assets	3.0%	5.80%
Fixed Income	23.0%	0.00%
Cash	1.0%	(1.00)%
	<u>100.00%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.5%.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 - PENSION OBLIGATIONS (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 6.95% for TRS and 5.90% for ERS. 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 determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

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

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2022 calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (5.95% for TRS and 4.90% for ERS) or 1-percentage point higher (7.95% for TRS and 6.90% for ERS) than the current rate:

	1% Decrease (5.95)%	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
District's Proportionate Share of the Net Pension Asset/(Liability)	\$ (525,665)	\$ (5,009,413)	\$ (8,777,679)
	1% Decrease (4.90)%	Current Assumption (5.90%)	1% Increase (6.90%)
ERS			
District's Proportionate Share of the Net Pension Asset/(Liability)	\$ 875,176	\$ (340,008)	\$ (1,356,450)

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense/(income) for the year ended June 30, 2022 is \$ 110,459 for ERS and \$ 1,491,786 for TRS.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 - PENSION OBLIGATIONS (Continued)

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$ 568,114.

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contributions for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$ 32,521.

NOTE 11 - POST-EMPLOYMENT BENEFITS OBLIGATION PAYABLE

Plan Description – The District administers a defined benefit OPEB Plan that provides Other Post-Employment Benefits (OPEB) for all permanent full-time general employees of the District. The Plan is a single-employer defined benefit OPEB Plan (the Plan) administered by Article 11 of the State Compiled Statutes which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue separate financial reports since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Funding Policy – The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55, with 5 - 15 years of service depending on contract type and hire date with the District to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2022 approximately \$ 1,181,675 was paid on behalf of 94 retirees.

Benefits Provided – The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 - POST-EMPLOYMENT BENEFITS OBLIGATION PAYBLE (Continued)

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

Inactive plan members or beneficiaries currently receiving benefit payments	92
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>109</u>
Total plan members	<u><u>201</u></u>

Total OPEB Liability

The District's total OPEB liability of \$ 36,470,766 was measured as of July 1, 2021, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	3.0%
Discount Rate	2.14%
Healthcare Cost Trend Rates	5.70% for 2022, decreasing to a rate of 3.94% for 2092

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

Mortality rates were based on the RPH-2014 Mortality Table, as appropriate, with generational mortality adjusted to 2006 using Scale MP-2014, and projected forward with scale MP-2021.

Retirement participation rate assumed that 100% of eligible employees will elect to participate in the District's OPEB Plan and 90% of active member's spouses. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on experience by the New York State and Local Retirement system. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 11 - POST-EMPLOYMENT BENEFITS OBLIGATION PAYABLE (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2021	\$ 42,634,957
Changes for the Year:	
Service cost	1,522,431
Interest	961,556
Changes of benefit terms	-
Differences between expected and actual experience	(5,487,641)
Changes in assumptions or other inputs	(1,864,349)
Benefit payments	<u>(1,296,188)</u>
Net Changes	<u>(6,164,191)</u>
Balance at June 30, 2022	\$ <u>36,470,766</u>

Changes of benefit terms reflect changes in assumptions and other inputs including a change in the discount rate from 2.21% on July 1, 2020 to 2.14% on July 1, 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.14%) or 1 percentage point higher (3.14%) than the current discount rate:

	<u>1%</u> <u>Decrease</u>	<u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability	\$ <u>42,802,399</u>	\$ <u>36,470,766</u>	\$ <u>31,403,052</u>

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

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Assumption</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability	\$ <u>30,597,409</u>	\$ <u>36,470,766</u>	\$ <u>44,111,080</u>

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 - POST-EMPLOYMENT BENEFITS OBLIGATION PAYABLE (Continued)

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

For the year ended June 30, 2022, the District recognized an OPEB expense/(Income) of (\$ 2,741,760). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 11,890,348
Changes in Assumptions and Other Inputs	5,408,742	4,299,981
District's Contributions Subsequent to the Measurement Date	<u>1,134,158</u>	<u>-</u>
Total	<u>\$ 6,542,900</u>	<u>\$ 16,190,329</u>

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

Fiscal Year Ending June 30,	<u>Amount</u>
2023	\$ (4,091,562)
2024	(2,463,903)
2025	(1,662,258)
2026	(1,410,854)
2027	(1,153,010)
2028 and thereafter	<u>-</u>
	<u>\$ (10,781,587)</u>

NOTE 12 - UNRESTRICTED FUND BALANCE

Unrestricted fund balance in the general fund consist of the following at June 30, 2022:

Designated for subsequent year's expenditures	\$ 810,625
Reserve for encumbrances	-
Unreserved	<u>601,527</u>
Total	<u>\$ 1,412,152</u>

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 13 - INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year. Interfund transactions and balances are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General	\$ 749,933	\$ 200,000	\$ 724,000	\$ 577,490
School				
Food Service	-	73,828	-	-
Special Aid	-	469,351	37,651	-
Debt Service	200,000	10,314	200,000	724,000
Capital Projects	10,314	206,754	339,839	-
	<u>\$ 960,247</u>	<u>\$ 960,247</u>	<u>\$ 1,301,490</u>	<u>\$ 1,301,490</u>

The District typically transfers from the General Fund to the School Food Service Fund, to sustain operations of the School Cafeteria.

The District typically transfers from the General Fund to the Special Aid Fund to cover District costs of funded programs not covered completely by the grants which require some District participation.

All interfund payables are expected to be repaid within one year.

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

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

The District participates in a Worker's Compensation Plan (Plan) sponsored by the St. Lawrence-Lewis County BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members include nineteen districts with the Madrid-Waddington Central School District bearing an insignificant share of the Plan's assets and claims liabilities.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 - RISK MANAGEMENT (Continued)

Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported.

Routine adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

State and Federal Aid

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

Judgments

There were no judgments or notable claims against Madrid-Waddington Central School District at June 30, 2022.

NOTE 16 - DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purpose of providing scholarships.

Donor-restricted endowments are reported at fair value. The funds are invested in savings accounts or investment pool funds.

The District authorizes expenditures from the endowments in compliance with the wishes expressed by the donor or trustee.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. As a result of the implementation of GASB No. 87, the District increased the beginning balance of its District-wide total assets by \$ 20,240 to reflect the value of its right to use asset and increased the beginning balance of its total liabilities by \$ 23,584 to reflect the value of its lease liability (Note 9). The adjustments increased the beginning net position in the statement of activities by \$ 3,344 and has no effect on the governmental fund financial statements.

NOTE 18 - COVID-19 UNCERTAINTY

Any future impact of the COVID-19 health emergency on the District's in-person learning, tax levies, and state and federal funding sources cannot be determined at this time.

NOTE 19 - SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from July 1, 2022 through October 26, 2022, the date the financial statements are available to be issued. There were no events or transactions that existed which would provide additional pertinent information about conditions at the balance sheet date required to be recognized in the accompanying financial statements.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>FINAL BUDGET VARIANCE WITH BUDGETARY ACTUAL</u>
REVENUES				
LOCAL SOURCES				
Real Property Taxes	\$ 4,614,825	\$ 4,614,825	\$ 4,614,825	\$ -
Real Property Taxes Items	7,000	7,000	7,061	61
Charges for Services	-	-	22,115	22,115
Use of Money and Property	1,500	1,500	821	(679)
Sale of Property and Compensation of Loss	1,000	1,000	4,540	3,540
Miscellaneous	435,500	435,500	441,639	6,139
STATE SOURCES				
Basic Formula	9,827,908	9,827,908	9,567,661	(260,247)
BOCES	1,100,000	1,100,000	1,106,134	6,134
Textbooks	46,158	46,158	27,421	(18,737)
Other State Aid	46,808	46,808	25,938	(20,870)
FEDERAL SOURCES	<u>50,000</u>	<u>50,000</u>	<u>153,753</u>	<u>103,753</u>
Total Revenues	16,130,699	16,130,699	15,971,908	<u>\$ (158,791)</u>
OTHER SOURCES				
Lease Proceeds	-	-	64,879	
Operating Transfers In	<u>800,000</u>	<u>800,000</u>	<u>724,000</u>	
Total Revenues and Other Sources	16,930,699	16,930,699	16,760,787	
APPROPRIATED FUND BALANCE	810,000	810,000	-	
APPROPRIATED RESERVES	<u>446,533</u>	<u>446,533</u>	<u>-</u>	
TOTAL REVENUES, APPROPRIATED RESERVES, AND APPROPRIATED FUND BALANCE	<u>\$ 18,187,232</u>	<u>\$ 18,187,232</u>	<u>\$ 16,760,787</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022 (Continued)**

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>YEAR-END ENCUMBRANCES</u>	<u>FINAL BUDGET VARIANCE WITH BUDGETARY ACTUAL AND ENCUMBRANCES</u>
EXPENDITURES					
Board of Education	\$ 113,637	\$ 111,138	\$ 107,755	\$ -	\$ 3,383
Central Administration	157,034	157,886	154,366	-	3,520
Finance	244,521	196,717	185,310	-	11,407
Staff	35,136	29,467	29,467	-	-
Central Services	1,302,228	1,236,340	1,239,614	-	(3,274)
Special Items	659,823	644,051	638,060	-	5,991
Instruction, Administration, and Improvement	351,462	330,962	318,380	-	12,582
Teaching - Regular School	3,836,081	3,830,331	3,619,568	-	210,763
Program for Children with Disabilities	2,446,871	2,505,725	2,321,789	-	183,936
Occupational Education	500,382	523,482	512,326	-	11,156
Teaching - Special School	31,778	31,805	31,805	-	-
Instructional Media	248,234	337,227	327,524	-	9,703
Pupil Services	673,868	677,868	491,788	-	186,080
Pupil Transportation	868,432	882,801	740,383	-	142,418
Community Services	29,584	31,311	23,311	-	8,000
Employee Benefits	5,190,223	5,162,183	4,132,953	-	1,029,230
Debt Service	<u>1,082,938</u>	<u>1,082,938</u>	<u>849,378</u>	<u>-</u>	<u>233,560</u>
Total Expenditures	17,772,232	17,772,232	15,723,777	-	2,048,455
Other Uses					
Operating Transfers Out	<u>415,000</u>	<u>415,000</u>	<u>577,490</u>	<u>-</u>	<u>(162,490)</u>
Total Expenditures and Other Uses	<u>18,187,232</u>	<u>18,187,232</u>	<u>16,301,267</u>	<u>\$ -</u>	<u>\$ 1,885,965</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	459,520		
Fund Balance - Beginning of Year			<u>3,502,021</u>		
Fund Balance - End of Year			<u>\$ 3,961,541</u>		

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement Date	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability	\$ 36,470,766	\$ 42,634,957	\$ 42,361,681	\$ 40,541,695	\$ 44,720,664
Service Cost	1,522,431	1,393,925	1,329,886	1,724,899	1,797,359
Interest	961,556	1,505,303	1,597,775	1,652,938	1,666,209
Changes in Benefit Terms	-	-	-	-	(4,993,419)
Differences Between Expected and Actual Experience in the Measurement of the Total OPEB Liability	(5,487,641)	(8,491,088)	(1,054,798)	-	(7,216,165)
Changes of Assumptions or Other Inputs	(1,864,349)	7,359,025	1,117,955	(6,495,577)	(2,549,774)
Expected Benefit Payments	<u>(1,296,188)</u>	<u>(1,493,889)</u>	<u>(1,170,832)</u>	<u>(1,061,229)</u>	<u>(1,299,308)</u>
Net Change in Total OPEB Liability	(6,164,191)	273,276	1,819,986	(4,178,969)	(12,595,098)
Total OPEB Liability - Beginning	<u>42,634,957</u>	<u>42,361,681</u>	<u>40,541,695</u>	<u>44,720,664</u>	<u>57,315,762</u>
Total OPEB Liability - Ending	<u>\$ 36,470,766</u>	<u>\$ 42,634,957</u>	<u>\$ 42,361,681</u>	<u>\$ 40,541,695</u>	<u>\$ 44,720,664</u>
Covered Payroll	<u>\$ 6,017,712</u>	<u>\$ 6,170,404</u>	<u>\$ 5,817,172</u>	<u>\$ 5,453,038</u>	<u>\$ 5,277,030</u>
Total OPEB Liability as a Percentage of Covered Payroll	606%	691%	728%	743%	847%

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

MADRID -WADDINGTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022**

NYSTRS PENSION PLAN

	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 546,243	\$ 513,915	\$ 443,589	\$ 476,197	\$ 429,116	\$ 467,594	\$ 568,114
Contributions in Relation to the Contractually Required Contribution	<u>546,243</u>	<u>513,915</u>	<u>443,589</u>	<u>476,197</u>	<u>429,116</u>	<u>467,594</u>	<u>568,114</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 4,119,480	\$ 4,384,940	\$ 4,526,416	\$ 4,483,966	\$ 4,843,296	\$ 4,906,550	\$ 5,305,382
Contribution as a Percentage of Covered- Employee Payroll	13.26%	11.72%	9.80%	10.62%	8.86%	9.53%	10.71%

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

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022**

NYSERS PENSION PLAN

	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 219,910	\$ 171,949	\$ 175,125	\$ 174,003	\$ 175,281	\$ 183,636	\$ 203,244
Contributions in Relation to the Contractually Required Contribution	<u>219,910</u>	<u>171,949</u>	<u>175,125</u>	<u>174,003</u>	<u>175,281</u>	<u>183,636</u>	<u>203,244</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,104,004	\$ 1,125,569	\$ 1,182,447	\$ 1,203,930	\$ 1,237,889	\$ 1,289,493	\$ 1,316,114
Contribution as a Percentage of Covered- Employee Payroll	19.92%	15.28%	14.81%	14.45%	14.16%	14.24%	15.44%

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

See Paragraph on Supplemental Schedules Included in Auditor's Report.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET) - NYSLRS PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2022**

NYSTRS PENSION PLAN

	2016	2017	2018	2019	2020	2021	2022
District's Proportion of the Net Pension Liability (Asset)	0.0264406%	0.0277926%	0.0276710%	0.0277880%	0.0268640%	0.0285350%	0.0285908%
District's Proportionate Share of the Net Pension Liability (Asset)	(2,746,337)	297,670	(210,327)	(502,487)	(697,917)	788,500	(5,009,413)
District's Covered-Employee Payroll	4,119,480	4,384,940	4,526,416	4,483,966	4,843,296	4,906,550	5,305,382
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	(66.67%)	6.79%	(4.65%)	(11.21%)	(14.41%)	16.07%	(94.42%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	110.46%	99.01%	100.66%	101.53%	102.20%	97.80%	113.20%

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

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION ASSET/LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022**

NYSERS PENSION PLAN

	2016	2017	2018	2019	2020	2021	2022
District's Proportion of the Net Pension Liability (Asset)	0.0040543%	0.0042717%	0.0043490%	0.0041090%	0.0039144%	0.0039348%	0.0041593%
District's Proportionate Share of the Net Pension Liability (Asset)	650,721	401,378	140,363	291,136	1,036,557	3,918	(340,008)
District's Covered-Employee Payroll	1,104,004	1,125,569	1,182,447	1,203,930	1,237,889	1,289,493	1,316,114
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	58.94%	35.66%	11.87%	24.18%	83.74%	0.30%	(25.83)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.7%	94.7%	98.2%	96.3%	86.4%	99.9%	103.7%

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

See Paragraph on Supplemental Schedules Included in Auditor's Report.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>Debt Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Restricted Cash	\$ 972,780	\$ 88,887	\$ 1,061,667
Due from Other Funds	200,000	-	200,000
Total Assets	<u>\$ 1,172,780</u>	<u>\$ 88,887</u>	<u>\$ 1,261,667</u>
LIABILITIES			
Due to Other Funds	<u>\$ 10,314</u>	<u>\$ -</u>	<u>\$ 10,314</u>
FUND BALANCE			
Restricted			
Scholarships	-	19,432	19,432
Assigned			
Unappropriated	<u>1,162,466</u>	<u>69,455</u>	<u>1,231,921</u>
Total Fund Balance	<u>1,162,466</u>	<u>88,887</u>	<u>1,251,353</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,172,780</u>	<u>\$ 88,887</u>	<u>\$ 1,261,667</u>

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Debt Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUE			
Use of Money and Property	\$ 349	\$ 20	\$ 369
Miscellaneous Local Sources	<u>-</u>	<u>122,778</u>	<u>122,778</u>
Total Revenue	<u>349</u>	<u>122,798</u>	<u>123,147</u>
EXPENDITURES			
Instruction			
Scholarships and Awards	-	18,585	18,585
Extraclassroom	-	96,144	96,144
Debt Service - Interest	<u>52,500</u>	<u>-</u>	<u>52,500</u>
Total Expenditures	<u>52,500</u>	<u>114,729</u>	<u>167,229</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(52,151)	8,069	(44,082)
OTHER FINANCING SOURCES AND USES			
Operating Transfers In	200,000	-	200,000
Operating Transfers (Out)	<u>(724,000)</u>	<u>-</u>	<u>(724,000)</u>
Total Other Sources (Used)	<u>(524,000)</u>	<u>-</u>	<u>(524,000)</u>
Change in Fund Balances	(576,151)	8,069	(568,082)
Fund Balance - Beginning of Year	<u>1,738,617</u>	<u>80,818</u>	<u>1,819,435</u>
Fund Balance - End of Year	<u>\$ 1,162,466</u>	<u>\$ 88,887</u>	<u>\$ 1,251,353</u>

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET
TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>6/30/2022</u>
CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET	
Adopted Budget	\$ 18,187,232
Add: Prior Year's Encumbrances	<u>-</u>
Original Budget	18,187,232
Add: Budget Revisions	<u>-</u>
REVISED BUDGET	<u>\$ 18,187,232</u>
Section 1318 of Real Property Tax Law Limit Calculation	
2022-23 Voter Approved Expenditure Budget	\$ 19,379,011
	x .04
Maximum Allowed (4% of 2022-23 Budget)	<u>\$ 775,160</u>
 General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance	
Committed Fund Balance	\$ -
Assigned Fund Balance	810,625
Unassigned Fund Balance	<u>601,527</u>
Total Unrestricted Fund Balance	<u>1,412,152</u>
 Less	
Appropriated Fund Balance	810,625
Insurance Recovery Reserve	-
Tax Reduction Reserve	-
Encumbrances Included in Committed and Assigned Fund Balances	<u>-</u>
Total Adjustments	<u>810,625</u>
 General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 601,527</u>
 Actual Percentage	3.10%

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CAPITAL PROJECTS FUND
PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2022**

Project Title	Expenditures to Date					Methods of Financing						
	Original Budget	Revised Budget	Prior Year's	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Transfer from General Fund	Fund Balance 06/30/22
Capital Project	\$ 5,024,883	\$ 5,024,883	\$ 1,088,470	\$ 2,852,971	\$ 3,941,441	\$ 1,083,442	\$ -	\$ -	\$ 560,000	\$ 560,000	\$ 100,000	\$ (3,281,441)
Buses	257,368	257,368	257,368	239,839	497,207	(239,839)	-	-	257,368	257,368	239,839	-
Security - Smart Bond	232,999	232,999	13,771	590,833	604,604	(371,605)	-	-	-	-	-	(604,604)
Window Replacement	100,000	98,677	98,677	-	98,677	-	-	-	-	-	-	(98,677)
	<u>\$ 5,615,250</u>	<u>\$ 5,613,927</u>	<u>\$ 1,458,286</u>	<u>\$ 3,683,643</u>	<u>\$ 5,141,929</u>	<u>\$ 471,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 817,368</u>	<u>\$ 817,368</u>	<u>\$ 339,839</u>	<u>\$ (3,984,722)</u>

See Paragraph on Supplemental Schedules Included in Auditor's Report.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF INVESTMENT IN CAPITAL ASSETS,
NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>6/30/2022</u>
Capital Assets, Net	\$ 22,051,241
Deduct	
Bond anticipation notes	4,310,133
Short-Term Portion of Bonds Payable	715,000
Long-Term Portion of Bonds Payable	<u>2,755,000</u>
	<u>7,780,133</u>
 Investment in Capital Assets, Net of Related Debt	 \$ 14,271,108



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

Board of Education
Madrid-Waddington Central School District
Madrid, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madrid-Waddington 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 Madrid-Waddington Central School District's basic financial statements, and have issued our report thereon dated October 26, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Madrid-Waddington 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 Madrid-Waddington Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Madrid-Waddington 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Madrid-Waddington 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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Pinto Mucenski Hooper Van Housen & Co.
Certified Public Accountants, P.C.

October 26, 2022



Pinto·Mucenski·Hooper
Van House & Co.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
Madrid-Waddington Central School District
Madrid, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Madrid-Waddington 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 the Madrid-Waddington Central School District's major federal programs for the year ended June 30, 2022. Madrid-Waddington 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, the Madrid-Waddington 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 Madrid-Waddington 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 Madrid-Waddington 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 Madrid-Waddington 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 Madrid-Waddington 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 Madrid-Waddington 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 Madrid-Waddington 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 Madrid-Waddington 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 Madrid-Waddington 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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


Pruthi Trucinski Hooper Van House & Co.
Certified Public Accountants, P.C.

October 26, 2022

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Agency or Pass-through Number	Expenditures
U.S. Department of Agriculture			
Passed-Through NYS Education Department			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
Commodity Supplemental Food Program	10.555	N/A	\$ 16,123
Cash Assistance			
COVID-19 Summer Food Service Program for Children	10.559	N/A	<u>469,073</u>
Total Child Nutrition Cluster			<u>485,196</u>
<i>Total U.S. Department of Agriculture</i>			<u>485,196</u>
U.S. Department of Education			
Passed-Through NYS Education Department			
Special Education Cluster			
Special Education Grants to States, IDEA Section 611	84.027	0032220794	174,654
Special Education Grants to States, IDEA Section 611 ARP	84.027X	5532220794	35,799
Special Education Preschool Grants, IDEA Section 619	84.173	0033220794	3,704
Special Education Preschool Grants, IDEA Section 619 ARP	84.173X	5533220794	<u>3,986</u>
Total Special Education Cluster			<u>218,143</u>
Grants to Local Educational Agencies, Title I School Improvement	84.010	0011223086	125,000
Grants to Local Educational Agencies, Title I School Improvement	84.010	0011224088	4,732
Grants to Local Educational Agencies, Title I Part A	84.010	0021212625	1,039
Grants to Local Educational Agencies, Title I Part A	84.010	0021222625	<u>239,209</u>
			<u>369,980</u>
Supporting Effective Instruction State Grants, Title IIA - Teacher & Principal	84.36	0147222625	32,035
Student Support and Academic Enrichment Program, Title IV SSAE Allocation	84.424	0204222625	17,960
Elementary and Secondary School Emergency Relief Fund III - ARP	84.425	5880212625	459,070
Elementary and Secondary School Emergency Relief Fund III - ARP SLR	84.425	5883212625	14,816
Elementary and Secondary School Emergency Relief Fund III - ARP SLR	84.425	5884212625	60,781
Elementary and Secondary School Emergency Relief Fund III - ARP SLR	84.425	5882212625	19,361
Elementary and Secondary School Emergency Relief Fund II - CRRSA	84.425	5891212625	<u>412,771</u>
Total Passed-Through NYS Education Department			<u>1,604,917</u>
<i>Total, U.S. Department of Education</i>			<u>1,604,917</u>
Total Federal Awards Expended			<u>\$ 2,090,113</u>

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

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

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2 - SUB-RECIPIENTS

No amounts were provided to sub-recipients.

NOTE 3 - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling \$ 2,605 in inventory.

NOTE 4 - OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Type of auditor's report issued - Unmodified
2. Internal control over financial reporting:
 - a. Significant deficiencies identified – No
 - b. Material weaknesses identified – No
3. Noncompliance material to the financial statements noted – No

Federal Awards:

4. Internal control over major federal programs:
 - a. Significant deficiencies identified – No
 - b. Material weaknesses identified – No
5. Type of auditor's report issued on compliance for the major federal award programs - Unmodified
6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) - No
7. Programs tested as major federal programs:

Assistance	
<u>Listing Number</u>	<u>Name of Program or Cluster</u>
84.425	Elementary and Secondary School Emergency Relief Fund III - ARP
84.425	Elementary and Secondary School Emergency Relief Fund - ARP SLR
84.425	Elementary and Secondary School Emergency Relief Fund - ARP SLR
84.425	Elementary and Secondary School Emergency Relief Fund - ARP SLR
84.425	Elementary and Secondary School Emergency Relief Fund II – CRRSA

8. Dollar threshold used for distinguishing between Type A and B programs - \$ 750,000
9. Auditee qualified as a low-risk auditee - No

FINDINGS – FINANCIAL STATEMENT AUDIT

Significant Deficiencies:

None

Material Weaknesses:

None

**FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

MADRID-WADDINGTON CENTRAL SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year audit findings.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

There were no prior year audit findings.