

NEWCOMB CENTRAL SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2022

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BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Newcomb 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 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 Newcomb 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. 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 Newcomb 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Newcomb Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Newcomb 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 Newcomb 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 (pages 4 through 13), budgetary comparison information (pages 49 & 50), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 53) and Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS (pages 54-57) 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 Newcomb Central School District's basic financial statements. The accompanying Combining Non-Major Fund financial statements, Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment in Capital Assets 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 combining Non-Major Fund financial statements, Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment in Capital Assets 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 14, 2022, on our consideration of the Newcomb 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 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 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 Newcomb Central School District's internal control over financial reporting and compliance.

Boulrice & Wood CPAs, PC

October 14, 2022

Newcomb Central School District Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2022. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

1. GASB 34 Implementation

The objective of this GASB 34 statement is "to enhance the understandability and usefulness of the general purpose external financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors." One of the most significant aspects of GASB 34 is that the District will have to report its assets in the same manner as commercial corporations.

Although the Comptroller of the State of New York has stated that it is not required by State Law to comply with GASB 34, auditors are required to conduct their audits in accordance with Generally Accepted Accounting Principles (GAAP). If we do not comply with the GASB statement, our audit would result in an adverse opinion, which would have a detrimental impact on our ability to borrow, and could also affect our borrowing interest rates.

- Financial statements prepared in compliance with GASB 34 provide more information and are therefore more useful and meaningful to the users.
- Having financial statements prepared in accordance with GAAP is necessary for receiving an unmodified opinion (the best opinion that financial statements could have).
- It would appear to be important that a school district in the bond market ensure that a GAAP financial statement be included in its official statement.
- Credit rating agencies would probably rate school districts with GAAP statements higher than school districts without GAAP statements, assuming that all other considerations are equal.

2. Fund Balance

The unassigned general fund balance at June 30, 2022 was \$2,221,668. \$975,000 of total fund balance was applied to the 2022-2023 budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds listed in total in one column.
- The *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 funds* statements provide information about the financial relationships in which the School 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 statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

District-Wide Statements

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of Net Position includes all of the School 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 School District's net position and how they have changed. Net Position – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the School District's activities are shown as *Governmental activities*: Most of the School 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 School District's funds, focusing on its most significant or "major" funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds: (1) governmental funds, and (2) fiduciary funds.

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements can explain the relationship (or differences) between them.

Figure A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the District-Wide and Fund Financial Statements			
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Condensed Statement of Net Position

Governmental Activities and Total School District

	Restated Beginning	Ending	Percentage Change
Current and other assets	\$ 4,797,107	\$ 9,563,801	99.37%
Capital assets	5,391,007	5,349,273	-0.77%
Total assets	10,188,114	14,913,074	46.38%
Deferred outflows	4,811,505	5,718,689	18.85%
Total assets & deferred outflows	<u>\$ 14,999,619</u>	<u>\$ 20,631,763</u>	37.55%
Long-term liabilities	\$ 15,214,301	\$ 19,788,407	30.06%
Other liabilities	1,051,701	785,425	-25.32%
Total liabilities	16,266,002	20,573,832	26.48%
Deferred inflows	690,858	2,682,244	288.25%
Total liabilities & deferred inflows	<u>16,956,860</u>	<u>23,256,076</u>	37.15%
Net Position:			
Net investment in capital assets	5,291,729	5,275,075	-0.31%
Restricted	1,114,752	1,531,469	37.38%
Unassigned	(8,363,722)	(9,430,857)	12.76%
Total net position	<u>\$ (1,957,241)</u>	<u>\$ (2,624,313)</u>	34.08%
Total liabilities, deferred inflows, and net position	<u>\$ 14,999,619</u>	<u>\$ 20,631,763</u>	

Changes in Net Position from Operating Results

Governmental Activities and Total School District

	Year Ended June 30, 2021	Year Ended June 30, 2022	Change
Revenues			
Program Revenues			
Charges for services	\$ 784	\$ 75	-90.43%
Operating Grants and Contributions	198,740	212,117	6.73%
General Revenues			
Property Taxes	4,395,487	4,441,706	1.05%
State Sources	726,766	769,010	5.81%
Federal Sources	18,085	13,254	-26.71%
Unrestricted Investment Earnings	4,986	2,078	-58.32%
Charges for services	93,109	74,882	-19.58%
Miscellaneous	68,182	82,808	21.45%
Total Revenues	<u>5,506,139</u>	<u>5,595,930</u>	<u>1.63%</u>
Expenses			
General Support	1,065,906	1,091,967	2.44%
Instruction	2,242,596	2,287,212	1.99%
Transportation	147,342	174,266	18.27%
Employee Benefits	3,193,681	2,669,346	-16.42%
Debt Service - Interest	-	1,944	N/A
Capital Outlay	-	-	N/A
School Lunch Program	35,550	38,267	7.64%
Total Expenses	<u>6,685,075</u>	<u>6,263,002</u>	<u>-6.31%</u>
Change in Net Position	<u>(1,178,936)</u>	<u>(667,072)</u>	<u>-43.42%</u>
Net position - beginning of year	<u>(778,305)</u>	<u>(1,957,241)</u>	<u>151.47%</u>
Net position - end of year	<u>\$ (1,957,241)</u>	<u>\$ (2,624,313)</u>	<u>34.08%</u>

The increase in Operating Grants & Contributions is due to an increase in grants received and an increase in Federal funding of the School Lunch Program.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT FUNDS

The District's general fund balance consisted of the following:

	<u>2021</u>	<u>2022</u>
Restricted:		
Retirement reserve - ERS	\$ 136,988	\$ 137,017
Retirement reserve - TRS	34,790.00	34,797
Employee benefits reserve	285,773	285,833
Capital reserve	378,664	378,739
Repairs reserve	67,610	67,623
Unemployment reserve	23,769	23,774
Debt reserve	117	117
Workers' Comp Reserve	25,112	25,117
Assigned:		
Encumbrances	21,981	5,543
Appropriated fund balance	950,000	975,000
Unassigned	<u>1,877,490</u>	<u>2,221,668</u>
Total General Fund balance	<u><u>\$ 3,802,294</u></u>	<u><u>\$ 4,155,228</u></u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The following table compares the budget to the revised budget and actual expenditures:

Budget vs. Expenditures

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual	
Revenues:					
Local Sources:					
Real Property Tax Items	\$ 4,437,759	\$ 4,437,759	\$ 4,441,706	\$ 3,947	
Charges for Services	21,467	21,467	74,882	53,415	
Use of Money and Property	200	200	1,839	1,639	
Miscellaneous	1,300	1,300	36,604	35,304	
State Sources	634,710	634,710	769,010	134,300	
Federal Sources	2,500	2,500	13,254	10,754	
Total Revenues	5,097,936	5,097,936	5,337,295	239,359	
Appropriated Fund Balance:					
Prior year appropriated surplus	950,000	950,000	-		
Prior year encumbrances	-	21,981	-		
Total appropriated fund balance	950,000	971,981	-		
Total Revenues and other financing sources	\$ 6,047,936	\$ 6,069,917	\$ 5,337,295		
	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General Support:					
Board of Education	\$ 14,491	\$ 12,666	\$ 8,753	\$ -	\$ 3,913
Central Administration	219,812	219,812	215,216	-	4,596
Finance	148,424	142,680	135,335	-	7,345
Staff	45,500	45,500	14,592	-	30,908
Central Services	572,001	575,182	391,924	5,543	177,715
Special Items	33,883	39,124	28,108	-	11,016
Instructional:					
Instruction, Administration and Improvement	93,830	93,830	38,063	-	55,767
Teaching - Regular School	1,178,524	1,179,324	1,085,700	-	93,624
Programs for Children with Handicapping Conditions	245,940	220,340	153,725	-	66,615
Occupational Education	303,089	302,341	292,073	-	10,268
Teaching - Special Schools	51,528	51,528	14,843	-	36,685
Instructional Media	354,453	388,619	357,158	-	31,461
Pupil Service	290,961	291,160	215,290	-	75,870
Pupil Transportation	267,317	263,826	152,591	-	111,235
Community Services	2,500	2,500	-	-	2,500
Employee Benefits	1,857,360	1,846,138	1,490,466	-	355,672
Debt Service	278,323	31,847	27,024	-	4,823
Total expenditures	5,957,936	5,706,417	4,620,861	5,543	1,080,013
Other Financing uses:					
Interfund Transfer	90,000	363,500	363,500	-	-
Total Expenditures and Other Uses	\$ 6,047,936	\$ 6,069,917	4,984,361	\$ 5,543	\$ 1,080,013
Net change in fund balances					
			352,934		
Fund balance - beginning			3,802,294		
Fund balance - ending			\$ 4,155,228		

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets (Net of Depreciation)

Governmental Activities

	2021	2022
Construction in progress	\$ 274,036	\$ 414,248
Buildings and improvements	4,893,778	4,717,911
Vehicles and equipment	123,915	142,916
Intangible right-to-use assets	99,278	74,198
Total	<u>\$ 5,391,007</u>	<u>\$ 5,349,273</u>

Long-Term Debt

Outstanding Long-Term Debt

Total School District

	2021	2022
Compensated Absences	\$ 262,715	\$ 239,554
Other Post Employment Benefits	14,823,343	17,294,903
Serial Bonds Payable	-	2,179,752
Leases Payable	99,278	74,198
Total	<u>\$ 15,185,336</u>	<u>\$ 19,788,407</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

In spite of our remote location and amidst the challenges rural communities face within the Adirondack Park, Newcomb Central School District continues to provide a robust and successful educational pathway for the students that we serve.

Declining student numbers across the Adirondack Park continue to drive our district-wide vision, mission, and Board of Education approved initiatives. In an effort to offset the trend of lower enrollment numbers in our school, Newcomb focuses on establishing and maintaining unique educational opportunities for all students. These opportunities help to increase the number of out of district students who pay tuition to attend school here in Newcomb. Most recently at the elementary level, the district implemented a *Growing the Future of the Elementary School* Pilot program with a concentration on the students in the prekindergarten through second grade. The district also continues to provide Science, Technology, Engineering, Art and Math (STEAM) programming for all students in grades pre-kindergarten through twelfth grade.

At the secondary level, we offer a Dual Enrollment Pathway Program. Through our partnerships with North County Community College and Paul Smith's College, juniors and seniors have the

ability to obtain upwards of thirty college credits simultaneously while earning credit towards high school. This year, students in the ninth grade are participating in an Individual Learning Plan (ILP) Pilot Program. The district's Educational International Program, which serves students in grades nine through twelve continues to thrive. Since the inception of the Educational International Program in 2007, Newcomb has welcomed one hundred and ninety two students from over thirty-three different countries. At Newcomb Central School District, we continue our commitment to the highest level of educational excellence for all students.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

**NEWCOMB CENTRAL SCHOOL DISTRICT
BUSINESS OFFICE
COLLEEN SAGE, DISTRICT TREASURER
P.O. BOX 418
NEWCOMB, NY 12852**

NEWCOMB CENTRAL SCHOOL DISTRICT

EXHIBIT 1

STATEMENT OF NET POSITION

JUNE 30, 2022

ASSETS

Cash:

Unrestricted	\$ 3,264,400
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Restricted	3,999,607
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Receivables:

State and Federal Aid	231,570
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Inventories	6,621
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Capital assets, net of accumulated depreciation	5,349,273
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Net pension asset-proportionate share	2,061,603
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Total Assets	14,913,074
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DEFERRED OUTFLOWS OF RESOURCES

Pensions	1,446,940
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OPEB (GASB 75)	4,271,749
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Total Deferred Outflows of Resources	5,718,689
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Total Assets and Deferred Outflows of Resources	\$ 20,631,763
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LIABILITIES

Payables:

Accounts payable	\$ 56,060
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Due to other governments	8
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Due to teachers' retirement system	190,770
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Due to employees' retirement system	21,188
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Accrued liabilities	10,101
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Unearned credits

Unearned revenues - tuition	7,298
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Unearned revenues - planned balance	500,000
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Long-term liabilities

Due and payable within one year:

Bonds payable - current	190,000
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Leases payable - current	25,585
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Due and payable after one year

Bonds payable - non-current	1,989,752
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Leases payable - non-current	48,613
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Compensated absences payable	239,554
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Other post employment benefits	17,294,903
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Total Liabilities	20,573,832
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DEFERRED INFLOWS OF RESOURCES

Pensions	2,682,244
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Total Deferred Inflows of Resources	2,682,244
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NET POSITION

Net investment in capital assets	5,275,075
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Restricted	1,531,469
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Unrestricted	(9,430,857)
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Total Net Position	(2,624,313)
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Total Liabilities and Deferred Inflows of Resources and Net Position	\$ 20,631,763
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NEWCOMB CENTRAL SCHOOL DISTRICT

EXHIBIT 2

STATEMENT OF ACTIVITIES

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	\$ (1,091,967)	\$ -	\$ -	\$ (1,091,967)
Instruction	(2,287,212)	-	145,955	(2,141,257)
Pupil transportation	(174,266)	-	-	(174,266)
Employee benefits	(2,669,346)	-	-	(2,669,346)
Debt service	(1,944)	-	-	(1,944)
Capital outlay	-	-	-	-
School Lunch	(38,267)	75	66,162	27,970
Total Functions and Programs	\$ (6,263,002)	\$ 75	\$ 212,117	(6,050,810)
GENERAL REVENUES				
Real property tax items				4,441,706
Charges for Services				74,882
Use of money and property				2,078
Miscellaneous				82,808
State sources				769,010
Federal sources				13,254
Total General Revenues				5,383,738
Change in Net Position				(667,072)
Total Net Position - Beginning of Year				(1,957,241)
Total Net Position - End of Year				\$ (2,624,313)

NEWCOMB CENTRAL SCHOOL DISTRICT

EXHIBIT 3

BALANCE SHEET-GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Aid	School Food Service	Capital Projects	Debt Service	Non-Major Funds	TOTAL
ASSETS							
Unrestricted cash	\$ 3,264,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,264,400
Restricted cash	953,016	15,359	59,827	2,805,336	-	166,069	3,999,607
Due from other funds	594,936	695	10,104	-	29,751	-	635,486
State and federal aid receivable	122,002	99,230	10,338	-	-	-	231,570
Inventories	-	-	6,621	-	-	-	6,621
Total Assets	\$ 4,934,354	\$ 115,284	\$ 86,890	\$ 2,805,336	\$ 29,751	\$ 166,069	\$ 8,137,684
LIABILITIES							
Accounts payable	\$ 55,900	\$ -	\$ 160	\$ -	\$ -	\$ -	\$ 56,060
Accrued liabilities	10,101	-	-	-	-	-	10,101
Due to other governments	-	-	8	-	-	-	8
Due to other funds	695	115,284	-	519,507	-	-	635,486
Due to teachers' retirement system	190,770	-	-	-	-	-	190,770
Due to employees' retirement system	21,188	-	-	-	-	-	21,188
Planned balance	500,000	-	-	-	-	-	500,000
Unearned revenues	472	-	6,826	-	-	-	7,298
Total Liabilities	779,126	115,284	6,994	519,507	-	-	1,420,911
FUND EQUITY							
Nonspendable:							
Inventory	-	-	6,621	-	-	-	6,621
Restricted:							
Retirement reserve - ERS	137,017	-	-	-	-	-	137,017
Retirement reserve - TRS	34,797	-	-	-	-	-	34,797
Employee benefits reserve	285,833	-	-	-	-	-	285,833
Capital reserve	378,739	-	-	382,632	-	-	761,371
Repairs reserve	67,623	-	-	-	-	-	67,623
Unemployment reserve	23,774	-	-	-	-	-	23,774
Workers' comensation reserve	25,117	-	-	-	-	-	25,117
Debt reserve	117	-	-	-	29,751	-	29,868
Other	-	-	-	-	-	166,069	166,069
Assigned:							
School lunch	-	-	73,275	-	-	-	73,275
Encumbrances (note 13)	5,543	-	-	1,903,197	-	-	1,908,740
Appropriated fund balance	975,000	-	-	-	-	-	975,000
Unassigned	2,221,668	-	-	-	-	-	2,221,668
Total Fund Balances	4,155,228	-	79,896	2,285,829	29,751	166,069	6,716,773
Total Liabilities and Fund Balances	\$ 4,934,354	\$ 115,284	\$ 86,890	\$ 2,805,336	\$ 29,751	\$ 166,069	\$ 8,137,684

See Notes to Financial Statements.

NEWCOMB CENTRAL SCHOOL DISTRICT

EXHIBIT 4

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 2022

	General	Special Aid	School Food Service	Capital Projects	Debt Service	Non-Major Funds	Total
REVENUES							
Real property taxes	\$ 4,441,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,441,706
Charges for services	74,882	-	-	-	-	-	74,882
Use of money and property	1,839	-	-	53	-	186	2,078
Miscellaneous	36,604	-	-	-	-	46,204	82,808
State sources	769,010	2,399	1,243	-	-	-	772,652
Federal sources	13,254	143,556	64,919	-	-	-	221,729
Sales	-	-	75	-	-	-	75
Total Revenues	<u>5,337,295</u>	<u>145,955</u>	<u>66,237</u>	<u>53</u>	<u>-</u>	<u>46,390</u>	<u>5,595,930</u>
EXPENDITURES							
General support	793,928	-	82,410	-	-	39,762	916,100
Instruction	2,156,852	145,955	-	-	-	-	2,302,807
Pupil transportation	152,591	-	-	-	-	-	152,591
Employee benefits	1,490,466	-	21,831	-	-	-	1,512,297
Debt service	27,024	-	-	-	-	-	27,024
Capital outlay	-	-	-	140,212	-	-	140,212
Cost of sales	-	-	38,267	-	-	-	38,267
Total Expenditures	<u>4,620,861</u>	<u>145,955</u>	<u>142,508</u>	<u>140,212</u>	<u>-</u>	<u>39,762</u>	<u>5,089,298</u>
Excess (Deficit) of Revenues over Expenditures	<u>716,434</u>	<u>-</u>	<u>(76,271)</u>	<u>(140,159)</u>	<u>-</u>	<u>6,628</u>	<u>506,632</u>
OTHER SOURCES AND USES							
Operating transfers in	-	-	90,000	273,500	-	-	363,500
Operating transfers (out)	(363,500)	-	-	-	-	-	(363,500)
Premium on bond	-	-	-	-	29,751	-	29,751
Proceeds from Bonds	-	-	-	2,150,000	-	-	2,150,000
Total Other Sources and Uses	<u>(363,500)</u>	<u>-</u>	<u>90,000</u>	<u>2,423,500</u>	<u>29,751</u>	<u>-</u>	<u>2,179,751</u>
Excess (Deficiency) Revenues and Other Sources over Expenditures and Other Uses	<u>352,934</u>	<u>-</u>	<u>13,729</u>	<u>2,283,341</u>	<u>29,751</u>	<u>6,628</u>	<u>2,686,383</u>
Fund Balances, Beginning of year	<u>3,802,294</u>	<u>-</u>	<u>66,167</u>	<u>2,488</u>	<u>-</u>	<u>159,441</u>	<u>4,030,390</u>
Fund Balances, End of Year	<u>\$ 4,155,228</u>	<u>\$ -</u>	<u>\$ 79,896</u>	<u>\$ 2,285,829</u>	<u>\$ 29,751</u>	<u>\$ 166,069</u>	<u>\$ 6,716,773</u>

See Notes to Financial Statements.

NEWCOMB CENTRAL SCHOOL DISTRICT

EXHIBIT 5

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET ASSETS TOTALS
ASSETS				
Unrestricted cash	\$ 3,264,400	\$ -	\$ -	\$ 3,264,400
Restricted cash	3,999,607	-	-	3,999,607
Due from other funds	635,486	-	(635,486)	-
State and federal aid receivable	231,570	-	-	231,570
Inventories	6,621	-	-	6,621
Capital assets, net	-	5,349,273	-	5,349,273
Net pension asset-proportionate share	-	2,061,603	-	2,061,603
Total Assets	8,137,684	7,410,876	(635,486)	14,913,074
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	-	1,446,940	-	1,446,940
OPEB (GASB 75)	-	4,271,749	-	4,271,749
Total Assets and Deferred Outflows of Resources	\$ 8,137,684	\$ 13,129,565	\$ (635,486)	\$ 20,631,763
LIABILITIES				
Accounts payable	\$ 56,060	\$ -	\$ -	\$ 56,060
Accrued liabilities	10,101	-	-	10,101
Due to other funds	635,486	-	(635,486)	-
Due to other governments	8	-	-	8
Due to teacher's retirement system	190,770	-	-	190,770
Due to employee's retirement system	21,188	-	-	21,188
Planned balance	500,000	-	-	500,000
Unearned revenues	7,298	-	-	7,298
Bonds payable, including bond premium	-	2,179,752	-	2,179,752
Leases payable	-	74,198	-	74,198
Compensated absences	-	239,554	-	239,554
Other post employment benefits	-	17,294,903	-	17,294,903
Total Liabilities	1,420,911	19,788,407	(635,486)	20,573,832
DEFERRED INFLOWS OF RESOURCES				
Pensions	-	2,682,244	-	2,682,244
Total Deferred Inflows of Resources	-	2,682,244	-	2,682,244
FUND EQUITY/NET ASSETS				
Total Fund Balance/ Net Position	6,716,773	(9,341,086)	-	(2,624,313)
Total Liabilities and Fund Balance/ Net Position and Deferred Inflows of Resources	\$ 8,137,684	\$ 13,129,565	\$ (635,486)	\$ 20,631,763

NEWCOMB CENTRAL SCHOOL DISTRICT

EXHIBIT 6

RECONCILIATION OF GOVERNMENTAL FUNDS-REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real property taxes	\$ 4,441,706	\$ -	\$ -	\$ -	\$ -	\$ 4,441,706
Charges for services	74,882	-	-	-	-	74,882
Use of money and property	2,078	-	-	-	-	2,078
Miscellaneous	82,808	-	-	-	-	82,808
State sources	772,652	-	-	-	-	772,652
Federal sources	221,729	-	-	-	-	221,729
Sales	75	-	-	-	-	75
Total Revenues	5,595,930	-	-	-	-	5,595,930
EXPENDITURES						
General support	916,100	-	175,867	-	-	1,091,967
Instruction	2,302,807	-	(15,595)	-	-	2,287,212
Pupil transportation	152,591	-	21,675	-	-	174,266
Employee benefits	1,512,297	1,157,049	-	-	-	2,669,346
Debt service	27,024	-	-	(25,080)	-	1,944
Capital outlay	140,212	-	(140,212)	-	-	-
Cost of sales	38,267	-	-	-	-	38,267
Total Expenditures	5,089,298	1,157,049	41,735	(25,080)	-	6,263,002
Excess (Deficit) of Revenues over Expenditures	506,632	(1,157,049)	(41,735)	25,080	-	(667,072)
OTHER SOURCES AND USES						
Operating Transfers In	363,500	-	-	-	(363,500)	-
Operating Transfers Out	(363,500)	-	-	-	363,500	-
Bond Premium	29,751	-	-	(29,751)	-	-
Proceeds from Bonds	2,150,000	-	-	(2,150,000)	-	-
Total Other Sources and Uses	2,179,751	-	-	(2,179,751)	-	-
Net Change for the Year	\$ 2,686,383	\$ (1,157,049)	\$ (41,735)	\$ (2,154,671)	\$ -	\$ (667,072)

See Notes to Financial Statements.

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 1. Summary of Significant Accounting Policies

A. Reporting entity: The Newcomb Central School District ("District") is governed by the Education Law and other general laws of the State of New York. The governing body is the Board of Education of Newcomb Central School ("Board"). The Board is the basic level of government, which has oversight responsibilities and control over all activities related to the public school education in the region of Newcomb Central School District. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Basis of presentation

1. 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 nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program 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 good or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Functional Statements

The fund statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Non-major funds are aggregated and presented in a single column. The District chooses to report all governmental funds as major funds, except for Extra Classroom Activity fund and Scholarship fund.

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 1. Summary of Significant Accounting Policies (continued)

The District reports the following major governmental funds:

General Fund - the general fund is the principal operating fund of the District and is used to account for all financial resources, except those accounted for in another fund.

Special Revenue Funds – these funds account for the proceeds of specific sources such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

- School Food Service Fund - used to account for transactions for the lunch and breakfast programs.
- Special Aid Fund - used to account for special operating projects or programs supported in whole, or in part, with federal funds or state grants.

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

C. Measurement Focus and Basis of Accounting

The District-wide financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On a modified accrual basis, revenue from property taxes is recognized by estimating how much will be collected during the ensuing fiscal year. 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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days (60 days for property taxes) after the end of the fiscal year.

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1. Summary of Significant Accounting Policies (continued)

Expenditures are recorded when the related fund liability is incurred except for:

- a. prepaid expenses and inventory-type items are recognized at the time of purchase.
- b. principal and interest on indebtedness are not recognized as an expenditure until due.
- c. compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
- d. The District recognizes the cost of providing post-retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as expenditures in the year paid.

D. Inventories: Inventories of food and supplies in the School Lunch Food Service 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 supplies in other funds are recorded as expenditures at the time of purchase, and year-end inventory balances are not maintained.

E. Capital assets: Acquisitions of equipment and capital facilities are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of general fixed assets reported in the District-wide statements are as follows:

	Threshold	Method	Useful Life
Buildings and Improvements	\$2,500	Straight Line	20-75 Years
Land Improvements	\$2,500	Straight Line	20 Years
Vehicles	\$2,500	Straight Line	5 Years
Furniture and Equipment	\$2,500	Straight Line	5-20 Years

F. Property taxes: Real property taxes are levied annually by the Board of Education no later than June 30, and became a lien on July 1. Taxes were collected during the period August 1 to November 30. The County of Essex subsequently enforces uncollected real property taxes. Essex County pays an amount representing uncollected real property taxes transmitted to the County for enforcement by the district no later than the forthcoming April 1.

G. Retirement plan: The District provides retirement benefits for all of its regular full-time and some of its part time employees through contributions to the New York State Teachers' Retirement System and the New York State Employees' Retirement System. These systems provide various plans and options, some of which require employee contributions.

NEWCOMB CENTRAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

- H. General long-term debt: Bonds, capital notes, and bond anticipation notes issued for capital projects are recognized when issued.

I. Budgetary Procedures and Budgetary Accounting

1) General

The District's policy relating to budgetary information as shown in the accompanying financial statements is as follows:

A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education. The budget is then approved by the voters within the District.

Appropriations established by adoption of the budget constitute limitations on expenditures (and encumbrances) which may be incurred.

The New York Uniform System of Accounts requires that fixed budgetary control be used for all governmental fund types.

Budget appropriations lapse at year-end.

2) Encumbrances

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

J. 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 improvement of those assets.

Restricted net position - reports net position when constraints placed on those assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or

NEWCOMB CENTRAL SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

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 are deemed to be available for general use by the District.

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.

Fund statements:

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Food Service Fund of \$6,621.

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. All encumbrances of funds other than the General fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

Employee Benefits Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due to 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.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Capital

According to Education Law §3651, 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.

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 1. Summary of Significant Accounting Policies (continued)

Expenditure 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 under Restricted Fund Balance.

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt 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 School District property or capital improvement.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to 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 School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Repairs

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve. Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve 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 gets applied to appropriations of the next succeeding fiscal year's budget.

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1. Summary of Significant Accounting Policies (continued)

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

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$5,543.

Unassigned – Includes all other General Fund net position that does not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

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

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable 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, nonspendable 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.

- K. Events Occurring After Reporting Date: The District has evaluated events and transactions that occurred between June 30, 2022 and October 14, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1. Summary of Significant Accounting Policies (continued)

- L. Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.
- 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. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide State of New Position. This amount represents the effect of the net change in the actual and expected experience and expected benefit payments subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category 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 proportion share of total contributions to the pension systems not included in the pension expense.

N. New Accounting Standards:

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2022, including GASB Statement No. 87, *Leases*.

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 differences result primarily from the economic

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1. Summary of Significant Accounting Policies (continued)

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

Note 2. Explanation of Certain Differences between Governmental Fund Statements and District-wide Statements

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

Total fund balances 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 additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Long-term liabilities are reported in the Statements of Net Position, but not in the governmental funds because they are not due and payable in the current period. Balances at year-end were:

Explanation of Differences Between Governmental Fund Balances and District Wide Net Assets

Ending fund balance reported on Balance Sheet - Governmental Funds (Exhibit 3)	\$ 6,716,773
Capital assets net of related depreciation	5,349,273
Net pension asset	2,061,603
Deferred outflows:	
Pensions - TRS	1,125,163
Pensions - ERS	321,777
OPEB (GASB 75)	4,271,749
Liabilities, long term:	
Bonds payable	(2,179,752)
Other post employment benefits	(17,294,903)
Compensated absences	(239,554)
Leases payable	(74,198)
Deferred inflows:	
Pensions - TRS	(2,150,517)
Pensions - ERS	(531,727)
Ending net position reported on Statement of Net Position (Exhibit 1)	<u>\$ (2,624,313)</u>

NEWCOMB CENTRAL SCHOOL DISTRICT

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

Note 2. Explanation of Certain Differences between Governmental Fund Statements and District-wide Statements (continued)

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

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

1. Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities 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.

2. Capital Related Differences

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

3. Long-Term Debt Transaction Differences

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

4. Other Post-Employment Benefits

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 75 requires an actuarial calculation of the future liability and to record the Net OPEB Obligation in the Statement of Net Position.

5. Pension differences

Pension differences occur as a result of changes in the District’s proportion of the collective net pension asset/liability and differences in the District’s contributions.

NEWCOMB CENTRAL SCHOOL DISTRICT

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

Note 2. Explanation of Certain Differences between Governmental Fund Statements and District-wide Statements (continued)

Explanation of Differences Between Governmental Funds Operating Statement
and the District Wide Statement of Activities

Revenues:

Total revenues and other funding sources of governmental funds (Exhibit 4)	\$ 5,595,930
No changes	<u>-</u>
Total revenues of governmental activities in the Statement of Activities (Exhibit 2)	<u>\$ 5,595,930</u>

Expenditures:

Total expenditures reported in governmental funds (Exhibit 4)	\$ 5,089,298
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In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences used exceeded the amount earned during the year. (Exhibit 6)

(52,126)

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation / amortization exceeded capital expenditures in the current year. (Exhibit 6)

41,735

Repayment of lease obligations is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not effect the Statement of Activities. (Exhibit 6)

(25,080)

The payment of Other Post-Employment Benefits (OPEB) is recorded in the governmental funds as expenditures when incurred. 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. (Exhibit 6)

1,577,327

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 2. Explanation of Certain Differences between Governmental Fund Statements and District-wide Statements (continued)

(Increases) decreases in proportionate share of net positions asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. (Exhibit 6)

Teachers' Retirement System	(289,500)
Employees' Retirement System	(78,652)

Total expenses of governmental activities in the Statement of Activities (Exhibit 6)	<u><u>\$ 6,263,002</u></u>
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Other Sources and Uses:

Total other sources and uses in government funds (Exhibit 4)	\$ 2,179,751
--	--------------

Proceeds from long term debt are other sources of income in the Capital Projects Fund, but are removed from the Statement of Activities and shown as a long term liability on the Statement of Net Position.

	(2,150,000)
--	-------------

Bond premiums are recorded as income in the Debt Service Fund. It is reported as part of the bond payable liability in the Statement of Net Position.

	<u>(29,751)</u>
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Total other sources and uses in Statement of Activities (Exhibit 6)	<u><u>\$ -</u></u>
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Note 3. Cash and Investments

According to the New York State Education Law, the Board may invest the District's money in special time-deposit accounts or certificates of deposit; however, such time-deposit accounts or certificates of deposit must be made in the name of the district and payable in time for the proceeds to be available to meet expenditures for which the money was obtained. Furthermore, the time-deposit account or certificates of deposit must be secured "by a pledge of obligations of the United States of America or obligations of the State of New York or obligations of any municipal corporation, district or district corporation of the State of New York".

Investments also may be made in obligations of the United States of America or in obligations of New York State or, with the approval of the state comptroller, in certain obligations of municipalities, school districts or district corporations other than the one investing the money.

The district may make a variety of short-term investments that include the purchase of United States Treasury bills, United States Treasury certificates of indebtedness or United States Treasury notes and bonds. In addition, it may invest in negotiable certificates of deposit. All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by financial institutions in the District's name.

NEWCOMB CENTRAL SCHOOL DISTRICT

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

Note 4. Interfund Balances and Activity

Interfund balances and activity at June 30, 2022 and for the fiscal year then ended, were as follows:

Fund Type	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General	\$ 594,936	\$ 695	\$ -	\$ 363,500
Special aid	695	115,284	-	-
School Food Service	10,104	-	90,000	-
Debt Service	29,751	-	-	-
Capital	-	519,507	273,500	-
Total	<u>\$ 635,486</u>	<u>\$ 635,486</u>	<u>\$ 363,500</u>	<u>\$ 363,500</u>

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.

The General fund transferred \$90,000 to the School Food Service fund to assist in operating the school nutrition program.

The General fund transferred \$273,500 to the Capital Project fund as part of the local share of the current capital project.

Note 5. Compensated Absences

Vacation leave is recorded as expenditures when paid. Employees accrue vacation leave based on years of service. Compensated absences were valued at \$239,554 at June 30, 2022.

NEWCOMB CENTRAL SCHOOL DISTRICT

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

Note 6. Capital Assets

A summary of changes in capital assets follows:

Capital Assets

Governmental Activities	6/30/2021 Balance	Additions	Retirements/ Reclassifications	6/30/2022 Balance
Construction in progress	\$ 274,036	\$ 140,212	\$ -	\$ 414,248
Total non-depreciable historical cost	\$ 274,036	\$ 140,212	\$ -	\$ 414,248
Capital assets that are depreciated:				
Land improvements	\$ 74,556	\$ -	\$ -	\$ 74,556
Buildings and improvements	7,417,360	-	-	7,417,360
Vehicles and equipment	717,090	57,970	(14,313)	760,747
Total depreciable historical cost	8,209,006	57,970	(14,313)	8,252,663
Less accumulated depreciation:				
Land improvements	74,556	-	-	74,556
Buildings and improvements	2,523,582	175,867	-	2,699,449
Vehicles and equipment	593,175	38,969	(14,313)	617,831
Total accumulated depreciation	3,191,313	214,836	(14,313)	3,391,836
Total depreciable historical cost, net	\$ 5,291,729	\$ (156,866)	\$ -	\$ 5,275,075
Intangible right-to-use assets:				
Leased equipment	129,901	-	-	129,901
Less accumulated amortization	30,623	25,080	-	55,703
Net intangible right-to-use assets	99,278	(25,080)	-	74,198
Total Capital Assets	\$ 5,391,007	\$ (16,654)	\$ (14,313)	\$ 5,349,273

Depreciation and amortization expense was charged to
Governmental functions as follows:

General support	\$ 175,867
Regular instruction	42,374
Pupil transportation	21,675
Depreciation and amortization	\$ 239,916

NEWCOMB CENTRAL SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 6. Capital Assets (continued)**Intangible Right-to-Use Assets**

In fiscal 2022, the District implemented the guidance in GASB Statement No. 87, *Leases* for accounting and reporting leases that had previously been reported as operating leases. Capital Assets now include the cost and accumulated amortization of copiers and laptops leased under long-term contracts. As of June 30, 2022, the District had one lease agreement for the copier and another agreement for laptops. The intangible right-to-use asset is being amortized over the lease term. Terms of the lease are described in Note 7.

Note 7. Indebtedness**a. Long-Term Debt Interest**

Interest expense is \$0 for the year ended June 30, 2022.

b. Changes

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

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Long-term Debt:	\$ -	\$ 2,150,000	\$ -	\$ 2,150,000
Bond Premium	-	29,752	-	29,752
Other Post Employment Benefits	14,823,343	2,471,560	-	17,294,903
Compensated Absences	291,680	-	52,126	239,554
Leases Payable	99,278	-	25,080	74,198
Total Long-term Debt	<u>\$ 15,214,301</u>	<u>\$ 4,651,312</u>	<u>\$ 77,206</u>	<u>\$ 19,788,407</u>

c. Maturity

The following is a summary of maturity of indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2022
Serial Bonds	2022	2038	3%-4%	\$ 2,150,000
Total				<u>\$ 2,150,000</u>

NEWCOMB CENTRAL SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 7. Indebtedness (continued)

The following is a summary of maturing debt service requirements for serial bonds:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 190,000	\$ 74,086	\$ 264,086
2024	205,000	68,800	273,800
2025	210,000	62,650	272,650
2026	175,000	56,350	231,350
2027	180,000	51,100	231,100
2028-2032	595,000	179,700	774,700
2033-2037	490,000	81,400	571,400
2038-2042	105,000	4,200	109,200
	<u>\$ 2,150,000</u>	<u>\$ 578,286</u>	<u>\$ 2,728,286</u>

d. Intangible Right-to-Use Lease Liabilities

In fiscal 2022, the District implemented the guidance in GASB Statement No. 87, *Leases* for accounting and reporting leases that had previously been reported as operating leases.

Lease liabilities are comprised of the following:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2022
Copier Lease	2019	2023	3.340%	\$ 1,956
Laptop Lease	2020	2024	1.900%	72,242
Total				<u>\$ 74,198</u>

Interest paid was \$1,944 for the year ended June 30, 2022.

The lease equipment and accumulated amortization of the right-to-use assets are outlined in Note 6.

Minimum lease payments over the next three years include:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	\$ 25,585	\$ 1,439	\$ 27,024
2024	24,078	924	25,002
2025	24,535	466	25,001
	<u>\$ 74,198</u>	<u>\$ 2,829</u>	<u>\$ 77,027</u>

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 8. Pensions

Pension Obligations

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems.)

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York 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 State statute. Additional information regarding the System, 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 retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State statute. The District also participated 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.

NEWCOMB CENTRAL SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 8. Pensions (continued)

The Systems are noncontributory 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 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.

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

CONTRIBUTIONS

	ERS	TRS
2022	\$ 94,427	\$ 183,388
2021	\$ 91,429	\$ 177,900
2020	\$ 91,456	\$ 199,501

ERS has provided additional disclosures for entities that elected to participate in Chapter 260, 57, and 105.

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

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

	ERS	TRS
Measurement Date	3/31/2022	6/30/2021
Net Pension asset/(liability)	\$ 153,177	\$ 1,908,426
District's portion of the Plan's total net pension asset/(liability)	0.0018738%	0.011013%
Change in proportion since the prior measurement date	\$ 154,963	\$ 2,191,624

NEWCOMB CENTRAL SCHOOL DISTRICT

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

Note 8. Pensions (continued)

For the year ended June 30, 2022, the District's recognized pension expense (income) of \$15,895 for ERS and \$(105,777) for TRS. At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 11,600	\$ 263,056	\$ 15,046	\$ 9,915
Changes of assumptions	255,634	627,721	4,314	111,160
Net difference between projected and actual earnings on pension plan investments	-	-	501,589	1,997,366
Changes in proportion and differences between the Districts' contributions and proportionate share of contributions	33,355	50,998	10,778	32,076
District's contributions subsequent to the measurement date	21,188	183,388	-	-
Total	<u>\$ 321,777</u>	<u>\$ 1,125,163</u>	<u>\$ 531,727</u>	<u>\$ 2,150,517</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pension will be recognized in pension expense as follow:

	ERS	TRS
Year ended:		
2022	\$ -	\$ (242,722)
2023	(31,723)	(284,781)
2024	(49,178)	(358,119)
2025	(126,350)	(476,261)
2026	(23,887)	92,233
Thereafter	-	60,908
Total	<u>\$ (231,138)</u>	<u>\$ (1,208,742)</u>

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 8. Pensions (continued)

Actuarial Assumptions

The total pension 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 to total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2022	6/30/2021
Actuarial valuation date	4/1/2021	6/30/2020
Interest rate	5.9%	6.95%
Salary scale	4.4%	1.95%-5.18%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.7%	2.40%

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

For ERS, the Actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

NEWCOMB CENTRAL SCHOOL DISTRICT

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

Note 8. Pensions (continued)

	<u>ERS</u>	<u>TRS</u>
Measurement Date	3/31/2022	6/30/2021
Asset Type:	%	%
Domestic equity	3.30	6.80
International equity	5.85	7.60
Private equity	6.50	10.00
Real estate	5.00	6.50
Domestic fixed income securities	-	1.30
Opportunistic/ARS portfolio	4.10	-
Credit	3.78	-
Real assets	5.58	-
Cash	(1.00)	(0.20)
Private debt	-	5.90
Global equities	-	7.10
Global bonds	-	0.80
High-yield bonds	-	3.80
Real estate debt	-	3.30

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1% lower (4.9% for ERS and 5.95% for TRS) or 1% higher (6.9% for ERS and 7.95% for TRS) than the current rate:

NEWCOMB CENTRAL SCHOOL DISTRICT

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

Note 8. Pensions (continued)

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Employer's proportionate share of the net pension asset (liability)	\$ (394,275)	\$ 153,177	\$ 611,093
TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
Employer's proportionate share of the net pension asset (liability)	\$ 200,262	\$ 1,908,426	\$ 3,344,015

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$21,188.

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 for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$190,770.

Note 9. Post-Employment (Health Insurance) Benefits

The District provides post-employment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Post-employment benefits aggregating \$352,888 for 35 employees were charged to expenditures in the Governmental Funds in the current year.

A. General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9. Post-Employment (Health Insurance) Benefits (Continued)

Benefits Provided – The District provides healthcare and life insurance benefits for retirees and their dependents. 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.

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

Inactive employees or beneficiaries currently receiving benefit payments	28
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>29</u>
	<u>57</u>

B. Total OPEB Liability

The District's total OPEB liability of \$17,294,903 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	No implicit inflation rate
Salary Increases	3.0 percent
Discount Rate	2.16 percent
Healthcare Cost Trend Rates	7.0 percent for 2021, decreasing annually to an ultimate rate of 5.0 percent for 2027 and later years

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

Mortality rates were based on the RP-2014 Mortality Table, with mortality projected to the current year using scale MP-2021 to account for mortality improvement.

NEWCOMB CENTRAL SCHOOL DISTRICT

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

Note 9. Post-Employment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 14,823,343</u>
<u>Changes for the Year-</u>	
Service Cost	421,937
Interest	328,918
Changes of benefit terms	-
Differences between expected and actual experience	2,113,018
Changes in assumptions or other inputs	(90,040)
Benefit payments	<u>(302,273)</u>
Net Changes	<u>2,471,560</u>
Balance at June 30, 2022	<u>\$ 17,294,903</u>

Changes of benefit terms reflect;

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% percent in 2021 to 2.16% percent in 2022.

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

	<u>1% Decrease 1.16%</u>	<u>Discount Rate 2.16%</u>	<u>1% Increase 3.16%</u>
Total OPEB Liability	<u>\$ 19,098,827</u>	<u>\$ 17,294,903</u>	<u>\$ 15,261,328</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 rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 15,302,947</u>	<u>\$ 17,294,903</u>	<u>\$ 19,040,510</u>

NEWCOMB CENTRAL SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 9. Post-Employment (Health Insurance) Benefits (Continued)**D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the District recognized OPEB expense of \$2,041,004. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,706,802	\$ -
Changes of assumptions or other inputs	1,101,271	-
Contributions subsequent to the measurement period	463,676	-
Total	<u>\$ 4,271,749</u>	<u>\$ -</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 1,343,472
2024	1,343,463
2025	716,544
2026 and Thereafter	404,594
	<u>\$ 3,808,073</u>

Note 10. Stewardship, Compliance and Accountability

The District's unassigned general fund balance was in excess of the New York State Real Property Tax Law Section 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The unassigned fund balance at June 30, 2022 was \$2,221,668 which represents 36.47% of next year's budget. The excess amounted to \$1,977,969.

Note 11. Joint Venture

The Newcomb Central School District is one of 31 component school districts in the Warren, Saratoga, Washington, Hamilton and Essex Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NEWCOMB CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11. Joint Venture (continued)

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

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2022, the Newcomb Central School District was billed \$363,067 for BOCES administrative program costs. Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2022, the Newcomb Central School District issued no serial bonds on behalf of BOCES. General-purpose financial statements for the Warren, Saratoga, Washington, Hamilton, and Essex BOCES are available from BOCES administrative office at WSWHE BOCES, 1153 Burgoyne Avenue, Suite 2, Fort Edward, New York 12828. The District's share of BOCES income amounted to \$86,910. BOCES also refunded the District \$28,183 for excess expenses billed in prior years.

Note 12. Assigned General Fund Balance – Encumbrances

June 30, 2022

Central Services	\$ 5,543
	<u>\$ 5,543</u>

NEWCOMB CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - NON-MAJOR FUNDS

June 30, 2022

	Scholarship Fund	Extraclassroom Activities Fund	Total
ASSETS			
Cash	\$ 148,827	\$ 17,242	\$ 166,069
Total Assets	\$ 148,827	\$ 17,242	\$ 166,069
FUND BALANCES			
Total Fund Balances	\$ 148,827	\$ 17,242	\$ 166,069

NEWCOMB CENTRAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES AND EXPENDITURES - NON-MAJOR FUNDS

Year Ended June 30, 2022

	Scholarship Fund	Extraclassroom Activities Fund	Total
REVENUES			
Gifts and contributions	\$ 19,420	\$ -	\$ 19,420
Miscellaneous revenue	-	26,784	26,784
Investment earnings	186	-	186
Total revenues	19,606	26,784	46,390
EXPENDITURES			
Scholarships and awards	2,270	-	2,270
Disbursements-extraclassroom	-	37,492	37,492
Total expenditures	2,270	37,492	39,762
Changes in Fund Balances	17,336	(10,708)	6,628
Fund Balances, Beginning	131,491	27,950	159,441
Fund Balances, Ending	\$ 148,827	\$ 17,242	\$ 166,069

NEWCOMB CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT**

For the Year Ended June 30, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 6,047,936
Additions:	
Encumbrances - fiscal year 2021	<u>21,981</u>
Final budget	<u><u>\$ 6,069,917</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 expenditure budget	<u><u>\$ 6,092,474</u></u>
Maximum allowed (4% of 2022-23 budget)	<u><u>243,699</u></u>

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	980,543
Unassigned fund balance	<u>2,221,668</u>
Total unrestricted fund balance	<u><u>\$ 3,202,211</u></u>

Less:

Appropriated fund balance	\$ 975,000
Encumbrances included in committed and assigned fund balance	<u>5,543</u>
Total adjustments	<u><u>\$ 980,543</u></u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,221,668</u></u>
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Actual percentage	<u><u>36.47%</u></u>
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NEWCOMB CENTRAL SCHOOL DISTRICT

SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

Year Ended June 30, 2022

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenues:				
Local Sources:				
Real Property Tax Items	\$ 4,437,759	\$ 4,437,759	\$ 4,441,706	\$ 3,947
Charges for Services	21,467	21,467	74,882	53,415
Use of Money and Property	200	200	1,839	1,639
Miscellaneous	1,300	1,300	36,604	35,304
State Sources	634,710	634,710	769,010	134,300
Federal Sources	2,500	2,500	13,254	10,754
Total Revenues	5,097,936	5,097,936	5,337,295	239,359
 Appropriated Fund Balance:				
Prior year appropriated surplus	950,000	950,000	-	
Prior year encumbrances	-	21,981	-	
Total appropriated fund balance	950,000	971,981	-	
 Total Revenues and other financing sources	\$ 6,047,936	\$ 6,069,917	\$ 5,337,295	

See Independent Auditor's Report.

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General Support:					
Board of Education	\$ 14,491	\$ 12,666	\$ 8,753	\$ -	\$ 3,913
Central Administration	219,812	219,812	215,216	-	4,596
Finance	148,424	142,680	135,335	-	7,345
Staff	45,500	45,500	14,592	-	30,908
Central Services	572,001	575,182	391,924	5,543	177,715
Special Items	33,883	39,124	28,108	-	11,016
Instructional:					
Instruction, Administration and Improvement	93,830	93,830	38,063	-	55,767
Teaching - Regular School	1,178,524	1,179,324	1,085,700	-	93,624
Programs for Children with Handicapping Conditions	245,940	220,340	153,725	-	66,615
Occupational Education	303,089	302,341	292,073	-	10,268
Teaching - Special Schools	51,528	51,528	14,843	-	36,685
Instructional Media	354,453	388,619	357,158	-	31,461
Pupil Service	290,961	291,160	215,290	-	75,870
Pupil Transportation	267,317	263,826	152,591	-	111,235
Community Services	2,500	2,500	-	-	2,500
Employee Benefits	1,857,360	1,846,138	1,490,466	-	355,672
Debt Service	278,323	31,847	27,024	-	4,823
Total expenditures	5,957,936	5,706,417	4,620,861	5,543	1,080,013
Other Financing uses:					
Interfund Transfer	90,000	363,500	363,500	-	-
Total Expenditures and Other Uses	\$ 6,047,936	\$ 6,069,917	4,984,361	\$ 5,543	\$ 1,080,013
Net change in fund balances			352,934		
Fund balance - beginning			3,802,294		
Fund balance - ending			\$ 4,155,228		

See Independent Auditor's Report.

NEWCOMB CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

Year Ended June 30, 2022

Project Title	Expenditures					Methods of Financing					Fund Balance June 30, 2022
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	
District Wide Projects											
Building Recons. Imp. & Repair	\$ 2,700,000	\$ 2,700,000	\$ 274,036	\$ 140,212	\$ 414,248	\$ 2,285,752	\$ 2,150,000	\$ -	\$ 550,077	\$ 2,700,077	\$ 2,285,829
Total Capital Project	<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>	<u>\$ 274,036</u>	<u>\$ 140,212</u>	<u>\$ 414,248</u>	<u>\$ 2,285,752</u>	<u>\$ 2,150,000</u>	<u>\$ -</u>	<u>\$ 550,077</u>	<u>\$ 2,700,077</u>	<u>\$ 2,285,829</u>

See Independent Auditor's Report.

NEWCOMB CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

June 30, 2022

Capital Assets, Net	\$ 5,349,273
Deduct:	
Bond Premium	29,752
Short-term portion of bonds payable	190,000
Long-term portion of bonds payable	1,960,000
Less unspent bond funds	(2,150,000)
Short-term portion of leases payable	25,585
Long-term portion of leases payable	<u>48,613</u>
Net Investment in Capital Assets	<u><u>\$ 5,275,075</u></u>

NEWCOMB CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS**

June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Date	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Service Cost	\$ 421,937	\$ 401,844	\$ 313,620	\$ 298,685	\$ 298,685
Interest	328,918	447,742	356,164	327,136	251,546
Changes in benefit terms	-	-	-	-	(519,555)
Differences between expected and actual experience in the Measurement of the total OPEB liability	2,113,018	-	2,540,944	-	190,551
Changes of assumption or other inputs	(90,040)	1,559,740	593,647	(213,250)	320,806
Benefit payments	<u>(302,273)</u>	<u>(282,497)</u>	<u>(308,471)</u>	<u>(299,486)</u>	<u>(262,707)</u>
Net change in total OPEB liability	2,471,560	2,126,829	3,495,904	113,085	279,326
Total OPEB liability - beginning	<u>14,823,343</u>	<u>12,696,514</u>	<u>9,200,610</u>	<u>9,087,525</u>	<u>8,808,199</u>
Total OPEB liability - Ending	<u>\$ 17,294,903</u>	<u>\$ 14,823,343</u>	<u>\$ 12,696,514</u>	<u>\$ 9,200,610</u>	<u>\$ 9,087,525</u>
Covered payroll	<u>\$ 2,575,246</u>	<u>\$ 2,644,637</u>	<u>\$ 2,502,528</u>	<u>\$ 2,444,003</u>	<u>\$ 2,478,568</u>
Total OPEB liability as a percentage of covered payroll	672%	561%	507%	376%	367%

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

See Independent Auditor's Report.

NEWCOMB CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30, 2022

	NYSERS Pension Plan Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	-0.001874%	0.001794%	0.001915%	0.001922%	0.002143%	0.002014%	0.001908%	0.001996%		
District's proportionate share of the net pension liability (asset)	\$ (153,177)	\$ 1,786	\$ 507,186	\$ 136,176	\$ 69,160	\$ 189,282	\$ 306,218	\$ 67,420		
District's covered- employee payroll	\$ 593,867	\$ 605,606	\$ 618,695	\$ 520,167	\$ 508,266	\$ 546,697	\$ 524,630	\$ 484,337		
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-25.79%	0.29%	81.98%	26.18%	13.61%	34.62%	58.37%	13.92%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	-103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%		

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

NEWCOMB CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Year Ended June 30, 2022

NYSERS Pension Plan
 Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 94,247	\$ 91,429	\$ 91,456	\$ 85,122	\$ 86,245	\$ 83,056	\$ 88,521	\$ 88,269	\$ 103,736	\$ 93,289
Contributions in relation to the contractually required contribution	\$ 94,247	\$ 91,429	\$ 91,456	\$ 85,122	\$ 86,245	\$ 83,056	\$ 88,521	\$ 88,269	\$ 103,736	\$ 93,289
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 593,867	605,606	618,695	520,167	508,266	546,697	524,630	484,337		
Contributions as a percentage of covered-employee payroll	15.87%	15.10%	14.78%	16.36%	16.97%	15.19%	16.87%	18.22%		

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

NEWCOMB CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30, 2022

	NYSTRS Pension Plan Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	-0.011013%	0.010249%	-0.010917%	-0.011223%	-0.011543%	0.011493%	-0.011327%	-0.010668%	-0.011218%	
District's proportionate share of the net pension liability (asset)	\$ (1,908,426)	\$ 283,198	\$ (283,636)	\$ (202,937)	\$ (87,735)	\$ 123,094	\$ (1,176,470)	\$ (1,188,375)	\$ (73,841)	
District's covered- employee payroll	\$ 1,871,310	2,059,573	1,744,023	1,842,381	1,833,918	1832118	1856752	1776548		
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-101.98%	13.75%	-16.26%	-11.01%	-4.78%	6.7%	-63.4%	-66.9%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	-113.2%	97.8%	-102.2%	-101.5%	-100.7%	99.0%	-110.5%	-111.5%		

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

NEWCOMB CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2022

NYSTRS Pension Plan
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 183,388	\$ 154,122	\$ 193,528	\$ 183,204	\$ 215,709	\$ 235,164	\$ 298,256	\$ 256,078	\$ 194,550	\$ -
Contributions in relation to the contractually required contribution	\$ 183,388	\$ 154,122	\$ 193,528	\$ 183,204	\$ 215,709	\$ 235,164	\$ 298,256	\$ 256,078	\$ 194,550	\$ -
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 1,871,310	\$ 2,059,573	\$ 1,744,023	\$ 1,842,381	\$ 1,833,918	\$ 1,832,118	\$ 1,856,752	\$ 1,776,548		
Contributions as a percentage of covered-employee payroll	9.80%	7.48%	11.10%	9.94%	11.76%	12.84%	16.06%	14.41%		

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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

To the Board of Education
Newcomb Central School District
Newcomb, 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, the business-type activities, each major fund and the aggregate remaining fund information of Newcomb Central School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Newcomb Central School District's basic financial statements and have issued our report thereon dated October 14, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Newcomb 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 Newcomb Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Newcomb 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Newcomb Central School District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of

findings and questioned costs that we consider to be a significant deficiencies. The finding is referenced as 2022-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Newcomb Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-001.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Newcomb Central School District's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Newcomb Central School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly we express no opinion on the response.

Purpose of this Report

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

Boulrice & Wood CPAs PC

October 14, 2022

**NEWCOMB CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2022**

FINANCIAL STATEMENTS

2022-001 Excess Fund Balance

Condition: The District's unassigned general fund balance was 36.47% of next year's budget.

Criteria: According to New York State Real Property Tax Law Section 1318, a district's unappropriated fund balance may not exceed an amount equal to 4% of next year's budget.

Cause: Actual expenditures are significantly less than budgeted amounts.

Effect: The District's unassigned general fund balance was 32.47% or \$1,977,969 over the amount allowable by law.

Recommendation: We recommend the District keep this law in mind when preparing next year's budget.

Views of Responsible Officials and Planned Corrective Action: Over the past 2 ½ years, the District experienced unanticipated operating savings due to COVID. The District also took measures to spend conservatively due to the unknown impact the pandemic would have on revenue, specifically State Aid. The Board of Education is aware of the district's fund balance (in excess of the 4% limitation required by New York State) and has initiated efforts to reduce. The District and Board of Education will work together to determine solutions to reduce the current fund balance now that the uncertainty and restrictions of the pandemic have lifted, keeping in mind the current economic instability and considering the best interest of the district and its taxpayers.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

To the School Board
Newcomb Central School District
Newcomb, NY

Opinions

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Newcomb Central School District as of and for the year ended June 30, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Newcomb Central School District as of June 30, 2022, and its receipts, disbursements and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

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 Extraclassroom Activity Funds of the Newcomb Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our 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 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility 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 Extraclassroom Activity Funds of the Newcomb Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Extraclassroom Activity Funds of the Newcomb 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.

Boulrice & Wood CPAs, PC

October 14, 2022

**NEWCOMB CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 17,242	\$ 27,950
Total Assets	<u>\$ 17,242</u>	<u>\$ 27,950</u>
FUND BALANCE		
Extraclassroom Activity	\$ 17,242	\$ 27,950
Total Fund Balance	<u>\$ 17,242</u>	<u>\$ 27,950</u>

See Notes to the Financial Statements – Extraclassroom Activity Fund

**NEWCOMB CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND ENDING BALANCES
Year Ended June 30, 2022**

Activity	Balance June 30, 2021	Receipts	Disbursements	Balance June 30, 2022
Class of 2021	\$ 8,575	\$ -	\$ 8,575	\$ -
Class of 2022	11,330	14,712	23,508	2,534
Class of 2023	7,477	4,680	462	11,695
Class of 2024	866	3,029	379	3,516
Class of 2025	-	1,008	150	858
Yearbook	(1,008)	2,209	3,433	(2,232)
National Honor Society	546	592	406	732
Sales Tax	164	554	579	139
	<u>\$ 27,950</u>	<u>\$ 26,784</u>	<u>\$ 37,492</u>	<u>\$ 17,242</u>

See Notes to the Financial Statements – Extraclassroom Activity Fund

NEWCOMB CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Basis of Accounting: The books and records of the Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Newcomb Central School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School with respect to its financial transactions and the designation of student management.

Cash Equivalents: For financial statement purposes all highly liquid investments having maturities of three months or less are considered as cash equivalents.