

MARION CENTRAL SCHOOL DISTRICT

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2022**

**MARION CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marion 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 District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marion Central School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Marion 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.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, during the year ended June 30, 2022, the Marion Central School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Marion 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Marion 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 Marion Central School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison schedule - general fund on page 47, schedule of changes in the District's total OPEB liability and related ratios on page 48, schedule of district's proportionate share of the net pension asset (liability) - TRS on page 49, schedule of district's proportionate share of the net pension asset (liability) - ERS on page 50, schedule of employer's contribution for TRS on page 51, schedule of employer's contribution for ERS on page 52, and notes to required supplementary information on page 53 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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marion Central School District's basic financial statements. The other supplementary information listed on the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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. Such 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2022, on our consideration of Marion Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marion Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marion Central School District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
October 4, 2022

MARION CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

The following is a discussion and analysis of the Marion Central School District (the "District") financial performance for the fiscal year ended June 30, 2022. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the district-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 District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Total district-wide revenues for the 2021-2022 year were \$23,279,179. This amount represents an increase of \$1,547,800 in revenues over the 2020-2021 year of \$21,731,379.
- Total district-wide expenses for the 2021-2022 year were \$18,129,358. These expenses were offset by program revenues that included \$232,402 in charges for services and \$2,016,141 in operating grants and contributions. The net cost for governmental activities that was ultimately financed by general revenues was \$15,880,815, which represents a decrease of \$1,867,853 from the 2020-2021 year.
- During the current fiscal year, the District was able to fund the mandatory contribution to the New York State Employee's Retirement System and Teacher's Retirement System (the "Systems") without the need to finance the payments. The total current year contributions to the systems were \$929,271, which is a \$75,144, or 9%, increase from the 2020-2021 amount of \$854,127. The District complies with GASB 68, *"Accounting and Financial Reporting for Pensions."* The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. The District has recorded a net pension asset of \$6,133,362 and a net pension liability of \$963,303 as of June 30, 2022 and 2021, respectively, as it relates to the New York State Teachers' Retirement System. The District has also recorded a net pension asset of \$370,815 and a net pension liability of \$5,265 as of June 30, 2022 and 2021, respectively, as it relates to the New York State Employees' Retirement System.
- Total District capital assets, net of depreciation increased by \$1,843,692 to \$21,080,227 in the 2021-2022 year as compared to \$19,236,535 in the 2020-2021 year.
- For the year ended June 30, 2022, the District implemented GASB No. 87, Leases. The objective of this statement is to improve accounting and financial reporting of leases by governments. Intangible right-to-use assets amounted to \$381,887 as of June 30, 2022. Amortization expense on the right-to-use assets was \$74,707 for the year ended June 30, 2022.
- Total long term debt decreased by \$8,052,378 to \$33,319,745 in the 2021-2022 year from \$41,372,123 in the 2020-2021 year. As required by GASB 75, the District records other post employment benefits (OPEB). In 2021-2022, liabilities on the statement of net position and expenses on the statement of activities decreased by \$5,621,222 for a total liability of \$27,937,801. Additionally, as required by GASB 68, the District records pension obligations. In 2021-2022, liabilities on the statement of net position decreased by \$968,568 and an asset was recorded in the amount of \$6,498,177 for a total decrease in expenses on the statement of activities of \$7,466,745 relating to this asset/liability. The asset/liability and expenditures are included only on the District-wide financial statements and are not included on the fund financial statements.

MARION CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts: management's discussion & analysis (this section), the basic financial statements, required supplementary information, other supplementary information and single audit reports. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the 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 fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the financial 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 District's budget for the year.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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.

These two statements report the District's net position and changes in those assets. The change in net position provides the reader with a tool to assist in determining whether the District's financial health is improving or deteriorating. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, student enrollment growth, required educational programs, and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the statement of net position and the statement of activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to: general support, instruction, pupil transportation, community services, debt interest, and the school lunch program. The District does not have any business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices the 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 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 emphasis of the fund financial statements is on the major funds. For the 2021-2022 year, the District reports three major funds; the general fund, special aid fund and capital projects fund.

In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition and therefore, no assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

MARION CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Governmental Funds

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

Fiduciary Fund

The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

MARION CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The statement of net position provides the perspective of the District as a whole.

Table 1

Condensed Statement of Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>Restated</u> <u>2021</u>	<u>%</u>
Assets			
Current assets	\$ 27,058,650	\$ 12,658,653	113.8
Capital assets	<u>21,462,114</u>	<u>19,612,418</u>	9.4
Total assets	<u>48,520,764</u>	<u>32,271,071</u>	50.4
 Deferred Outflows of Resources	 <u>8,537,504</u>	 <u>9,978,518</u>	 (14.4)
Liabilities			
Current liabilities	10,142,446	1,014,437	899.8
Long-term liabilities	<u>33,319,745</u>	<u>41,372,123</u>	(19.5)
Total liabilities	<u>43,462,191</u>	<u>42,386,560</u>	2.5
 Deferred Inflows of Resources	 <u>19,164,636</u>	 <u>10,581,409</u>	 81.1
Net Position			
Net investments in capital assets	17,969,393	13,831,482	29.9
Restricted	8,001,781	7,184,730	11.4
Unrestricted	<u>(31,539,733)</u>	<u>(31,734,592)</u>	0.6
Total net position	<u>\$ (5,568,559)</u>	<u>\$ (10,718,380)</u>	48.0

The increase in current assets is primarily due the change in both the NYSERS and NYSTRS pension plan to record a net pension asset instead of a net pension liability in the prior year. The increase in capital assets is a result of current year capital outlay exceeding depreciation expense and net book value of disposed assets. as well as, an increase in intangible right-to-use assets as a result of the implementation of GASB Statement No. 87, Leases.

Changes in deferred outflows of resources and deferred inflows of resources are primarily due to changes from the prior year, based on an actuarial valuation of the District's OPEB plan as well as changes in the District's proportionate share of NYSERS and NYSTRS pension plan assets/liabilities.

The increase in current liabilities is primarily due to an increase in accounts payable as well as the fact that the District obtained a bond anticipation note during the current year which is reported in the capital projects fund.

The decrease in long-term liabilities relates to changes in the actuarial valuation of the District's OPEB liability as well as the NYSERS and NYSTRS pension plans.

Net investment in capital assets decreased because the bond anticipation note and depreciation and amortization expense exceeded capital outlay and debt principal payments for the current year. The increase in restricted net position is primarily the result of increases in board approved reserves in the general fund. The District's unrestricted deficit decreased primarily due to changes in the OPEB liability and net pension obligations in 2022.

MARION CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Table 2

Changes in Net Position from Operating Results
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>%</u>
Revenues			
Program revenues			
Charges for services	\$ 232,402	\$ 261,803	(11.2)
Operating grants and contributions	<u>2,016,141</u>	<u>1,094,097</u>	84.3
Total program revenues	<u>2,248,543</u>	<u>1,355,900</u>	65.8
General revenues			
Property taxes and tax items	7,002,005	6,892,319	1.6
Non property tax items	259,811	260,982	(0.4)
State and federal sources	13,356,155	12,826,497	4.1
Other	<u>412,665</u>	<u>395,681</u>	4.3
Total general revenues	<u>21,030,636</u>	<u>20,375,479</u>	3.2
Total revenues	<u>23,279,179</u>	<u>21,731,379</u>	7.1
Program Expenses			
General support	1,826,819	2,752,248	(33.6)
Instruction	13,946,250	13,959,677	(0.1)
Pupil transportation	1,568,953	1,569,745	(0.1)
Debt interest	153,354	222,415	(31.1)
Community services	230	-	100.0
School lunch program	<u>633,752</u>	<u>600,483</u>	5.5
Total expenses	<u>18,129,358</u>	<u>19,104,568</u>	(5.1)
Change in Net Position	<u>\$ 5,149,821</u>	<u>\$ 2,626,811</u>	96.0

The cost of all governmental activities was \$18,129,358 and \$19,104,568 for 2022 and 2021, respectively. However, the amount that taxpayers ultimately financed for these activities through the District real property taxes and real property tax items was \$7,002,005 and \$6,892,319 for 2022 and 2021, respectively.

MARION CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

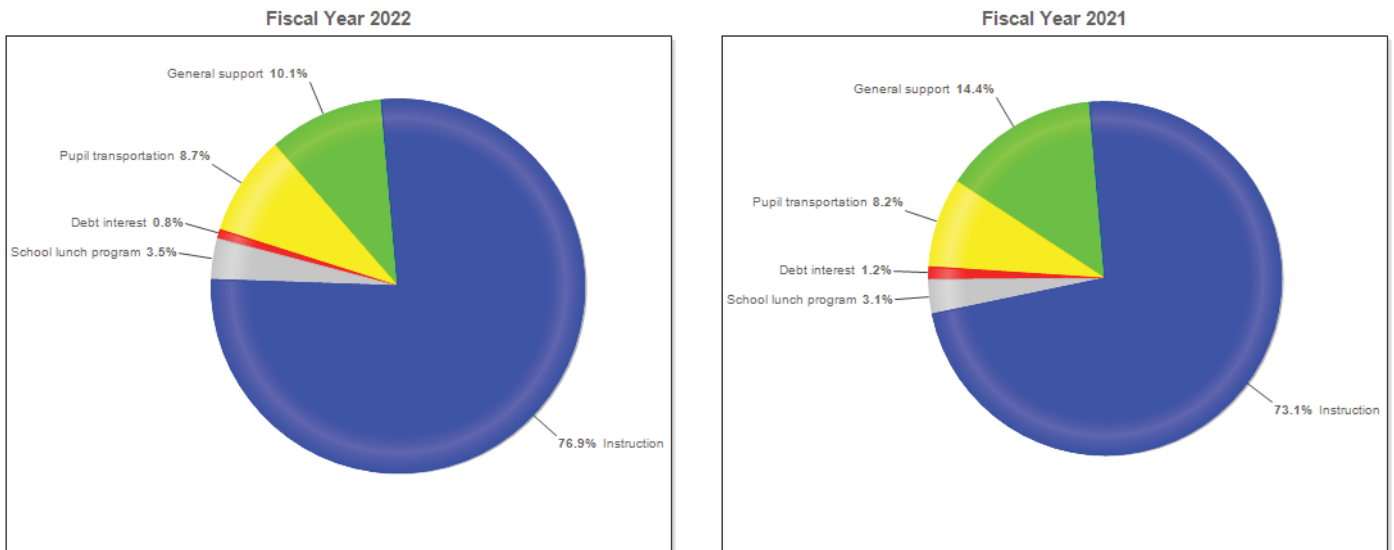
Sources of Revenues For Governmental Activities

Table 3



Program Expenses For Governmental Activities

Table 4



MARION CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Governmental Activities

In Table 5, we have presented the cost of each of the District's functions and programs, as well as each function's net cost (total cost less revenues generated by the activities). Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 5

	<u>Total Expenses of Services</u>		
	<u>2022</u>	<u>2021</u>	<u>%</u>
General support	\$ 1,826,819	\$ 2,752,248	(33.6)
Instruction	13,946,250	13,959,677	(0.1)
Pupil transportation	1,568,953	1,569,745	(0.1)
Debt interest	153,354	222,415	(31.1)
Community services	230	-	100.0
School lunch program	<u>633,752</u>	<u>600,483</u>	5.5
Total expenses	<u>\$ 18,129,358</u>	<u>\$ 19,104,568</u>	(5.1)

	<u>Net (Revenues) Expenses of Services</u>		
	<u>2022</u>	<u>2021</u>	<u>%</u>
General support	\$ 1,823,543	\$ 2,707,818	(32.7)
Instruction	12,519,558	13,356,906	(6.3)
Pupil transportation	1,533,782	1,533,755	-
Debt interest	153,354	222,415	(31.1)
Community services	230	-	100.0
School lunch program	<u>(149,652)</u>	<u>(72,226)</u>	107.2
Total expenses	<u>\$ 15,880,815</u>	<u>\$ 17,748,668</u>	(10.5)

- **General Support** - Includes expenses of the board of education, district offices, contracted professional services, buildings and grounds maintenance, insurance and BOCES administrative/building expenses.
- **Instruction** - Includes curriculum and staff development, school supervision, regular K-12 programs, special education, BOCES vocational education, summer schools, libraries, computer-assisted education, pupil personnel services (counseling, health, psychological, social work), co-curricular activities and interscholastic athletics.
- **Pupil Transportation** - Includes salaries for drivers, mechanics; expenses for the bus fleet and garage.
- **Debt Interest** - Includes the transactions associated with the payment of interest and other related charges to debt for improvements to the District.
- **Community Services** - Includes expenses connected with the annual school district census.
- **School Lunch Program** - Includes the preparation, delivery, and servicing of lunches, snacks, and other incidental meals to students and school staff.

MARION CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

THE DISTRICT'S FUNDS

Fund financial statements are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$23,922,700 and \$24,550,641 and expenditures and other financing uses of \$25,185,051 and \$23,846,604 in 2022 and 2021, respectively. The fund balance in the general fund increased by \$975,136 and decreased by \$155,102 in 2022 and 2021, respectively. The fund balance in the special aid fund increased by \$118,565 and decreased by \$118,565 in 2022 and 2021, respectively. The fund balance in the capital projects fund decreased by \$2,523,492 and increased by \$831,845 in 2022 and 2021, respectively. The fund balance in the school lunch fund increased by \$163,279 and \$86,185 in 2022 and 2021, respectively. The fund balance in the debt service fund increased by \$2,771 and \$60,314 in 2022 and 2021, respectively. The fund balance in the miscellaneous special revenue increased by \$1,390 and decreased by \$640 in 2022 and 2021, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2021-2022 general fund's actual revenue was \$20,942,221. That amount is above the original and final budget estimate of \$20,504,893. The \$437,328 variance between the final budget and actual revenues was due primarily to conservative budgeting and not knowing what the final expense based state aid numbers will be due to the year lag.

The 2021-2022 actual expenditures and other financing uses of the general fund were \$19,988,041, which is below the original budget of \$21,090,290 and the final budget estimate of \$21,582,411. The \$1,594,370 variance between the final amended budget and the June 30, 2022 actual results was due to conservative estimates of certain final expenditures related to healthcare benefits and students with special needs. A District the size of Marion CSD can be disparately impacted by the addition of new high-cost students. In the absence of the ability to carry a reserve for special education students, the District budgets conservatively in order to accommodate the needs of any new students and continually changing mandated services. The variance is also attributable to the additional state and federal money related to COVID-19.

The general fund's fund balance increased by \$975,136. The fund balance has \$7,610,918 in specified reserves and \$818,934 appropriated for 2022-2023 property taxes.

MARION CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal years 2022 and 2021, the District had \$39,758,713 and \$37,194,572 invested in land, buildings and renovations, buses, furniture and equipment, and leased equipment. Depreciation and amortization expense of \$1,152,424 and \$1,228,380 has been recorded in 2022 and 2021, respectively. The net book value at June 30, 2022 and 2021 was \$21,462,114 and \$19,612,418, respectively.

Table 6 shows the fiscal 2022 and 2021 balances for the major classes of assets:

Table 6
Capital Assets (Net of Depreciation and Amortization)
At June 30, 2022 and 2021

	<u>2022</u>	<u>Restated</u> <u>2021</u>	<u>%</u>
Land	\$ 139,803	\$ 139,803	-
Construction in progress	2,752,399	249,588	1,002.8
Buildings and renovations	16,423,210	17,002,608	(3.4)
Buses	1,313,226	1,346,737	(2.5)
Furniture and equipment	296,170	306,632	(3.4)
Site improvements	155,419	191,167	(18.7)
Intangible right-to-use asset	381,887	375,883	1.6
Total	<u>\$ 21,462,114</u>	<u>\$ 19,612,418</u>	9.4

Additional information on the District's capital assets can be found in the notes to the financial statements. In addition, a schedule of project expenditures can be found in the other supplementary information section.

Long-Term Debt

At June 30, 2022 and 2021, the District had total long-term debt of \$33,319,745 and \$41,372,123, respectively.

Table 7
Outstanding Debt
At June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>%</u>
Compensated absences	\$ 972,449	\$ 971,988	-
Retainage payable	96,807	-	100.0
General obligation bonds - net	4,312,688	5,872,544	(26.6)
Net pension liability	-	968,568	(100.0)
Total OPEB liability	27,937,801	33,559,023	(16.8)
Total	<u>\$ 33,319,745</u>	<u>\$ 41,372,123</u>	(19.5)

The District's bond rating was A1 for 2022 and 2021.

Additional information on the District's long-term debt can be found in the notes to the financial statements.

MARION CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The general fund budget for the 2022-2022 school year was approved by the voters in the amount of \$21,224,095. This is an increase of 0.63% over the previous year's budget.

The 2022-2023 budget is impacted by certain trends impacting school districts. These include increases in retirement contributions and health insurance costs. COVID-19 has caused unexpected costs which are expected to continue into the 2022-2023 school year. The District is facing increased costs in wages in order to remain competitive to hire and retain staff. Inflation is also driving up supply costs and contract services.

The New York State Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60% of the vote. A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years.

The United States is at the end of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level have resulted in 8%+ inflation rate, higher wages, and supply shortages. Federal money will help the State and school district budgets for the next one or two years. A bigger concern is what will the school and the State budget look like when the Federal money stops. The impact of this situation on the District and its future results and financial position is looking dire, unless there is a significant increase in revenue to offset inflation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Marion Central School District
Business Office
4034 Warner Road
Marion, NY 14505

MARION CENTRAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents - unrestricted	\$ 10,411,332
Other receivables - net	55,460
State and federal aid receivables	863,194
Due from other governments	811,106
Inventory	9,835
Cash and cash equivalents - restricted	8,000,993
Prepaid expenses	402,553
Net pension asset - proportionate share	6,504,177
Capital assets	
Capital assets - not depreciated	2,892,202
Capital assets - net of depreciation	18,188,025
Intangible right-to-use asset - net of amortization	381,887
Total assets	<u>48,520,764</u>
Deferred Outflows of Resources	
Deferred outflows of resources - pensions	4,444,348
Deferred outflows of resources - OPEB	4,056,302
Deferred refunding proceeds - net	36,854
Total deferred outflows of resources	<u>8,537,504</u>
Liabilities	
Accounts payable	1,638,319
Accrued liabilities	118,566
Due to other governments	155
Bond anticipation note payable	7,600,000
Due to retirement systems	785,406
Long-term liabilities	
Portion due or payable within one year	
Bonds payable	495,000
Portion due or payable after one year	
Bonds payable - net	3,817,688
Compensated absences	972,449
Retainages payable	96,807
Total OPEB liability	27,937,801
Total liabilities	<u>43,462,191</u>
Deferred Inflows of Resources	
Deferred inflows of resources - pensions	8,200,460
Deferred inflows of resources - OPEB	10,693,838
Deferred revenues	270,338
Total deferred inflows of resources	<u>19,164,636</u>
Net Position	
Net investment in capital assets	17,969,393
Restricted for	
ERS retirement contribution	1,387,016
TRS retirement contribution	456,459
Employee benefit accrued liability	904,661
Unemployment insurance	83,388
Capital - bus purchase - 2010	678,306
Capital - bus purchase - 2019	1,230,441
Capital - 2018	2,411,229
Debt	390,863
Property loss reserve and liability	8,772
Workers compensation	450,646
Unrestricted	<u>(31,539,733)</u>
Total net position	<u>\$ (5,568,559)</u>

The accompanying notes are an integral part of these financial statements.

MARION CENTRAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u> <u>Revenues and</u> <u>Changes in Net</u> <u>Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental activities				
General support	\$ 1,826,819	\$ 3,276	\$ -	\$ (1,823,543)
Instruction	13,946,250	3,100	1,423,592	(12,519,558)
Pupil transportation	1,568,953	35,171	-	(1,533,782)
Debt interest	153,354	-	-	(153,354)
Community services	230	-	-	(230)
School lunch program	633,752	190,855	592,549	149,652
Total governmental activities	<u>\$ 18,129,358</u>	<u>\$ 232,402</u>	<u>\$ 2,016,141</u>	<u>(15,880,815)</u>
General Revenues				
				5,780,755
Real property taxes				1,221,250
Real property tax items				259,811
Non property tax items				27,802
Use of money and property				(57,004)
Sale of property and compensation for gain (loss)				441,867
Miscellaneous local sources				<u>13,356,155</u>
State sources and federal sources				<u>21,030,636</u>
Total general revenues				
Change in Net Position				<u>5,149,821</u>
Net Position - Beginning, as Previously Stated				(11,094,263)
Cumulative Effect of Change in Accounting Principle (Note 14)				<u>375,883</u>
Net Position - Beginning, as Restated				<u>(10,718,380)</u>
Net Position - Ending				<u>\$ (5,568,559)</u>

The accompanying notes are an integral part of these financial statements.

MARION CENTRAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Special Aid</u>	<u>Capital</u>	<u>Other</u>	<u>Total</u>
	<u>ASSETS</u>	<u>Fund</u>	<u>Projects Fund</u>	<u>Governmental</u>	<u>Governmental</u>
Assets					
Cash and cash equivalents - unrestricted	\$ 1,469,171	\$ 184,664	\$ 8,479,920	\$ 277,577	\$ 10,411,332
Other receivables - net	-	45,519	-	9,941	55,460
Due from other funds	460,178	93,074	-	788	554,040
State and federal aid receivables	436,256	328,765	-	98,173	863,194
Due from other governments	811,106	-	-	-	811,106
Inventory	-	-	-	9,835	9,835
Prepaid expenditures	402,553	-	-	-	402,553
Cash and cash equivalents - restricted	7,610,918	-	-	390,075	8,000,993
Total Assets	<u>\$ 11,190,182</u>	<u>\$ 652,022</u>	<u>\$ 8,479,920</u>	<u>\$ 786,389</u>	<u>\$ 21,108,513</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 343,096	\$ 21,314	\$ 1,271,259	\$ 2,650	\$ 1,638,319
Accrued liabilities	117,552	1,014	-	-	118,566
Due to other funds	93,075	460,178	787	-	554,040
Due to other governments	-	-	-	155	155
Bond anticipation note	-	-	7,600,000	-	7,600,000
Due to retirement systems	785,406	-	-	-	785,406
Total liabilities	<u>1,339,129</u>	<u>482,506</u>	<u>8,872,046</u>	<u>2,805</u>	<u>10,696,486</u>
Deferred Inflows of Resources					
Unearned revenue	<u>75,084</u>	<u>169,516</u>	<u>-</u>	<u>25,738</u>	<u>270,338</u>
Fund Balances					
Nonspendable					
Inventory	-	-	-	9,835	9,835
Prepaid expenditures	402,553	-	-	-	402,553
Restricted					
Reserve for ERS retirement contribution	1,387,016	-	-	-	1,387,016
Reserve for TRS retirement contribution	456,459	-	-	-	456,459
Reserve for employee benefit accrued liability	904,661	-	-	-	904,661
Reserve for unemployment insurance	83,388	-	-	-	83,388
Reserve for capital - bus purchase - 2010	678,306	-	-	-	678,306
Reserve for capital - bus purchase - 2019	1,230,441	-	-	-	1,230,441
Reserve for capital - 2018	2,411,229	-	-	-	2,411,229
Reserve for property loss reserve and liability reserve	8,772	-	-	-	8,772
Reserve for workers compensation	450,646	-	-	-	450,646
Reserve for debt	-	-	-	390,863	390,863
Assigned					
Reserve for subsequent year	818,934	-	-	-	818,934
Reserve for miscellaneous special revenue	-	-	-	76,565	76,565
Reserve for school lunch	-	-	-	280,583	280,583
Reserve for encumbrances	94,600	-	9,704,296	-	9,798,896
Unassigned	848,964	-	(10,096,422)	-	(9,247,458)
Total fund balances	<u>9,775,969</u>	<u>-</u>	<u>(392,126)</u>	<u>757,846</u>	<u>10,141,689</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,190,182</u>	<u>\$ 652,022</u>	<u>\$ 8,479,920</u>	<u>\$ 786,389</u>	<u>\$ 21,108,513</u>

The accompanying notes are an integral part of these financial statements.

MARION CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total governmental fund balances \$ 10,141,689

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

Capital assets and intangible right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of the following:

Capital assets - not depreciated		
Land	\$ 139,803	
Construction in progress	2,752,399	
Total capital assets - not depreciated		2,892,202
Capital assets - net of depreciation		
Buildings and renovations	29,065,651	
Buses	2,516,023	
Furniture and equipment	3,177,379	
Site improvements	<u>1,458,572</u>	
Total depreciable assets	36,217,625	
Less - accumulated depreciation	<u>(18,029,600)</u>	
Total capital assets - net of depreciation		18,188,025
Intangible right-to-use-assets - net of amortization		
Intangible right-to-use assets	648,886	
Less - accumulated amortization	<u>(266,999)</u>	
Total intangible right-to-use assets - net of amortization		381,887

Some assets, liabilities, deferred outflows and deferred inflows related to pension and OPEB liabilities are not reported in governmental funds. These consist of the following:

Net pension asset - teacher's retirement system	6,133,362	
Net pension asset - employee's retirement system	370,815	
Total OPEB liability	(27,937,801)	
Deferred outflows of resources - pensions	4,444,348	
Deferred outflows of resources - OPEB	4,056,302	
Deferred inflows of resources - pensions	(8,200,460)	
Deferred inflows of resources - OPEB	<u>(10,693,838)</u>	
Total pension and OPEB related items		(31,827,272)

Deferred loss on refunding on bonds payable is not reported in the governmental funds but is reported in the statement of net position. 36,854

Long-term liabilities that are not due and payable in the current period are not reported in the funds. These consist of the following:

Bonds payable - net	(4,312,688)	
Retainages payable	(96,807)	
Compensated absences	<u>(972,449)</u>	
		<u>(5,381,944)</u>

Net position of governmental activities \$ (5,568,559)

The accompanying notes are an integral part of these financial statements.

MARION CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Real property taxes	\$ 5,780,755	\$ -	\$ -	\$ -	\$ 5,780,755
Real property tax items	1,221,250	-	-	-	1,221,250
Non property tax items	259,811	-	-	-	259,811
Charges for services	-	3,276	-	-	3,276
Intergovernmental charges	38,271	-	-	170,880	209,151
Use of money and property	25,031	-	-	2,771	27,802
Sale of property	20,548	-	-	-	20,548
Miscellaneous local sources	240,402	170,921	-	30,544	441,867
State sources	13,312,232	302,986	-	11,656	13,626,874
Federal sources	43,921	1,120,609	-	539,162	1,703,692
Surplus food	-	-	-	41,730	41,730
Sales - school lunch	-	-	-	19,975	19,975
Total revenues	<u>20,942,221</u>	<u>1,597,792</u>	<u>-</u>	<u>816,718</u>	<u>23,356,731</u>
Other Financing Source					
Interfund transfers	<u>20,956</u>	<u>93,074</u>	<u>451,939</u>	<u>-</u>	<u>565,969</u>
Total revenues and other financing source	<u>20,963,177</u>	<u>1,690,866</u>	<u>451,939</u>	<u>816,718</u>	<u>23,922,700</u>
Expenditures					
General support	2,314,329	28,193	1,951,231	-	4,293,753
Instruction	9,933,000	1,156,160	671,429	26,141	11,786,730
Pupil transportation	991,646	181,504	331,815	-	1,504,965
Community services	230	-	-	-	230
Employee benefits	4,545,367	206,444	-	116,377	4,868,188
Debt principal	1,525,000	-	-	-	1,525,000
Debt interest	133,456	-	-	-	133,456
Cost of sales	-	-	-	506,760	506,760
Total expenditures	<u>19,443,028</u>	<u>1,572,301</u>	<u>2,954,475</u>	<u>649,278</u>	<u>24,619,082</u>
Other Financing Use					
Interfund transfers	<u>545,013</u>	<u>-</u>	<u>20,956</u>	<u>-</u>	<u>565,969</u>
Total expenditures and other financing use	<u>19,988,041</u>	<u>1,572,301</u>	<u>2,975,431</u>	<u>649,278</u>	<u>25,185,051</u>
Change in Fund Balances	975,136	118,565	(2,523,492)	167,440	(1,262,351)
Fund Balances - Beginning	<u>8,800,833</u>	<u>(118,565)</u>	<u>2,131,366</u>	<u>590,406</u>	<u>11,404,040</u>
Fund Balances - Ending	<u>\$ 9,775,969</u>	<u>\$ -</u>	<u>\$ (392,126)</u>	<u>\$ 757,846</u>	<u>\$ 10,141,689</u>

The accompanying notes are an integral part of these financial statements.

MARION CENTRAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds		\$ (1,262,351)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays and leased equipment as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation and amortization expense. In the current period, these amounts are the following:		
Capital outlay	\$ 2,667,146	
Pupil transportation	331,815	
Depreciation expense	(1,077,717)	
Leased equipment	80,711	
Amortization expense	<u>(74,707)</u>	
Excess of capital outlay and leased equipment over depreciation and amortization		1,927,248
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current period, these amounts are the following:		
Debt repayments		1,525,000
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. In the current period, these amounts are the following:		
Compensated absences		(461)
Changes in pension and OPEB related assets/liabilities and deferred inflows and outflows are not financial resources or are not due and payable in the current period and therefore are not reported in the funds. These consist of the following:		
Employee's retirement system		376,080
Teacher's retirement system		7,096,665
Deferred outflows of resources - pensions		(870,975)
Deferred inflows of resources - pensions		(6,110,439)
Total OPEB liability		5,621,222
Deferred inflows of resources - OPEB		(2,442,626)
Deferred outflows of resources - OPEB		(1,300,691)
Some items reported as expenditures in governmental funds are required to be deferred in the statement of net position. In the current period those amounts are:		
Accrued contributions to TRS		714,446
Accrued contributions to ERS		70,960
Other differences		
Retained percentages	(96,807)	
Amortization of deferred refunding proceeds	(54,754)	
Amortization of bond premiums	34,856	
Disposition of assets	<u>(77,552)</u>	
Total other differences		<u>(194,257)</u>
Change in net position of governmental activities		<u>\$ 5,149,821</u>

The accompanying notes are an integral part of these financial statements.

MARION CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2022

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ <u>121,266</u>
Total Assets	\$ <u>121,266</u>
Net Position	
Net position - restricted	\$ <u>121,266</u>
Total Liabilities and Net Position	\$ <u>121,266</u>

The accompanying notes are an integral part of these financial statements.

MARION CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2022

	<u>Custodial Fund</u>
Additions	
Extraclassroom receipts	\$ <u>219,728</u>
Total additions	219,728
Deductions	
Extraclassroom disbursements	<u>200,943</u>
Total deductions	<u>200,943</u>
Change in Fiduciary Net Position	18,785
Fiduciary Net Position - Beginning	<u>102,481</u>
Fiduciary Net Position - Ending	\$ <u>121,266</u>

The accompanying notes are an integral part of these financial statements.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The financial statements of the Marion Central School District, State of New York (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units (hereinafter referred to as generally accepted accounting principals (GAAP)). The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The following is a summary of significant accounting policies and reporting practices of the District:

A. Reporting Entity

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *Defining The Financial Reporting Entity*, and Statement No. 61, *The Financial Reporting Entity: Omnibus*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the 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 District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be obtained at the District's business office. The District accounts for assets held as an agent for various student organizations in the custodial fund.

B. Joint Venture

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

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

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

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

C. 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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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 goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expense for those areas.

2. Fund Financial Statements

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

The District reports the following funds:

a) Major Governmental

- 1) **General Fund** - This is the District's primary operating funds. It accounts for all financial transactions that are not required to be accounted for in another fund. The general fund is always reported as a major fund.
- 2) **Special Aid Fund** - The special aid fund is a special revenue fund that accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. This fund also accounts for the activity of the District's fuel facility.
- 3) **Capital Projects Fund** - This fund is used to account for the financial resources used for the construction, incidental and contingency costs related to capital projects of the District and buses.

b) Fiduciary Fund - The District complies with GASB Statement No. 84 - "Fiduciary Activities." Fiduciary funds are used to account for assets held by the local government in a trustee or custodial capacity. The District has the following fiduciary fund:

- 1) **Custodial Fund** - The custodial fund is used to account for all funds held by the District in a custodial capacity. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

c) Non-Major Governmental - The other funds which are not considered major are aggregated and reported as an other governmental fund and are as follows:

- 1) **School Lunch Fund** - The school lunch fund is a special revenue fund that accounts for transactions of the District's lunch, breakfast and milk programs.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

- 2) **Debt Service Fund** - This fund is used to account for and report the accumulation of resources that are restricted, committed, or assigned to expenditure for the payment of principal and interest on long-term debt.
- 3) **Miscellaneous Special Revenue Fund** - This fund is used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria governs the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

D. Measurement Focus and Basis of Accounting

1. Accrual

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes and sales taxes are recognized in the fiscal year for which the taxes are levied or earned. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Modified Accrual

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

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

E. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

F. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st, and became a lien on August 16, 2021. Taxes were collected during the period September and October, 2021.

Uncollected real property taxes are subsequently enforced by the County of Wayne in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1st.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

H. Due from/to State, Federal and Other Governments

The District reports due from state, federal and other governments, which consisted of funds claimed but not received from various state, federal and other government agencies.

I. Inventories and Prepaid Items

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

J. Due To/From Other Funds

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

K. Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. 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) for the District are \$1,000 on all classes of assets. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

	<u>Estimated Useful Life</u>
Buildings and renovations	20 - 50 Years
Buses	8 Years
Furniture and equipment	5 - 20 Years
Site improvements	15 - 20 Years

L. Intangible Right-to-Use Assets

The District has recorded intangible right-to-use lease assets as a result of implementing GASB Statement No. 87, Leases. The intangible right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The intangible right-to-use assets are amortized on a straight-line basis over the life of the related lease. The District capitalizes all lease agreements over a useful life between 5 and 10 years.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

M. Capital Lease Obligations

Leases that meet certain criteria are classified as capital lease obligations and recorded at the lesser of the present value of minimum lease payments or the fair value of the leased property at inception. The District did not have any capital lease obligations for the year ended June 30, 2022.

N. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, retainages payable and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, retainages payable, other post employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due within one year or due within more than one year in the statement of net position.

O. Accounting and Financial Reporting for Pensions

The District complies with GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The primary objective of the statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the statements requires the District to report as an asset and/or liability its portion of the collective pension asset and/or liability in the New York State Teachers' and Employees' Retirement Systems. The implementation of the statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the District contributions to the pension systems subsequent to the measurement date. See Note 8.

P. Accounting and Financial Reporting for Post Employment Benefits

The District complies with GASB Statement No. 75 - *"Accounting and Financial Reporting for Post employment Benefits Other Than Pensions"*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post employment benefits other than pensions (other post employment benefits or OPEB). See Note 9.

Q. Vested Employee Benefits

The District employees are provided benefits as follows:

1. **Vacation and Sick Leave** - The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (LIFO) basis. Upon retirement, resignation or death, employees may receive a payment of unused accumulated sick leave, based on contractual provisions.
2. **Retirement** - The District provides retirement benefits for substantially all its regular full-time teachers and employees, and its part-time teachers or employees who elect to participate, through contributions to the New York State Teachers' Retirement System (TRS), and the New York State and Local Retirement System (ERS), respectively. The Systems provide various plans and options, some of which require employee contributions. The Systems compute the cost of retirement benefits based on their respective fiscal years: TRS - July 1st to June 30th, and ERS - April 1st to March 31st.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

3. **Compensated Absences** - Accumulated unpaid vacation and compensated absence pay is recorded in the District-wide statements as a noncurrent liability that will be funded from future resources or budgets. Payment of vacation and compensated absences recorded in the District-wide statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and compensatory absences when such payment becomes due.
4. **Post Employment Benefits** - In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the school district and its employee groups. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District pays 50% to 90% of non-teachers and up to 90% of teachers cost of premiums to an insurance company which provides health care insurance. The retired employee pays for their portion of the premiums directly each month. See further detail in Note 9.

R. Budgetary Procedures and Budgetary Accounting

The District administration prepares a proposed budget for approval by the Board of Education for the general fund. The voters of the District approved the proposed appropriation budget for the general fund on May 4, 2021.

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

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison for the special revenue funds (if any) reflects budgeted and actual amounts only for funds with legally authorized (appropriated) budgets.

S. Unearned and Unavailable Revenues

Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

The governmental fund financial statements report unavailable revenues when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflow of resources is removed and revenues are recorded.

T. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports a deferred charge on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The District also reports deferred outflows of resources related to the pension plans and the OPEB plan in the district-wide statement of net position. The types of deferred outflows of resources related to the pension plans and the OPEB plan are described in Notes 8 and 9, respectively.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to cash received before the related revenue is earned and is reported as unearned revenue. The District reports deferred inflows of resources related to the pension plans and the OPEB plan which are further described in Notes 8 and 9, respectively.

U. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported 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.

V. Restricted Resources

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

W. Net Position and Fund Balance - Reservations and Designations

1. District-wide statements

In the district-wide statements there are three classification of net position:

Net Investment in Capital Assets - This component of net position consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets as well as unspent bond proceeds.

Restricted Net Position - This component of net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted Net Position - This component of net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

The District will fund outlays for a particular purpose for both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When resources are available from multiple classifications, the District spends funds in the following order: restricted, unrestricted.

2. Fund statements

The District complies with GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*". This Statement improves the usefulness and clarity of fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance** - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

- **Restricted Fund Balance** - amounts with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments
- **Committed Fund Balance** - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint. For the purposes of the District, the highest level of decision making authority resides with the Board of Education. The District does not maintain committed fund balance.
- **Assigned Fund Balance** - amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the Board of Education delegates the authority.
- **Unassigned Fund Balance** - amounts that are available for any purpose.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District establishes and modifies fund balance commitments by a passage of a resolution in meetings of the Board of Education. Assigned fund balance is established by the District through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service or for other purposes). The District's Purchasing Agent is responsible for all the purchasing activities of the District and encumbrances at year end, which are considered assigned funds and therefore, the purchasing agent is designated as having the authority to assign amounts intended to be used for specific purposes. The Board of Education approves the adoption and amendment of the budget and has the authority of final review of all assignments of fund balance. When resources are available from multiple classifications, the District spends funds in the following order: restricted, committed, assigned, unassigned.

The District has implemented a policy in accordance with Real Property Tax Law §1318 which limits the amount of unexpended surplus funds a school district can retain to no more than 4% of next year's budgetary appropriations. Funds properly retained under other sections of law are excluded from the 4% limitation. Under GASB Statement No. 54 classifications, the 4% limitation is interpreted to be the total of committed, assigned, and unassigned classifications, minus the appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction and encumbrances included in committed and assigned fund balance.

The following is a summary of the District's fund balance classifications and categories within those classifications. Restricted and assigned fund balance categories are available to the District. Any capital gains or interest earned on restricted or assigned fund resources becomes part of the respective restricted or assigned fund balance category. While a separate bank account is not necessary for each restricted or assigned fund, a separate identity for each reserve fund must be maintained.

A. Nonspendable

1. Reserve for Inventory - Amounts classified as nonspendable for inventory related directly to the amounts reported in the balance sheet - governmental funds as inventory. The balance at June 30, 2022 is \$9,835.

2. Reserve for Prepaid Expenditures - Amounts classified as nonspendable for prepaid expenditures related directly to the amounts reported in the balance sheet - governmental funds as prepaid expenditures. The balance at June 30, 2022 is \$402,553.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

B. Restricted

1. Retirement Contribution Reserve - Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing contributions to the New York State and Local Employee's Retirement System (ERS). The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the reserve must be provided to the Board. This reserve is accounted for in the general fund. The balance at June 30, 2022 is \$1,387,016.

a. Reserve for Teacher Retirement System - TRS reserve is used for the purpose of financing retirement contributions to the New York State Teacher's Retirement System. General Municipal Law (GML §6-r) permits school districts to finance retirement contributions to the TRS. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the reserve must be provided to the Board. The reserve is accounted for in the general fund as a subfund of the Retirement Contribution Reserve. The balance at June 30, 2022 is \$456,459.

2. Employee Benefit Accrued Liability Reserve - Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits 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. The reserve is accounted for in the general fund. The balance at June 30, 2022 is \$904,661.

3. Unemployment Insurance Reserve - Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund. The balance at June 30, 2022 is \$83,388.

4. Capital Reserve - Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. 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. The reserve is accounted for in the general fund and is recorded in three separate reserve accounts; capital reserve 2018 and bus purchase reserve 2010 and 2019. The combined balance at June 30, 2022 for the general capital reserve is \$4,319,976. The term limit on the 2010 bus purchase reserve has expired, funds will continue to be used with proper voter approval until the funds are depleted.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

5. Property Loss Reserve and Liability Reserve - Property Loss Reserve and Liability Reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund. The balance at June 30, 2022 is \$8,772.

6. Workers' Compensation Reserve - Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve 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. The reserve is accounted for in the general fund. The balance at June 30, 2022 is \$450,646.

7. Debt Service Reserve - Mandatory Reserve for Debt Service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the debt service fund. The balance at June 30, 2022 is \$390,863.

C. Assigned

1. Reserve for Subsequent Year - Reserve for subsequent year represents the estimated fund balance that is appropriated into the adopted budget. The reserve is accounted for in the general fund. The balance at June 30, 2022 is \$818,934.

2. Reserve for Miscellaneous Special Revenue - Reserve for miscellaneous special revenue fund represents the remaining assigned portion of fund balance in the miscellaneous special revenue fund. This reserve is accounted for in the miscellaneous special revenue fund. The balance at June 30, 2022 is \$76,565.

3. Reserve for School Lunch - Reserve for school lunch represents the remaining assigned portion of fund balance in the school lunch fund. The reserve is accounted for in the school lunch fund. The balance at June 30, 2022 is \$280,583.

5. Reserve for Encumbrances - Reserve for subsequent year represents the estimated fund balance that is appropriated into the adopted budget. The reserve is accounted for in the general fund, special aid fund, and capital projects fund. The balance at June 30, 2022 is \$9,798,896.

D. Deficit Fund Balance

1. Capital Project Fund Deficit - The capital project fund has a deficit fund balance of \$10,096,422 as of June 30, 2022. This deficit will be eliminated when permanent financing on the current capital project is obtained.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Note 2. Cash

A. Cash and Investments

The District's investment policies are governed by State statutes. In addition, the District has its own written investment policy. The District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the Federal government.

Deposits and investments at year-end were entirely covered by Federal Deposit Insurance or by collateral held by the District's custodial bank in the District's name. They consisted of:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and cash equivalents	\$ <u>18,533,591</u>	\$ <u>18,858,271</u>
Collateralized amounts		\$ 18,608,164
Covered by FDIC insurance		<u>250,107</u>
Total deposits		\$ <u>18,858,271</u>

Deposits - All deposits including certificates of deposit are carried at cost plus interest.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

B. Scholarship Funds

The District administers endowment funds, which are restricted by the donor for the purpose of scholarships. The following summarizes the activity for the scholarships in the miscellaneous special revenue fund for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Interest</u>	<u>Donations</u>	<u>Awards</u>	<u>Ending Balance</u>
Barry Ameele Memorial	\$ 2,030	\$ -	\$ -	\$ 250	\$ 1,780
John and Judy DeGelleke Memorial	15,117	-	-	750	14,367
Jeff DeLyser Memorial	15,314	-	2,500	250	17,564
Helen Fleegel Memorial	500	-	-	500	-
Merritt Means Memorial	1	-	-	-	1
Edna Murphy Memorial	3	-	-	-	3
Anette Redmond Memorial	2,002	-	-	750	1,252
Andrew Stevens Memorial	786	-	-	200	586
The Fisk Family Memorial	4	-	-	-	4
Kelli Jo Young Memorial	78	-	500	500	78
Chester Curtis Memorial	300	-	-	300	-
Shirley Miller Spring Memorial	2,655	-	-	300	2,355
Graduation Award Acct. Memorial	157	-	-	-	157
Evan Woodward and Taylor Christie Scholarship	8,681	-	3,005	600	11,086
General Scholarship	1,195	-	-	-	1,195
Randall Carlton Miller Memorial	923	-	-	500	423
Mark R. Hoefen Memorial	7	-	1,200	300	907
Paul Daniel Phelps Memorial	7,198	-	100	500	6,798
Matthew and Joanna Williams Memorial	4,420	-	-	1,000	3,420
MCS Alumni Memorial	2,582	-	3,485	2,800	3,267
MCS Alumni Memorial-Dr. A John Walker	5,402	-	100	-	5,502
John A. Shoales Scholarship	5,018	-	5,000	5,000	5,018
Jacob John DePoint	802	-	-	-	802
Marion Knight Scholarship	-	-	11,291	11,291	-
Majorie Jansen Teaching Scholarship	-	-	100	100	-
Fred and Carrie Lookup Business Award	-	-	50	50	-
Meredith Sorensen Scholarship	-	-	200	200	-
Total	<u>\$ 75,175</u>	<u>\$ -</u>	<u>\$ 27,531</u>	<u>\$ 26,141</u>	<u>\$ 76,565</u>

Note 3. Participation in BOCES

During the year, the District was billed \$3,157,513 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,093,989 for the year ended June 30, 2022. Financial statements for the BOCES are available from the BOCES administrative office.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Note 4. Capital Assets

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

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Depreciated				
Land	\$ 139,803	\$ -	\$ -	\$ 139,803
Construction in progress	<u>249,588</u>	<u>2,502,811</u>	<u>-</u>	<u>2,752,399</u>
Total capital assets not depreciated	<u>389,391</u>	<u>2,502,811</u>	<u>-</u>	<u>2,892,202</u>
Capital Assets Depreciated				
Buildings and renovations	28,945,802	119,849	-	29,065,651
Buses	2,670,059	331,815	(485,851)	2,516,023
Furniture and equipment	3,162,573	44,486	(29,680)	3,177,379
Site improvements	<u>1,458,572</u>	<u>-</u>	<u>-</u>	<u>1,458,572</u>
Total capital assets depreciated	<u>36,237,006</u>	<u>496,150</u>	<u>(515,531)</u>	<u>36,217,625</u>
Less - Accumulated Depreciation				
Buildings and renovations	11,943,194	699,247	-	12,642,441
Buses	1,323,322	290,108	(410,633)	1,202,797
Furniture and equipment	2,855,941	52,614	(27,346)	2,881,209
Site improvements	<u>1,267,405</u>	<u>35,748</u>	<u>-</u>	<u>1,303,153</u>
Total accumulated depreciation	<u>17,389,862</u>	<u>1,077,717</u>	<u>(437,979)</u>	<u>18,029,600</u>
Total capital assets depreciated - net	<u>18,847,144</u>	<u>(581,567)</u>	<u>(77,552)</u>	<u>18,188,025</u>
Intangible Right-to-Use Assets				
Leased equipment	568,175	80,711	-	648,886
Less - Accumulated Amortization				
Leased equipment	<u>192,292</u>	<u>74,707</u>	<u>-</u>	<u>266,999</u>
Total intangible right-to-use assets - net	<u>375,883</u>	<u>6,004</u>	<u>-</u>	<u>381,887</u>
Governmental Activities Capital Assets - Net	<u>\$ 19,612,418</u>	<u>\$ 1,927,248</u>	<u>\$ (77,552)</u>	<u>\$ 21,462,114</u>

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
Depreciation Expense	
General support	\$ 10,995
Instruction	765,999
Pupil transportation	290,108
School lunch program	<u>10,615</u>
Total depreciation expense	<u>1,077,717</u>
Amortization Expense	
Instruction	<u>74,707</u>
Total amortization expense	<u>74,707</u>
Total depreciation and amortization expense	<u>\$ 1,152,424</u>

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Note 5. Indebtedness

A. Short-Term Debt

Bond Anticipation Note

The changes in the District's bond anticipation note are as follows:

<u>Purpose</u>	<u>Due Date / Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital - reconstruction of buildings and facilities	06/23; 2.60%	\$ <u> </u> -	\$ <u>7,600,000</u>	\$ <u> </u> -	\$ <u>7,600,000</u>

There was no interest paid on short-term debt for the year ended June 30, 2022.

B. Long-Term Debt

Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the District-wide statement of net position.

The District had the following serial bonds outstanding as of June 30, 2022:

<u>Purpose</u>	<u>Due Date / Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Serial Bond - \$1.92M Refinance	06/29; 2.00% - 4.50%	\$ 850,000	\$ -	\$ 95,000	\$ 755,000
Serial Bond - \$5.47M Refinance	06/22; 1.50% - 4.00%	945,000	-	945,000	-
Serial Bond - \$1.065M Refinance	06/25; 2.00%	680,000	-	190,000	490,000
Serial Bond - \$3.45M Renovation Project	06/36; 2.00% - 2.25%	3,275,000	-	295,000	2,980,000
Plus, premium on refinancing		<u>122,544</u>	<u>-</u>	<u>34,856</u>	<u>87,688</u>
Total serial bonds		\$ <u>5,872,544</u>	\$ <u>-</u>	\$ <u>1,559,856</u>	\$ <u>4,312,688</u>

Interest on long-term debt for the year amounted to \$133,456.

In prior years, the District defeased certain general obligations bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$1,305,000 of bonds outstanding are considered defeased.

Upon default of the payment of principal or interest on the serial bonds of the District, the bondholders have the right to litigate and the New York State Comptroller is required under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance to the District, and to apply the amount so withheld to the payment of defaulted principal and interest with respect to the serial bonds. The above serial bonds are direct obligations of the District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the District.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Interest Expense

Interest on long-term debt for the year amounted to:

Interest paid on long-term debt	\$ 133,456
Less: amortization of premiums on serial bond	(34,856)
Add: amortization of deferred refunding	<u>54,754</u>
Total interest expense	<u>\$ 153,354</u>

C. Changes in Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 971,988	\$ 461	\$ -	\$ 972,449	\$ -
Retainage payable	-	96,807	-	96,807	-
General obligation bonds	5,750,000	-	1,525,000	4,225,000	495,000
Bond premium	122,544	-	34,856	87,688	-
Net pension liability - proportionate share	968,568	-	968,568	-	-
Total OPEB liability	<u>33,559,023</u>	<u>-</u>	<u>5,621,222</u>	<u>27,937,801</u>	<u>-</u>
Total	<u>\$ 41,372,123</u>	<u>\$ 97,268</u>	<u>\$ 8,149,646</u>	<u>\$ 33,319,745</u>	<u>\$ 495,000</u>

D. Maturity

The following is a summary of maturing debt service requirements of general obligation bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2022 - 2023	\$ 495,000	\$ 102,244	\$ 3,730,000
2023 - 2024	510,000	91,391	3,220,000
2024 - 2025	410,000	78,694	2,810,000
2025 - 2026	325,000	67,994	2,485,000
2026 - 2027	335,000	58,869	2,150,000
2027 - 2032	1,445,000	161,619	705,000
2032 - 2036	<u>705,000</u>	<u>28,770</u>	-
Total	<u>\$ 4,225,000</u>	<u>\$ 589,581</u>	

Note 6. Interfund Balances and Activity

Interfund receivables and payables at June 30, 2022 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 460,178	\$ 93,075
Special aid fund	93,074	460,178
Capital project fund	-	787
Debt service fund	<u>788</u>	<u>-</u>
Total	<u>\$ 554,040</u>	<u>\$ 554,040</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

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

Note 7. Interfund Transfers

Interfund transfers for the year end at June 30, 2022 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 20,956	\$ 545,013
Special aid fund	93,074	-
Capital project fund	451,939	20,956
Total	<u>\$ 565,969</u>	<u>\$ 565,969</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move residual cash from closed projects to debt service to be used for debt payments at a later date.

The purpose of interfund transfers within the District is to consolidate funding from multiple funds into others for several reasons, such as purchases of fixed assets or the completion of a project that is to benefit multiple funds.

Note 8. Pension Plans

A. General Information

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

B. Plan Descriptions

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a Statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

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 (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>ERS</u>		<u>TRS</u>		<u>Total</u>
2022	\$ 281,042	\$	648,229	\$	929,271
2021	\$ 281,620	\$	572,507	\$	854,127
2020	\$ 270,250	\$	524,247	\$	794,497

The total unpaid liability for NYSERS and NYSTRS was \$785,406.

Teachers' Retirement System (TRS)

The District recognized its proportion of the TRS net pension asset/liability, deferred outflows of resources, deferred inflows of resources, and pension expense as of June 30, 2022. The TRS total pension asset/liability was determined by actuarial valuations as of June 30, 2020, with updated procedures used to roll forward to the total pension liability to June 30, 2021. The proportion allocation method utilized by TRS was the percentage of each employers fiscal year 2021 contribution to the total contributions to the plan.

The District's proportionate share of the pension asset of the TRS Plan represents 0.035394% of the total net pension asset/liability, which was an increase of 0.000533 from its proportion as of June 30, 2021. The District has recorded a net pension asset of \$6,133,362 as of June 30, 2022. The District has recorded its proportionate share of pension plan income of \$359,402 as of June 30, 2022.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Actuarial Assumptions

Significant actuarial assumptions used in the TRS valuation were as follows:

Rate of return on investments	6.95% compounded annually, net of pension investment expense, including inflation
Salary increases	Rates of increase differ based on service and are projected between 1.95% - 5.18%
Inflation	2.40%
Decrement tables	Society of Actuaries Scale MP2020 July 1, 2015 - June 30, 2020 System's Experience

Expected Rate of Return on Investments

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.

The long-term expected real rates of return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2021 are summarized in the following table:

<u>Asset Type</u>	Long Term Expected Real	
	<u>Rate*</u>	<u>Target Allocation</u>
Domestic equity	6.8 %	33 %
International equity	7.6	16
Global equity	7.1	4
Real estate equity	6.5	11
Private equity	10.0	8
Domestic fixed income	1.3	16
Global bonds	0.8	2
Private debt	5.9	1
Real estate debt	3.3	7
High-yield bonds	3.8	1
Cash equivalents	(0.2)	1
		<u>100 %</u>

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

Discount Rate

The discount rate used to measure the TRS total pension liability as of June 30, 2022 was 6.95%. This was a decrease from the discount rate as of June 30, 2021 of 7.10%. The projection of cash flows used to determine the discount rate assumed 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 on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

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

The following presents the District's proportionate share of the net pension asset (liability) of the TRS plan, calculated as of the measurement date of June 30, 2021 using the discount rate of 6.95%, per annum (the "current rate"). The table shows what the net pension asset (liability) would be if it were calculated using a discount rate that is 1% point lower (5.95%), or 1% point higher (7.95%) than the current rate:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Marion Central School District's proportionate share of the TRS net pension asset (liability)	\$ 643,607	\$ 6,133,362	\$ 10,747,103

At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to the TRS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 845,419	\$ 31,865
Changes in assumptions	2,017,391	357,250
Net difference between projected and actual investment earnings on pension plan investments	-	6,419,198
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,276	60,297
Employer contributions subsequent to the measurement date	714,446	-
Total	<u>\$ 3,586,532</u>	<u>\$ 6,868,610</u>

The components of deferred outflows of resources and deferred inflows of resources are amortized into pension expense over a 5 year closed period, which reflects the weighted average remaining service life of all plan members, beginning the year in which the deferred amount occurs. The annual difference of the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs. The cumulative amounts of deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

For the fiscal year ended:	TRS
2022	\$ (799,521)
2023	(944,399)
2024	(1,184,420)
2025	(1,557,164)
2026	286,933
Thereafter	202,047
Total	<u>\$ (3,996,524)</u>

Pension Plan Fiduciary Net Position

The components of the current year net pension asset/liability of the TRS retirement system as of June 30, 2021 were as follows:

	TRS 6/30/2021
Measurement date	
Employers' total pension liability	\$ (130,819,415,417)
Plan net position	148,148,457,363
Employers' net pension asset (liability)	<u>\$ 17,329,041,946</u>
Ratio of plan net position to the employers' total pension liability	113.20 %

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Employees' Retirement System (ERS)

The District recognized its proportion of the ERS net pension asset/liability, deferred outflows of resources, deferred inflows of resources, and pension expense as of June 30, 2022. The ERS total pension liability was determined by actuarial valuations as of April 1, 2021 and rolled forward to the measurement date of March 31, 2022. The proportion allocation method utilized by ERS was the percentage of each employers fiscal year 2021 contribution to the total contributions to the plan.

The District's proportionate share of the pension asset/liability of the ERS Plan represents 0.0045362% of the total net pension asset/liability, which was a decrease of 0.0007510 from its proportion as of June 30, 2021. The District has recorded a net pension asset of \$370,815 as of June 30, 2022. The District has recorded its proportionate share of pension plan expense of \$61,123 as of June 30, 2022.

Actuarial Assumptions

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

Rate of return on investments	5.9% compounded annually, net of investment expenses
Salary scale	4.4% average
Inflation	2.7%
Decrement table	Society of Actuaries Scale MP-2020 April 1, 2015 - March 31, 2020 System's Experience

Expected Rate of Return on Investments

The long-term expected rate of return on the ERS investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of the April 1, 2021 actuarial valuation are summarized in the following table:

<u>Asset Type</u>	<u>Long Term Expected Real Rate*</u>	<u>Target Allocation</u>
Domestic equity	3.3 %	32 %
International equity	5.9	15
Private equity	6.5	10
Real estate	5.0	9
Opportunistic/ARS portfolio	4.1	3
Credit	3.8	4
Real assets	5.8	3
Fixed income	-	23
Cash	(1.0)	1
		<u>100 %</u>

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

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Discount Rate

The discount rate used to measure the ERS total pension liability as of June 30, 2022 was 5.9%. There was no change in the discount rate from June 30, 2021. The projection of cash flows used to determine the discount rate assumed 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 on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

Sensitivity of the Proportionate Share of the Net Pension Asset/Liability to Changes in the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/liability of the ERS plan, calculated as of the measurement date of March 31, 2022 using the discount rate of 5.9% per annum (the "current rate"). The table shows what the net pension asset/liability would be if it were calculated using a discount rate that is 1% point lower (4.9%), or 1% point higher (6.9%) than the current rate.

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
Marion Central School District's proportionate share of the ERS net pension asset (liability)	\$ (954,473)	\$ 370,815	\$ 1,479,355

At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to the ERS pension from the following sources:

	ERS Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,082	\$ 36,424
Changes in assumptions	618,848	10,442
Net difference between projected and actual investment earnings on pension plan investments	-	1,214,263
Changes in proportion and differences between employer contributions and proportionate share of contributions	139,926	70,721
Employer contributions subsequent to the measurement date	70,960	-
Total	<u>\$ 857,816</u>	<u>\$ 1,331,850</u>

The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on plan investments, are amortized into pension expense over a 5 year closed period, which reflects the weighted average remaining service life of all plan members, beginning the year in which the deferred amount occurs. The annual difference between the projected and actual earnings on plan investments is amortized over a five-year closed period beginning the year in which the difference occurs. The cumulative amounts of deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

For the fiscal year ended:	ERS
2023	\$ (59,752)
2024	(113,238)
2025	(306,773)
2026	(65,231)
2027	-
Total	<u>\$ (544,994)</u>

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Pension Plan Fiduciary Net Position

The components of the current year net pension asset/liability of the ERS retirement system as of March 31, 2022 were as follows:

	ERS
Valuation date	3/31/2022
Employers' total pension liability	\$ (223,874,888,000)
Plan net position	<u>232,049,473,000</u>
Employers' net pension asset (liability)	<u>\$ 8,174,585,000</u>
 Ratio of plan net position to the employers' total pension asset/liability	 103.65 %

Note 9. Post Employment Healthcare Plan

Plan Description and Benefits - The District provides under age 65 medical, dental and medicare supplement plan benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the district has in place with different classifications of employees.

The District acquires health insurance through a consortium known as the Finger Lakes Area School Health Plan (FLASHP). Benefits provided by FLASHP are administered by Excellus BlueCross BlueShield and MVP. The FLASHP plan covers medical, dental, and pharmaceutical costs. Specifics and limitations of the coverage offered to retirees is contained in the plan document. Many of the services in the FLASHP plan require co-payments at various levels depending on the nature of the service.

Employees Covered by Benefit Terms -

Participant Data

Actives	124
Retirees	141
Beneficiaries	4
Spouses of Retirees	<u>66</u>
Total	<u>335</u>

Total OPEB Liability - The District's total OPEB liability of \$27,937,801 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Methods and Assumptions - The method used to calculate the costs of the Plan is known as the Entry Age Normal, Level Percent of Salary. The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.54%
Inflation	2.60%
Healthcare cost trend rate	5.30% - 4.10% over 55 years

The discount rate was based on the bond buyer general obligation 20-bond municipal index.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

The following table shows the changes to the total OPEB liability:

Total OPEB liability as of July 1, 2021	\$ 33,559,023
Changes for the year:	
Service cost	841,861
Interest on total OPEB liability	729,817
Effect of assumptions changes or inputs	(5,960,191)
Benefit payments	<u>(1,232,709)</u>
Net changes	<u>(5,621,222)</u>
Total OPEB liability as of June 30, 2022	<u>\$ 27,937,801</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the District's OPEB liability calculated using the discount rate of 3.54% per annum (the "current rate"), as well as what the District's OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.54%) or 1% point higher (4.54%) than the current rate:

	1% Decrease <u>(2.54%)</u>	Current Assumption <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Total OPEB Liability	\$ 32,078,099	\$ 27,937,801	\$ 24,565,021

Sensitivity of the total OPEB liability to changes in the Healthcare Cost Trend Rates

The following presents the District's OPEB liability calculated using the healthcare cost trend rate, as well as what the District's OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease <u></u>	Current Assumption <u></u>	1% Increase <u></u>
Total OPEB Liability	\$ 23,852,643	\$ 27,937,801	\$ 33,088,628

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 benefit of \$645,196. 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 <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between actual and expected experience	\$ -	\$ 1,587,981
Changes of assumptions	<u>4,056,302</u>	<u>9,105,857</u>
Total	<u>\$ 4,056,302</u>	<u>\$ 10,693,838</u>

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

For the fiscal year ended:	
2023	\$ (2,216,874)
2024	(2,193,045)
2025	(649,397)
2026	(950,964)
2027	<u>(627,256)</u>
Total	<u>\$ (6,637,536)</u>

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Note 10. Risk Management

A. General Information

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

B. Workers' Compensation

The District incurs costs related to the Wayne-Finger Lakes Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, of Ontario, Seneca, Yates, Cayuga and Wayne Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Ontario, Seneca, Yates, Cayuga and Wayne Counties BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of thirteen districts. If a surplus of participants' assessments exist after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amounts against all participants pro-rata per enrollee. The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2022, the District incurred premiums or contribution expenditures totaling \$73,011. The District established a workers' compensation reserve in the general fund during the year ended June 30, 2022. The balance of this workers' compensation reserve at June 30, 2022 was \$450,646.

The Plan is audited on an annual basis and the Plan's financial statements are available at the BOCES administrative offices.

C. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the Fund for benefits paid from the Fund to former employees. The District has established a self insurance fund to pay these claims. The balance of the reserve at June 30, 2022 was \$83,388 and is recorded in the general fund as an unemployment insurance reserve. In addition, as of June 30, 2022, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

MARION CENTRAL SCHOOL DISTRICT
Notes to Financial Statements

Note 11. Contingencies and Commitments

Litigation - The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims will not have a material adverse effect upon the financial position of the District.

As of June 30, 2022, the District has performed a review of all Payment in Lieu of Taxes (PILOT) agreements, and found that no PILOT agreements result in material tax abatements during the year ended June 30, 2022.

Note 12. Federal and State Funded Programs

The District participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Note 13. Future Implementations of GASB Pronouncements

The Governmental Accounting Standards Board has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 91 - *Conduit Debt Obligations*. Effective for fiscal years beginning after December 15, 2021.

Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Effective for fiscal years beginning June 15, 2022.

Statement No. 96 - *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning June 15, 2022.

Statement No. 99 - *Omnibus 2022*. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 100 - *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. Effective for fiscal years beginning after June 15, 2023.

Statement No. 101 - *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

Note 14. Restatement of Net Position

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87 - "Leases." The implementation resulted in an increase to beginning net position of \$375,883.

The District's net position at June 30, 2021 have been restated as follows:

Net position beginning of year - as previously stated	\$ (11,094,263)
GASB Statement No. 87 implementation	<u>375,883</u>
Net position beginning of year - as restated	<u>\$ (10,718,380)</u>

Note 15. Subsequent Events

Management has evaluated subsequent events through the date of the report, which is the date these financial statements were available to be issued.

MARION CENTRAL SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Real property taxes	\$ 6,994,379	\$ 5,780,755	\$ 5,780,755	\$ -
Real property tax items	5,000	1,218,624	1,221,250	2,626
Non property tax items	270,000	270,000	259,811	(10,189)
Intergovernmental charges	5,000	5,000	38,271	33,271
Use of money and property	5,000	5,000	25,031	20,031
Sale of property	-	-	20,548	20,548
Miscellaneous local sources	69,500	69,500	240,402	170,902
State sources	13,116,014	13,116,014	13,312,232	196,218
Federal sources	<u>40,000</u>	<u>40,000</u>	<u>43,921</u>	<u>3,921</u>
Total revenues	20,504,893	20,504,893	20,942,221	437,328
Appropriated Reserves and Fund Balance				
Interfund transfers	-	-	20,956	20,956
Appropriated fund balance - budget	585,397	910,397	-	(910,397)
Encumbrances carried forward from prior year	<u>-</u>	<u>167,121</u>	<u>-</u>	<u>(167,121)</u>
Total revenues, appropriated reserves and fund balance	<u>21,090,290</u>	<u>21,582,411</u>	<u>20,963,177</u>	<u>(619,234)</u>
Expenditures				
General support	2,348,600	2,563,935	2,314,329	249,606
Instruction	10,170,510	10,349,752	9,933,000	416,752
Pupil transportation	1,001,000	1,038,800	991,646	47,154
Community services	3,000	3,000	230	2,770
Employee benefits	5,682,600	5,410,057	4,545,367	864,690
Debt principal	1,590,000	1,537,110	1,525,000	12,110
Debt interest	<u>134,580</u>	<u>134,580</u>	<u>133,456</u>	<u>1,124</u>
Total expenditures	20,930,290	21,037,234	19,443,028	1,594,206
Other Financing Use				
Interfund transfers	<u>160,000</u>	<u>545,177</u>	<u>545,013</u>	<u>164</u>
Total expenditures and other financing use	<u>21,090,290</u>	<u>21,582,411</u>	<u>19,988,041</u>	<u>1,594,370</u>
Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	975,136	\$ <u>975,136</u>
Fund Balance - Beginning			<u>8,800,833</u>	
Fund Balance - Ending			\$ <u>9,775,969</u>	

See accompanying notes to required supplementary information.

MARION CENTRAL SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2022

	Total OPEB Liability				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 841,861	\$ 755,532	\$ 649,509	\$ 991,939	\$ 944,737
Interest on total OPEB liability	729,817	723,748	960,628	1,184,874	1,158,515
Effect of plan changes	-	-	-	-	-
Effect of demographic gains or losses	-	(2,051,514)	-	(522,778)	(161,496)
Effect of assumptions changes or inputs	(5,960,191)	2,742,985	4,765,720	(12,229,006)	-
Benefit payments	<u>(1,232,709)</u>	<u>(1,203,424)</u>	<u>(1,152,411)</u>	<u>(1,113,049)</u>	<u>(1,107,611)</u>
Net changes in total OPEB liability	(5,621,222)	967,327	5,223,446	(11,688,020)	834,145
Total OPEB liability - beginning	<u>33,559,023</u>	<u>32,591,696</u>	<u>27,368,250</u>	<u>39,056,270</u>	<u>38,222,125</u>
Total OPEB liability - ending	<u>\$ 27,937,801</u>	<u>\$ 33,559,023</u>	<u>\$ 32,591,696</u>	<u>\$ 27,368,250</u>	<u>\$ 39,056,270</u>
Covered payroll	\$ 5,723,643	\$ 5,723,643	\$ 5,783,236	\$ 5,783,236	\$ 7,125,927
Total OPEB liability as a percentage of covered payroll	488.11 %	586.32 %	563.55 %	473.23 %	548.09 %

See accompanying notes to required supplementary information.

MARION CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset (Liability) - TRS
For the Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The District's proportion of the net pension asset (liability)	0.035394 %	0.034861 %	0.034827 %	0.034065 %	0.034007 %	0.033630 %	0.034438 %	0.034306 %	0.034400 %
The District's proportionate share of the net pension asset (liability)	\$ 6,133,362	\$ (963,303)	\$ 904,813	\$ 615,986	\$ 258,847	\$ (360,191)	\$ 3,576,961	\$ 3,821,502	\$ 3,821,502
The District's covered payroll	\$ 6,614,579	\$ 6,007,419	\$ 5,917,009	\$ 5,813,224	\$ 5,548,817	\$ 5,610,278	\$ 5,348,262	\$ 5,172,983	\$ 5,067,567
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	92.72 %	(16.04)%	15.29 %	10.60 %	4.66 %	(6.42)%	66.88 %	73.87 %	75.41 %
Plan fiduciary net position as a percentage of the total pension asset/liability	113.20 %	97.80 %	102.20 %	101.53 %	100.66 %	99.01 %	110.46 %	111.48 %	100.70 %

See accompanying notes to required supplementary information.

MARION CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset (Liability) - ERS
For the Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The District's proportion of the net pension asset (liability)	0.0045362 %	0.0052872 %	0.0054868 %	0.0052121 %	0.0051251 %	0.0052021 %	0.0057610 %	0.0061960 %	0.0061960 %
The District's proportionate share of the net pension asset (liability)	\$ 370,815	\$ (5,265)	\$ (1,452,931)	\$ (369,295)	\$ (165,409)	\$ (488,802)	\$ (924,598)	\$ (209,316)	\$ (279,989)
The District's covered payroll	\$ 1,777,445	\$ 1,950,527	\$ 1,900,073	\$ 1,709,534	\$ 1,687,465	\$ 1,708,790	\$ 1,719,798	\$ 1,807,741	\$ 1,786,038
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	20.86 %	(0.27)%	(76.47)%	(21.60)%	(9.80)%	(28.61)%	(53.76)%	(11.58)%	(15.68)%
Plan fiduciary net position as a percentage of the total pension asset/liability	103.65 %	99.95 %	86.39 %	96.27 %	98.20 %	94.70 %	97.90 %	97.90 %	97.20 %

See accompanying notes to required supplementary information.

MARION CENTRAL SCHOOL DISTRICT
Schedule of Employer's Contributions for TRS
For the Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 648,229	\$ 572,507	\$ 524,247	\$ 617,364	\$ 543,784	\$ 631,102	\$ 697,303	\$ 882,785	\$ 596,597	\$ 565,146
Contribution in relation to the contractually required contribution	<u>648,229</u>	<u>572,507</u>	<u>524,247</u>	<u>617,364</u>	<u>543,784</u>	<u>631,102</u>	<u>697,303</u>	<u>882,785</u>	<u>596,597</u>	<u>565,146</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	<u>\$6,614,579</u>	<u>\$6,007,419</u>	<u>\$5,917,009</u>	<u>\$5,813,224</u>	<u>\$5,548,817</u>	<u>\$5,610,278</u>	<u>\$5,348,262</u>	<u>\$5,172,983</u>	<u>\$5,067,567</u>	<u>\$5,038,828</u>
Contribution as a percentage of covered payroll	10.79 %	9.53 %	8.86 %	10.62 %	9.80 %	11.25 %	13.04 %	17.07 %	11.77 %	11.22 %

See accompanying notes to required supplementary information.

MARION CENTRAL SCHOOL DISTRICT
Schedule of Employer's Contributions for ERS
For the Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 281,042	\$ 281,620	\$ 270,250	\$ 250,067	\$ 255,664	\$ 261,551	\$ 260,255	\$ 332,593	\$ 248,817	\$ 238,313
Contribution in relation to the contractually required contribution	<u>281,042</u>	<u>281,620</u>	<u>270,250</u>	<u>250,067</u>	<u>255,664</u>	<u>261,551</u>	<u>260,255</u>	<u>332,593</u>	<u>248,817</u>	<u>238,313</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	<u>\$1,777,445</u>	<u>\$1,950,527</u>	<u>\$1,900,073</u>	<u>\$1,709,534</u>	<u>\$1,687,465</u>	<u>\$1,708,790</u>	<u>\$1,719,798</u>	<u>\$1,807,741</u>	<u>\$1,786,038</u>	<u>\$1,786,038</u>
Contribution as a percentage of covered payroll	15.81 %	14.44 %	14.22 %	14.63 %	15.15 %	15.31 %	15.13 %	18.40 %	13.93 %	13.34 %

See accompanying notes to required supplementary information.

MARION CENTRAL SCHOOL DISTRICT
Notes to Required Supplementary Information

Note 1. Budgetary Comparison Schedule and Budgetary Basis Reporting

An operating budget for the general fund is adopted prior to the beginning of each year on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required by New York State Municipal Law and it must be approved by the Board of Education and the voters of the District. Budget amendments require approval by the Board of Education. The budgetary comparison schedule has been prepared on the legal level of budgetary control. Therefore, the District's budgetary comparison schedule presents expenditures by department, with separate identification of personnel object codes, where applicable. The District prepares and reports its budgetary information in accordance with accounting principles generally accepted in the United States of America.

Note 2. Schedule of Changes in the District's Total OPEB Liability and Related Ratios

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information for the other postemployment benefit obligation, latest actuarial valuation and actuarial assumptions and methods can be found in the notes to the financial statements.

The Schedule of Changes in the District's Total OPEB Liability and Related Ratios is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Note 3. Schedules of District's Proportionate Share of the Net Pension Asset (Liability) and Schedules of Employer's Contributions

The information presented in these required supplementary schedules was determined as part of the audit of the New York State Employees' Retirement System Plan (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). Additional information for the pension schedules can be found in the notes to the financial statements.

The Schedules of District's Proportionate Share of the Net Pension Asset/Liability are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

MARION CENTRAL SCHOOL DISTRICT
Combining Balance Sheet
Other Governmental Funds
June 30, 2022

	<u>Special Revenue Funds</u>			Total Other
	School Lunch	Miscellaneous	Debt Service	Governmental
	<u>Fund</u>	<u>Special</u>	<u>Fund</u>	<u>Funds</u>
	ASSETS	Revenue Fund		
Assets				
Cash and cash equivalents - unrestricted	\$ 201,012	\$ 76,565	\$ -	\$ 277,577
Other receivables - net	9,941	-	-	9,941
Due from other funds	-	-	788	788
State and federal aid receivables	98,173	-	-	98,173
Inventory	9,835	-	-	9,835
Cash and cash equivalents - restricted	-	-	390,075	390,075
Total Assets	\$ 318,961	\$ 76,565	\$ 390,863	\$ 786,389
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 2,650	\$ -	\$ -	\$ 2,650
Due to other governments	155	-	-	155
Total liabilities	2,805	-	-	2,805
Deferred Inflows of Resources				
Unearned revenues	25,738	-	-	25,738
Fund Balances				
Nonspendable				
Inventory	9,835	-	-	9,835
Restricted				
Reserve for debt	-	-	390,863	390,863
Assigned				
Reserve for school lunch	280,583	-	-	280,583
Reserve for miscellaneous special revenue	-	76,565	-	76,565
Total fund balances	290,418	76,565	390,863	757,846
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 318,961	\$ 76,565	\$ 390,863	\$ 786,389

MARION CENTRAL SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2022

	<u>Special Revenue Funds</u>			<u>Total Other Governmental Funds</u>
	<u>School Lunch Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Debt Service Fund</u>	
Revenues				
Intergovernmental charges	\$ 170,880	\$ -	\$ -	\$ 170,880
Use of money and property	-	-	2,771	2,771
Miscellaneous local sources	3,013	27,531	-	30,544
State sources	11,656	-	-	11,656
Federal sources	539,162	-	-	539,162
Surplus food	41,730	-	-	41,730
Sales - school lunch	19,975	-	-	19,975
Total revenues	<u>786,416</u>	<u>27,531</u>	<u>2,771</u>	<u>816,718</u>
Expenditures				
Instruction	-	26,141	-	26,141
Employee benefits	116,377	-	-	116,377
Cost of sales	<u>506,760</u>	<u>-</u>	<u>-</u>	<u>506,760</u>
Total expenditures	<u>623,137</u>	<u>26,141</u>	<u>-</u>	<u>649,278</u>
Change in Fund Balance	163,279	1,390	2,771	167,440
Fund Balance - Beginning	<u>127,139</u>	<u>75,175</u>	<u>388,092</u>	<u>590,406</u>
Fund Balance - Ending	<u>\$ 290,418</u>	<u>\$ 76,565</u>	<u>\$ 390,863</u>	<u>\$ 757,846</u>

MARION CENTRAL SCHOOL DISTRICT
Schedule of Change from Original Budget to Final Budget
General Fund
For the Year Ended June 30, 2022

Original budget	\$ 21,090,290
Add: Prior year's encumbrances	167,121
Add: Budget revisions	<u>325,000</u>
Final budget	<u>\$ 21,582,411</u>

Schedule of Real Property Tax Limit
General Fund
For the Year Ended June 30, 2022

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 voter-approved expenditure budget	\$ 21,224,095
Maximum allowable (4% of 2022-23's budget)	848,964
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	913,534
Unassigned fund balance	<u>848,964</u>
Total unrestricted fund balance	<u>\$ 1,762,498</u>
Less:	
Appropriated fund balance	\$ 818,934
Encumbrances included in assigned fund balance	<u>94,600</u>
Total adjustments	<u>\$ 913,534</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 848,964</u>
Actual percentage	4.00 %

*Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

MARION CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures
Capital Projects Fund
For the Year Ended June 30, 2022

PROJECT TITLE	Original Budget	Amended Budget	Expenditures			Total	Balance	Obligations	Methods of Financing		Total	Fund Balance
			Prior Years	Current Year					State Aid	Local Sources		
2021 Capital Project	\$ 14,000,000	\$ 14,000,000	\$ 249,590	\$ 2,502,811	\$ 2,752,401	\$ 11,247,599	\$ -	\$ -	\$ 2,260,000	\$ 2,260,000	\$ (492,401)	
Emergency Project (water main)	20,124	20,124	-	20,124	20,124	-	-	-	20,124	20,124	-	
Capital Outlay - (2019-2020)	100,000	100,000	79,044	20,956	100,000	-	-	-	100,000	100,000	-	
Capital Outlay - (2020-2021)	100,000	100,000	-	99,725	99,725	275	-	-	100,000	100,000	275	
Capital Outlay - (2021-2022)	100,000	100,000	-	-	-	100,000	-	-	100,000	100,000	100,000	
Bus Purchases (2021- 2022)	325,000	325,000	-	331,815	331,815	(6,815)	-	-	331,815	331,815	-	
Bus Purchases (2022- 2023)	<u>385,000</u>	<u>385,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total	\$ 15,030,124	\$ 15,030,124	\$ 328,634	\$ 2,975,431	\$ 3,304,065	\$ 11,726,059	\$ -	\$ -	\$ 2,911,939	\$ 2,911,939	\$ (392,126)	

MARION CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
For the Year Ended June 30, 2022

Capital assets - net	\$ <u>21,462,114</u>
Add -	
Unspent bond proceeds	8,479,920
Deferred refunding proceeds - net	<u>36,854</u>
	<u>8,516,774</u>
Deduct -	
Bond anticipation notes payable	7,600,000
Short-term portion of bonds payable	495,000
Long-term portion of bonds payable - net	3,817,688
Retainages payable	<u>96,807</u>
	<u>12,009,495</u>
Net investment in capital assets	\$ <u>17,969,393</u>

MARION CENTRAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
Child Nutrition Cluster:				
Pass through programs from:				
New York State Department of Education:				
School Breakfast Program	10.553	N/A	\$ 140,872	\$ -
National School Lunch Program	10.555	N/A	359,008	-
Summer Food Service Program for Children	10.559	N/A	37,479	-
Non-Cash Assistance - Pass through programs from				
New York State Department of General Services				
Surplus Food Distribution	10.555	N/A	41,730	-
Total Child Nutrition Cluster			<u>579,089</u>	<u>-</u>
New York State Department of Education:				
State Pandemic Electronic Benefits Transfer (P-EBT)				
Administrative Costs Grant	10.649	N/A	1,803	-
Total passed through New York State Education Department			<u>580,892</u>	<u>-</u>
U.S. Department of Education				
Pass through program from				
New York State Department of Education				
Special Education Cluster:				
Special Education Grants to States	84.027	0032-21-1034	251,216	-
Special Education Preschool Grants	84.173	0033-21-1034	12,831	-
Total Special Education Cluster			<u>264,047</u>	<u>-</u>
Other pass through programs				
Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act				
COVID-19 - Elementary and Secondary School Emergency Relief Fund (CRRSA - ESSER II)				
	84.425D	5891-21-3560	194,766	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (CARES Act - ESSER)				
	84.425D	5890-21-3560	886	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER III)				
	84.425U	5880-21-3560	251,205	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP SLR Summer)				
	84.425U	5882-21-3560	14,036	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP SLR Comprehensive After School)				
	84.425U	5883-21-3560	26,254	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP Learning Loss)				
	84.425U	5884-21-3560	79,286	-
Total Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act			<u>566,433</u>	<u>-</u>
Title IIA Improving Teacher Quality State Grants	84.367	0147-21-3560	16,265	-
Title IIA Improving Teacher Quality State Grants	84.367	0147-22-3560	7,701	-
Total Title IIA Improving Teacher Quality State Grants			<u>23,966</u>	<u>-</u>
Title IV Student Support and Academic Enrichment Program	84.424	0204-21-3560	1,128	-
Title IV Student Support and Academic Enrichment Program	84.424	0204-22-3560	3,444	-
Total Title IV Student Support and Academic Enrichment Program			<u>4,572</u>	<u>-</u>
Title I Grants to Local Educational Agencies	84.010	0021-21-3560	13,475	-
Title I Grants to Local Educational Agencies	84.010	0021-22-3560	119,518	-
Total Title I Grants to Local Educational Agencies			<u>132,993</u>	<u>-</u>
Total passed through New York State Education Department			<u>992,011</u>	<u>-</u>
Federal Communications Commission				
COVID-19 - Emergency Connectivity Fund Program	32.009	N/A	10,919	-
Total Expenditures of Federal Awards			<u>\$ 1,583,822</u>	<u>\$ -</u>

See accompanying note to schedule of expenditures of federal awards.

MARION CENTRAL SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which are described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of *Title 2 U.S Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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

Note 2. Subrecipients

No amounts were provided to subrecipients.

Note 3. Indirect Costs

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District has elected not to use the 10 percent de minimum indirect cost rate as allowed under Uniform Guidance. Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

Note 4. Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program". During the year ended June 30, 2022, the District received \$41,730 worth of commodities under the National School Lunch Program (Assistance Listing #10.555).

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion 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 Marion Central School District's basic financial statements and have issued our report thereon dated October 4, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
October 4, 2022

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

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

Report on Compliance for Each Major Federal Program**Opinion on Each Major Federal Program**

We have audited the Marion Central School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Marion Central School District's major federal programs for the year ended June 30, 2022. The Marion Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
October 4, 2022

MARION CENTRAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditors' report issued on whether the basic financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- | | | |
|----|--|--|
| 1. | Material weaknesses identified? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 2. | Significant deficiencies identified that are not considered to be material weaknesses? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported |
| 3. | Noncompliance material to the financial statements noted? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

Federal Awards

Internal control over major programs:

- | | | |
|----|--|--|
| 4. | Material weaknesses identified? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 5. | Significant deficiencies identified that are not considered to be material weaknesses? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported |

Type of auditors' report issued on compliance for major programs:

Unmodified

- | | | |
|----|--|---|
| 6. | Audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 7. | Major programs audited were: | |

Program Title

Special Education Cluster

Education Stabilization Fund - Elementary and Secondary School

Emergency Relief Fund

Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief

**Assistance
Listing
Number**

84.027 & 84.173

84.425D

84.425U

- | | | |
|----|---|--|
| 8. | Dollar threshold to determine type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as low-risk auditee? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No* |

FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

*The risk rating noted above for the District is a result of not having a federal single audit performed in one of the previous two audit periods which requires a high risk assessment. A federal single audit was not required for the District two years ago because federal funds were not in excess of the federal single audit threshold.

**MARION CENTRAL SCHOOL DISTRICT
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2022**

PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE