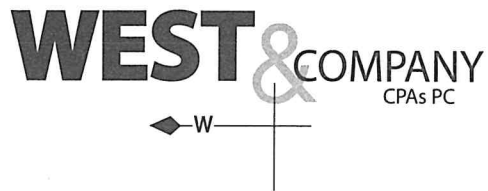


UTICA CITY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Utica City School District
Utica, New York

Report on the Audit of the Financial Statements

Opinions *unmodified*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Utica City School District (the 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 accompanying financial statements 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 District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof 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 (GAAS) 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS 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 GAAS 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 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 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, budgetary comparison information, schedule of funding progress – changes in total other post-employment benefits liability and related ratios, and schedule of local government's proportionate share of the net pension liability and contributions on pages 4 through 13 and 52 through 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 57 through 59 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
November 14, 2022

UTICA CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

FINANCIAL HIGHLIGHTS

- District-wide net deficit was \$228,788,420 for the year ended June 30, 2022.
- State aid made up 70.4% of all revenues.
- The District taxpayers approved the General Fund Budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *District-wide* financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School District, reporting the School District's operations in more detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as general and special education were financed in the short-term, as well as what remains for future spending.
- *Fiduciary funds statements* provide information about the financial relationships, in which the School District acts solely as a custodian for the benefit of others.

The basic financial statements also include notes that provide additional information about the basic financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the basic financial statements with a comparison of the School District's budget for the year.

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

Figure A-1

Major Features of the District-wide and Fund Financial Statements

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

District-Wide Statements

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

The two District-wide statements report the School District's *net position* and how it has changed. Net position – the difference between the School District's assets, deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

In the District-wide financial statements, the School District's activities are shown as *Governmental Activities*. Most of the School District's basic services are included here, such as general and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

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

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, and the capital project fund. Required financial statements are the balance sheet and the statement of revenues, expenditures, and changes in fund balances.
- **Fiduciary Fund:** The School District is the custodian for assets that belong to others, such as the student activities funds. The School 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 School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Figure A-2 – Condensed Statement of Net Position

	Fiscal Year 2022	Fiscal Year 2021	Percentage Change (Incr.;-Decr.)
Current and other assets	\$ 181,563,866	\$ 95,668,381	89.8%
Capital assets	226,316,630	226,992,832	-0.3%
Total assets	407,880,496	322,661,213	26.4%
Deferred outflows of resources	118,153,692	126,562,314	-6.6%
Total deferred outflows of resources	118,153,692	126,562,314	-6.6%
Current liabilities	61,443,717	65,841,000	-6.7%
Long-term liabilities	551,832,231	539,332,193	2.3%
Total liabilities	613,275,948	605,173,193	1.3%
Deferred inflows of resources	141,546,660	96,898,015	46.1%
Total deferred inflows of resources	141,546,660	96,898,015	46.1%
Net position			
Net investment in capital assets	111,964,056	100,542,832	11.4%
Restricted	41,350,834	40,216,623	2.8%
Unrestricted	(382,103,310)	(393,607,136)	2.9%
Total net position (deficit)	<u>\$ (228,788,420)</u>	<u>\$ (252,847,681)</u>	9.5%

Changes in Net Position

The School District's 2022 revenue was \$228,612,808 (see Figure A-3). State aid, grants and contributions, and property taxes accounted for the majority of revenue by contributing 70.4%, 12.0% and 10.9%, respectively, of the total revenue raised (see Figure A-4). The remainder of revenue came from fees for services, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled \$204,553,547 for 2022. These expenses are predominantly for the education, supervision and transportation of students (see Figure A-5).

Net position increased during the year by \$24,059,261.

Figure A-3 – Changes in Net Position from Operating Results

	Fiscal Year 2022	Fiscal Year 2021	Percentage Change (Incr.;-Decr.)
Revenues			
Program revenues:			
Charges for services	\$ 47,351	\$ 12,906	266.9%
Operating grants and contributions	27,545,470	16,659,092	65.3%
General revenues:			
Property taxes	24,828,401	24,719,335	0.4%
Other tax items	7,956,568	8,248,012	-3.5%
Use of money and property	84,762	93,174	-9.0%
Sale of property and compensation for loss	275,926	152,479	81.0%
State formula aid	160,899,448	145,108,692	10.9%
Federal aid	851,749	2,288,884	-62.8%
Miscellaneous	6,123,133	4,805,217	27.4%
Total revenues	228,612,808	202,087,791	13.1%
Expenses			
General support	21,158,419	26,171,176	-19.2%
Instruction	161,110,821	159,662,224	0.9%
Transportation	11,011,629	5,183,304	112.4%
Debt service	4,485,808	7,924,357	-43.4%
School lunch program	6,786,870	4,986,633	36.1%
Total expenses	204,553,547	203,927,694	0.3%
Change in net position from operations	\$ 24,059,261	\$ (1,839,903)	1407.6%

Figure A-4 – Revenue Sources for 2022 – Total Governmental Activities

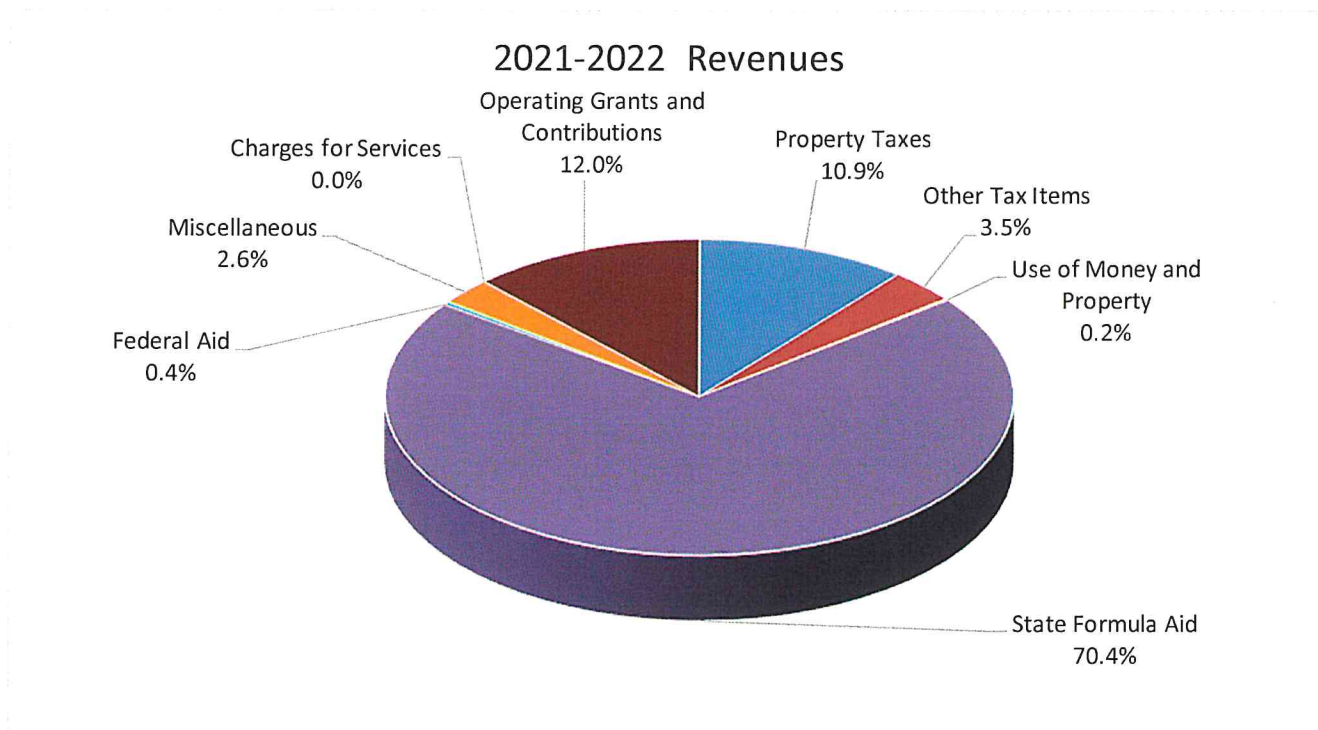
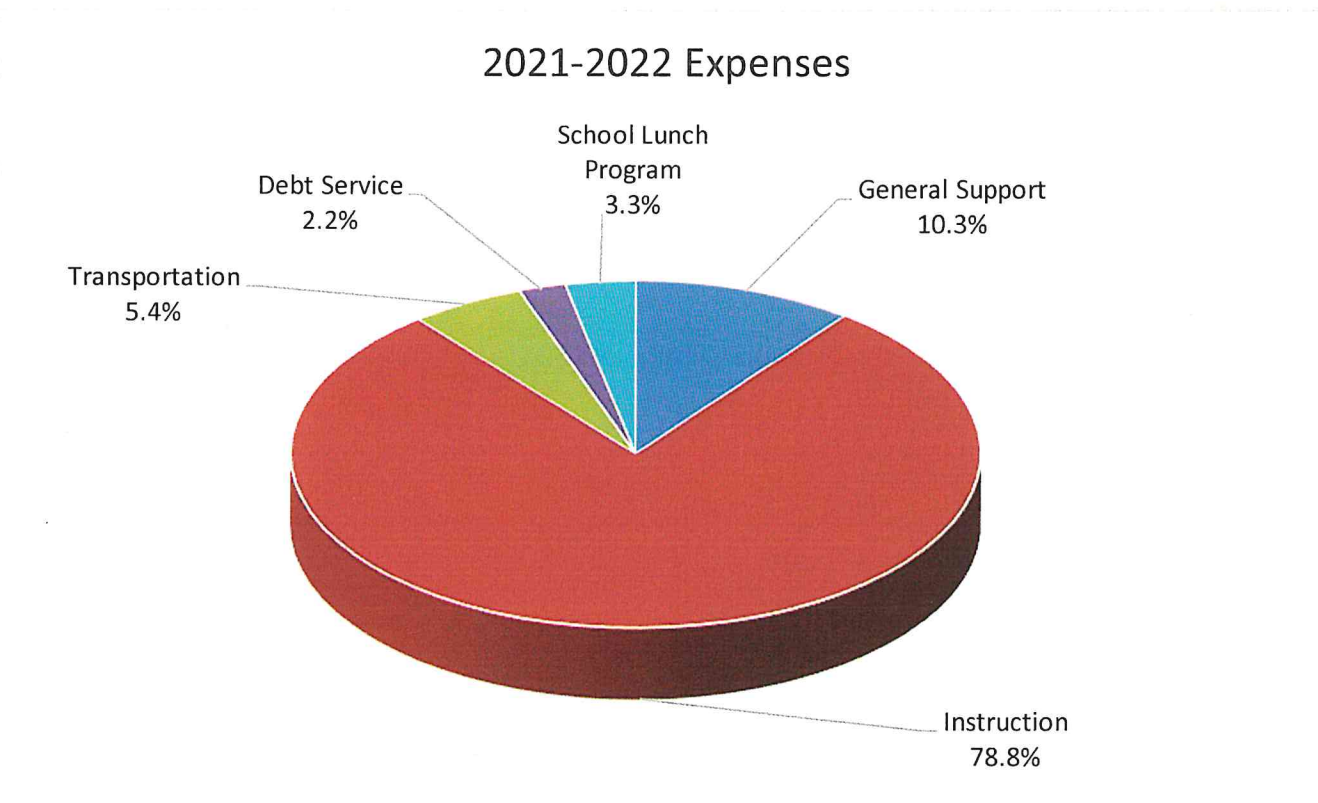


Figure A-5 – Expenses for 2022 – Total Governmental Activities



Governmental Activities

Revenue for the School District's governmental activities totaled \$228,612,808 while total expenses were \$204,553,547. Accordingly, net position increased by \$24,059,261.

Figure A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Figure A-6 – Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change (Incr.;-Decr.)	Net Cost of Services		Percentage Change (Incr.;-Decr.)
	2022	2021		2022	2021	
General support	\$ 21,158,419	\$ 26,171,176	-19.2%	\$ 21,158,419	\$ 26,171,176	-19.2%
Instruction	161,110,821	159,662,224	0.9%	139,708,184	145,695,628	-4.1%
Pupil transportation	11,011,629	5,183,304	112.4%	11,011,629	5,183,304	112.4%
Debt service	4,485,808	7,924,357	-43.4%	4,485,808	7,924,357	-43.4%
School lunch program	6,786,870	4,986,633	36.1%	596,686	2,281,231	-73.8%
Totals	<u>\$204,553,547</u>	<u>\$203,927,694</u>	0.3%	<u>\$176,960,726</u>	<u>\$187,255,696</u>	-5.5%

- The cost of all governmental activities for the year was \$204,553,547.
- The users of the School District's programs financed \$47,351 of the costs.
- The federal and state government grants financed \$27,545,470.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$73,000,643. Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt, including the principal and interest payment.

No significant variances were reflected in the governmental fund financial statements for 2022.

General Fund Budgetary Highlights

This section presents an analysis of variances between original and final budget amounts and between final budget amounts and actual results for the General Fund.

Results vs. Budget				
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Local sources	\$ 33,600,565	\$ 33,600,565	\$ 36,547,391	\$ 2,946,826
State sources	159,962,392	159,962,392	158,068,873	(1,893,519)
Medicaid	600,000	600,000	851,749	251,749
Totals	194,162,957	194,162,957	195,468,013	1,305,056
Expenses:				
General support	15,972,702	19,237,953	17,032,170	2,205,783
Instruction	107,265,355	113,545,333	108,241,669	5,303,664
Transportation	11,695,516	9,197,320	8,869,351	327,969
Employee benefits	41,121,700	38,637,026	31,922,483	6,714,543
Debt service	200,000	714,867	714,867	0
Transfers out	17,907,684	17,678,435	17,648,700	29,735
Totals	194,162,957	199,010,934	184,429,240	14,581,694
Excess (Deficiency) of Revenues Over Expenses	\$ 0	\$ (4,847,977)	11,038,773	\$ 15,886,750
Beginning fund balance			50,243,898	
Assigned			3,215,897	
Restricted			29,166,562	
Ending unassigned fund balance			\$ 28,900,212	

The General Fund is the only fund for which a budget is legally adopted.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2022, the School District had \$226,316,630 (net of depreciation and amortization) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Figure A-7 – Capital Assets (Net of Depreciation and Amortization)

	Governmental Activities and Total School District		Percentage Change (Incr.;-Decr.)
	2022	2021	
Land	\$ 1,045,000	\$ 1,045,000	0.0%
Construction in progress	97,759,568	95,886,963	2.0%
Right to use assets	1,921,287	2,355,997	-18.5%
Buildings, furniture and equipment	125,590,775	130,060,869	-3.4%
Totals	\$ 226,316,630	\$ 229,348,829	-1.3%

The District's capital assets were less on June 30, 2022, than they were the year before, decreasing by \$3,032,199.

Long-Term Debt

As of June 30, 2022, the School District had \$566,318,937 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Figure A-8 – Outstanding Long-Term Debt

	Total School District		Percentage Change (Incr.;-Decr.)
	2022	2021	
General obligation bonds (financed with property taxes)	\$ 110,510,000	\$ 111,475,000	-0.9%
Other debt	455,808,937	430,502,293	5.9%
Totals	\$ 566,318,937	\$ 541,977,293	4.5%

During 2022, the School District issued \$11,870,000 in new bonds and paid down its debt by retiring \$12,835,000 of outstanding bonds. Other debt represented revenue advances, leases payable, compensated absences and other post-employment benefits.

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

The factors affecting the financial condition of the Utica City School District are the same problems that the District has faced over the last few years and which many other school districts are also facing today.

The Utica City School District will likely see an increase in enrollment due to refugees coming from Afghanistan and the Ukraine, as notified by the Mohawk Valley Refugee Center. As such, the District will need to hire additional staff in order to ensure that we provide the appropriate number of ENL teachers and interpreters to work with the students as well as to help communicate with their parents. This year approximately 17% of the total student population are ENL students.

With the increase we received in foundation aid this school year, as well as the increase due for the next two years, the District would like to increase support staff as well as teaching staff. This will allow us to keep class sizes as small as possible, as well as to help deal with the growing social emotional needs of the students due to the COVID-19 pandemic. We also look to continue to hire bus drivers as it has helped alleviate some of the problems we were having with transportation. This has allowed us to take some of the special needs runs from our current contractor and also to have sub drivers in the case of emergencies.

In addition, the District has now settled all bargaining unit contracts with the exception of Utica Teacher's Association. The Clerical, Nurses, and SEIU bargaining units were all settled in fiscal year 2021-2022, and has resulted in added salary costs. The Utica Teacher's Association expired in June 2021, and after several negotiation sessions is now in mediation. The District hopes to settle the Utica Teacher's Associations contract prior to the end of the fiscal year 2022-2023.

Lastly, the District is in the final stages of its \$187.6m Capital Project and the project has been moving forward on schedule and under budget with no major problems. In August of 2018, district voters approved an additional \$14,976,000 Athletic Improvement Referendum. This project was completed on schedule and has provided our students state of the art athletic facilities. In December of 2021, district voters approved to move forward with a new Capital Project. This project is to build a new wing on to T. R. Proctor High School and re-establish our own Career and Technical Education Program. Once approved by the New York State Education Department, the District will move forward, and if we are able to remain on schedule, the new CTE programming will open at the high school in the fall of 2024.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Michele Albanese
Business Official
Utica City School District
929 York Street
Utica, New York 13502
(315) 792-2225

UTICA CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2022

ASSETS

Cash	
Unrestricted	\$ 56,583,927
Restricted	29,166,562
Receivables	
State and Federal aid	26,399,913
Other	2,688,443
Inventories	177,658
Net pension asset - proportionate share	66,547,363
Right to use assets, net	1,921,287
Capital assets, net	224,395,343
Total Assets	407,880,496

DEFERRED OUTFLOWS OF RESOURCES

Other post-employment benefits	75,498,886
Pensions	42,654,806
Total Deferred Outflows of Resources	118,153,692

LIABILITIES

Payables	
Accounts payable	4,707,521
Accrued liabilities	10,911,912
Accrued interest payable	1,231,775
RANs payable	10,000,000
Due to other governments	75,706
Unearned revenues	7,499,705
Long-term liabilities	
Due and payable within one year	
Bonds payable	13,850,000
Due to Employees' Retirement System	416,940
Due to Teachers' Retirement System	6,389,513
Leases payable	636,706
Health and workers' compensation	5,723,939
Due and payable after one year	
Bonds payable	96,660,000
Advanced revenue	1,800,005
Leases payable	1,284,581
Other post-employment benefits	450,726,412
Compensated absences payable	1,361,233
Total Liabilities	613,275,948

DEFERRED INFLOWS OF RESOURCES

Other post-employment benefits	54,353,456
Pensions	82,583,292
Bond premiums	4,609,912
Total Deferred Inflows of Resources	141,546,660

NET POSITION

Net investment in capital assets	111,964,056
Restricted	
Debt service	12,184,272
Workers' compensation	9,000,000
Retirement contribution - ERS	10,060,007
Retirement contribution - TRS	5,024,581
Property loss	2,540,987
Liability	2,540,987
Unrestricted	(382,103,310)
TOTAL NET POSITION (DEFICIT)	\$ (228,788,420)

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
	Expenses	Services	Grants	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 21,158,419	\$ 0	\$ 0	\$ (21,158,419)
Instruction	161,110,821	47,351	21,355,286	(139,708,184)
Pupil transportation	11,011,629	0	0	(11,011,629)
Debt service	4,485,808	0	0	(4,485,808)
School lunch program	6,786,870	0	6,190,184	(596,686)
Total Functions and Programs	\$ 204,553,547	\$ 47,351	\$ 27,545,470	(176,960,726)
GENERAL REVENUES				
Real property taxes				24,828,401
Other tax items				5,744,760
Nonproperty taxes				2,211,808
Use of money and property				84,762
Sale of property and compensation for loss				275,926
Miscellaneous				6,123,133
State sources				160,899,448
Federal aid				851,749
Total General Revenues				201,019,987
CHANGE IN NET POSITION				24,059,261
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATED				(252,847,681)
TOTAL NET POSITION (DEFICIT) - END OF YEAR				\$ (228,788,420)

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2022

ASSETS										CM Misc.		Total
										Special	Governmental	Funds
										Revenue		
										Capital		
										Project		
										Debt		
										Service		
										School		
										Lunch		
										Special		
										Aid		

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS

BALANCE SHEET TO STATEMENT OF NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

Total fund balance - governmental funds balance sheet (page 16)		\$ 73,000,643
Add:		
Net pension asset - proportionate share	\$ 66,547,363	
Deferred tax revenue	2,014,563	
Right to use assets (net of accumulated amortization)	1,921,287	
Capital assets (net of accumulated depreciation)	<u>224,395,343</u>	
Total		294,878,556
Deduct:		
Accrued interest	1,231,775	
Bonds payable	110,510,000	
Leases payable	1,921,287	
Health and workers' compensation	5,723,939	
Revenue advance	1,800,005	
Bond premium	4,609,912	
Other post-employment benefits program	429,580,982	
Liability for compensated absences	1,361,233	
Pensions	<u>39,928,486</u>	
Total		<u>(596,667,619)</u>
NET POSITION (DEFICIT), GOVERNMENTAL ACTIVITIES		<u><u>\$ (228,788,420)</u></u>

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	General	Special Aid	School Lunch	Debt Service	Capital Project	CM Misc. Special Revenue	Total Governmental Funds
REVENUES							
Real property taxes	\$ 24,720,274	\$ 0	0	\$ 0	0	0	\$ 24,720,274
Other tax items	5,744,760	0	0	0	0	0	5,744,760
Nonproperty taxes	2,211,808	0	0	0	0	0	2,211,808
Charges for services	31,049	0	16,302	0	0	0	47,351
Use of money and property	81,603	0	0	1,376	0	1,783	84,762
Sale of property and compensation for loss	275,926	0	0	0	0	0	275,926
Miscellaneous	3,481,971	0	30,045	0	2,601,242	9,875	6,123,133
State and local sources	158,068,873	3,491,039	94,293	0	2,697,242	0	164,351,447
Medicaid reimbursement	851,749	0	0	0	0	0	851,749
Federal sources	0	17,864,247	5,711,551	0	0	0	23,575,798
Surplus food	0	0	384,340	0	0	0	384,340
Total Revenues	195,468,013	21,355,286	6,236,531	1,376	5,298,484	11,658	228,371,348
EXPENDITURES							
General support	17,032,170	0	0	0	0	12,348	17,044,518
Instruction	108,241,669	21,525,551	0	0	0	0	129,767,220
Pupil transportation	8,869,351	0	0	0	0	0	8,869,351
Employee benefits	31,922,483	0	484,815	0	0	0	32,407,298
Debt service							
Principal	593,614	0	0	12,835,000	0	0	13,428,614
Interest	121,253	0	0	4,820,639	0	0	4,941,892
Cost of sales	0	0	5,716,662	0	0	0	5,716,662
Capital outlay	0	0	0	0	2,031,509	0	2,031,509
Total Expenditures	166,780,540	21,525,551	6,201,477	17,655,639	2,031,509	12,348	214,207,064
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	28,687,473	(170,265)	35,054	(17,654,263)	3,266,975	(690)	14,164,284
OTHER FINANCING SOURCES AND USES							
Interfund transfers	(17,648,700)	170,265	0	17,478,435	0	0	0
Proceeds of bond issue	0	0	0	0	12,028,904	0	12,028,904
Total Other Sources (Uses)	(17,648,700)	170,265	0	17,478,435	12,028,904	0	12,028,904
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND (USES)	11,038,773	0	35,054	(175,828)	15,295,879	(690)	26,193,188
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	50,243,898	0	(938)	12,360,100	(16,136,267)	340,662	46,807,455
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 61,282,671	\$ 0	\$ 34,116	\$ 12,184,272	\$ (840,388)	\$ 339,972	\$ 73,000,643

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2022

REVENUES

Governmental funds	\$ 228,371,348
Change in deferred taxes	108,127
Revenue advance	133,333
	<hr/>

REVENUES - STATEMENT OF ACTIVITIES

228,612,808

EXPENDITURES

\$ 214,207,064

Add:

Increase in other post-employment benefits	11,431,687
Increase in compensated absences	30,673
Change in health and workers' compensation	1,072,169
Amortization expense	593,614
Depreciation expense	4,501,004
	<hr/>

Total

17,629,147

Deduct:

Principal paid on long-term debt	13,428,614
Change in fixed assets	1,903,514
Change in right to use assets	158,904
Pensions	11,335,548
Amortization of bond premium	288,119
Decrease in accrued interest	167,965
	<hr/>

Total

27,282,664

EXPENDITURES - STATEMENT OF ACTIVITIES

204,553,547

CHANGE IN NET POSITION

\$ 24,059,261

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 48,298
Total Assets	<u><u>\$ 48,298</u></u>
NET POSITION	
Reserved for Extraclassroom	<u><u>\$ 48,298</u></u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Extraclassroom receipts	\$ 107,550
Total Additions	107,550
DEDUCTIONS	
Extraclassroom disbursements	<u>109,570</u>
Total Deductions	<u>109,570</u>
Change in Net Assets	(2,020)
NET POSITION - BEGINNING OF YEAR	<u>50,318</u>
NET POSITION - END OF YEAR	<u><u>\$ 48,298</u></u>

See notes to basic financial statements.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Utica City School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

A) Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District 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.

i) 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 found included with these basic financial statements. The District accounts for assets held as a custodian for various student organizations in the Custodial Fund.

B) Joint Venture

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

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B) Joint Venture – (Continued)

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

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

During the year, the District was billed \$31,044,878 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued no serial bonds on behalf of BOCES. As of year-end, the District had no outstanding BOCES debt.

The District's share of BOCES aid amounted to \$16,414,159.

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

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 nonexchange 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 Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. 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.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C) Basis of Presentation – (Continued)

2) Funds 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.

The District reports the following major governmental funds:

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

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

Miscellaneous Special Revenue Fund: Miscellaneous Special Revenue Fund is used to account for those revenues that are legally restricted to expenditures for a specific purpose.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

The District reports the following fiduciary fund:

Custodial Fund: Fiduciary activities are those in which the District acts as custodian for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

D) Measurement Focus and Basis of Accounting

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

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D) Measurement Focus and Basis of Accounting – (Continued)

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, state aid, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year as it matches the liquidation of related obligations.

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

E) Property Taxes

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

The city in which the District is located enforces uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the city to the District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collected within 60 days of year end, less similar amounts collected during this period in the preceding year, are recognized as revenue. Otherwise, deferred inflow of resources offset real property taxes receivable.

F) Restricted Resources

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

G) Interfund Transactions

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

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

G) Interfund Transactions – (Continued)

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

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

I) Cash (and Cash Equivalents)/Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

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

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

Investments are stated at fair value.

J) Receivables

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

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

K) 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 prepaid items in both the District-wide and fund financial statements. These items are reported 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 receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these nonliquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight-line	40
Building improvements	5,000	Straight-line	20
Furniture and equipment	5,000	Straight-line	5-15

M) Right to Use Assets

Right to use assets are reported at actual cost or estimated historical cost. Right to use assets are amortized using the straight-line method over the estimated useful life of the asset. All right to use assets are furniture and equipment which are amortized over a 3-5 year period.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and the difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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

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

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N) Deferred Outflows and Inflows of Resources – (Continued)

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

	<u>ERS</u> March 31, 2022	<u>TRS</u> June 30, 2021
Measurement date		
District's proportionate share of the net pension asset (liability)	\$ 3,391,667	\$ 63,155,696
District's portion of the Plan's total net pension asset (liability)	0.0414904%	0.364450%
Change in proportion since the prior measurement date	(0.0013006)%	(.00277)%

For the year ended June 30, 2022, the District recognized its proportionate share of pension expense of \$1,810,142 for ERS and \$5,965,083 for TRS. At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 256,856	\$ 8,705,343	\$ 333,156	\$ 328,121
Changes of assumptions	5,660,312	20,773,228	95,512	3,678,633
Net difference between projected and actual earnings on pension plan investments	0	0	11,106,289	66,098,970
Changes in proportion and differences between the District's contributions and proportionate share of contributions	39,079	837,965	314,981	627,630
District's contributions subsequent to the measurement date	416,940	5,965,083	0	0
Total	<u>\$ 6,373,187</u>	<u>\$ 36,281,619</u>	<u>\$ 11,849,938</u>	<u>\$ 70,733,354</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2023 for ERS and June 30, 2023 for TRS. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2023	\$ (958,223)	\$(9,522,250)
2024	(1,330,441)	(12,084,934)
2025	(2,972,043)	(15,819,052)
2026	(632,984)	3,067,561
2027	0	2,120,818
Thereafter	0	0

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N) Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.9%	6.95%
Salary scale	4.4%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's experience	System's experience
Inflation rate	2.7%	2.40%
Projected cost of living adjustments	1.4%	1.3%

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

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

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

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N) Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

Measurement date	<u>ERS</u> March 31, 2022	<u>TRS</u> June 30, 2021
<u>Asset type</u>		
Domestic equity	3.30%	6.8%
International equity	5.85	7.6
Global equities	0	7.1
Real estate	5.00	6.5
Domestic fixed income securities	0	1.3
Global fixed income securities	0	0.8
High-yield fixed income securities	0	3.8
Real estate debt	0	3.3
Private debt	0	5.9
Credit	3.78	0
Private equity/alternative investments	6.50	10.0
Absolute return strategies	4.10	0
Opportunistic portfolio	4.10	0
Cash	(1.00)	(0.2)
Real assets	5.80	0

Discount Rate

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

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

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

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N) Deferred Outflows and Inflows of Resources – (Continued)

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

	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
<u>ERS</u>			
District's proportionate share of the net pension asset (liability)	\$ (8,730,114)	\$ 3,391,667	\$ 13,530,952
	<u>1% Decrease (5.95%)</u>	<u>Current Assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
<u>TRS</u>			
District's proportionate share of the net pension asset (liability)	\$ 6,627,269	\$ 63,155,696	\$ 110,663,736

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the respective valuation dates were as follows:

	(Dollars in thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Measurement date	March 31, 2022	June 30, 2021	
Employers' total pension asset (liability)	\$(223,874,888)	\$(130,819,415)	\$(354,694,303)
Plan fiduciary net position asset (liability)	232,049,473	148,148,457	380,197,930
Employers' net pension asset (liability)	8,174,585	17,329,042	25,503,627
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	103.65%	113.2%	107.19%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$416,940.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N) Deferred Outflows and Inflows of Resources – (Continued)

Payables to the Pension Plan – (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November, 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amount to \$6,389,513.

Additional pension information can be found in Note 9.

O) Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its balance sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized. The District had \$7,499,705 in unearned revenue at June 30, 2022.

P) Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

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

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

Q) Other Benefits

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

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Q) Other Benefits – (Continued)

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R) Short-Term Debt

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

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

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

S) Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, 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 in one year or due within more than one year in the Statement of Net Position.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T) Equity Classifications

District-Wide Statements

In the District-wide statements, there are three classes of net position:

i) Net Investment in Capital Assets

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

ii) Restricted Net Position

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

iii) Unrestricted Net Position

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

Funds Statements

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

1. Nonspendable

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$177,658.

2. Restricted

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The School District has established the following restricted fund balances:

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T) Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District:

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Retirement Contributions

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

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service, must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund under Restricted Fund Balance.

Liability Claims and Property Loss

According to Education Law §1709(8)(c)), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss 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 with a population under 125,000. This reserve is accounted for in the General Fund under Restricted Fund Balance.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T) Equity Classifications – (Continued)

Funds Statements – (Continued)

3. Committed

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

4. Assigned

Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

5. Unassigned

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

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

Order of Use of Fund Balance

The District's policy is to annually determine the appropriate use of fund balance upon recommendation of the Superintendent and Board of Education.

U) New Accounting Standards

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

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2022. This statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as appropriate.

GASB has issued Statement No. 89, *Accounting Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2022. This statement requires that interest cost incurred during construction be expensed in that period rather than being included in the cost of the capital asset.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

U) New Accounting Standards – (Continued)

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, portions of the statement are effective for the year ending June 30, 2022. This statement increases consistency and comparability related to the reporting of fiduciary component units which do not have a governing board.

V) Future Changes in Accounting Standards

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023. This statement improves the financial reporting related to Public-Private and Public-Public Partnerships to provide services.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement requires the recognition of a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability for subscription-based information technology arrangements for government end users.

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. This Statement amends the existing requirements related to Compensated Absences by updating the recognition and measurement guidance.

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

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements compared with the current financial resources focus of the governmental funds.

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

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

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of five broad categories, described as follows:

i) Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital Related Differences

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

iii) Long-Term Debt Transaction Differences

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

iv) Pension Differences

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

v) OPEB Differences

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

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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

Encumbrances

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

Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$840,338. The deficit will be eliminated when bonds are issued for the current capital project.

Excess Fund Balance – Real Property Tax Law Limit

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

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – CASH (AND CASH EQUIVALENTS), CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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

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

Uncollateralized	\$ 0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	90,841,184

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$29,166,562 within the governmental funds and \$48,298 in the custodial funds.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 1,045,000	\$ 0	\$ 0	\$ 1,045,000 ✓
Construction in progress	95,886,963	1,872,605	0	97,759,568
Total nondepreciable historical cost	96,931,963	1,872,605	0	98,804,568
Capital assets that are depreciated:				
Buildings	182,950,379	0	0	182,950,379
Site improvements	9,329,806	0	0	9,329,806 ✓
Furniture and equipment	27,818,311	30,909	0	27,849,220 ✓
Total depreciable historical cost	220,098,496	30,909	0	220,129,405
Less accumulated depreciation:				
Buildings	59,453,300	4,004,475	0	63,457,775 ✓
Site improvements	5,118,871	222,949	0	5,341,820 ✓
Furniture and equipment	25,465,456	273,579	0	25,739,035
Total accumulated depreciation	90,037,627	4,501,003	0	94,538,630
Net depreciable historical cost	130,060,869	(4,470,094)	0	125,590,775
Right to use assets that are amortized:				
Buildings	0	158,904	0	158,904 ✓
Furniture and equipment	2,755,997	0	0	2,755,997
Total amortizable historical cost	2,755,997	158,904	0	2,914,901
Less accumulated amortization:				
Buildings	0	12,276	0	12,276 ✓
Furniture and equipment	400,000	581,338	0	981,338
Total accumulated amortization	400,000	593,614	0	993,614
Net amortizable historical cost	2,355,997	(434,710)	0	1,921,287
Total historical cost, net	\$ 229,348,829	\$ (3,032,199)	\$ 0	\$ 226,316,630

Depreciation and amortization expense were charged to governmental functions as follows:

General support	\$ 537,672
Instruction	4,096,494
Pupil transportation	279,988
School lunch program	180,464
Total	\$ 5,094,618

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 – SHORT-TERM DEBT

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

Interest paid	\$ 277,204
Less interest accrued in the prior year	(249,500)
Plus interest accrued in the current year	<u>6,575</u>
TOTAL EXPENSE ON SHORT-TERM DEBT	<u>\$ 34,279</u>

Transactions in short-term debt for the year are summarized below:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
RAN 2021	1.00%	\$ 10,000,000	\$ 0	\$ 10,000,000	\$ 0
RAN 2022	3.00%	0	10,000,000	0	10,000,000
BAN 2021	1.50%	<u>14,975,000</u>	<u>0</u>	<u>14,975,000</u>	<u>0</u>
TOTALS		<u>\$ 24,975,000</u>	<u>\$ 10,000,000</u>	<u>\$ 24,975,000</u>	<u>\$ 10,000,000</u>

NOTE 7 – LONG-TERM DEBT

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

Interest paid	\$ 4,664,688
Less amortization of bond premium	(288,119)
Less interest accrued in the prior year	(1,150,240)
Plus interest accrued in the current year	<u>1,225,200</u>
TOTAL EXPENSE ON LONG-TERM DEBT	<u>\$ 4,451,529</u>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 111,475,000	\$ 11,870,000	\$ 12,835,000	\$ 110,510,000	\$ 13,850,000
Other liabilities:					
Revenue advance	1,933,338	0	133,333	1,800,005	133,333
Leases payable	2,355,997	158,904	593,614	1,921,287	636,706
Compensated absences	1,330,560	30,673	0	1,361,233	0
Other post-employment retirement benefits	<u>427,238,395</u>	<u>23,488,017</u>	<u>0</u>	<u>450,726,412</u>	<u>0</u>
Total long-term liabilities	<u>\$ 544,333,290</u>	<u>\$ 35,547,594</u>	<u>\$ 13,561,947</u>	<u>\$ 566,318,937</u>	<u>\$ 14,620,039</u>

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 – LONG-TERM DEBT – (CONTINUED)

The following is a summary of long-term indebtedness:

<u>Description of Issue</u>	<u>Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>Outstanding at June 30, 2022</u>
Serial Bond	2012	2027	1.400 - 4.800%	\$ 2,010,000
Serial Bond	2017	2030	3.00 - 5.00%	12,895,000
Serial Bond	2012	2041	2.00 - 5.00%	15,385,000
Serial Bond	2013	2026	2.00 - 5.00%	11,560,000
Serial Bond	2013	2028	2.00 - 5.00%	4,350,000
Serial Bond	2015	2029	2.00 - 5.00%	17,240,000
Serial Bond	2016	2030	2.00 - 5.00%	12,255,000
Serial Bond	2018	2030	3.00 - 5.00%	7,780,000
Serial Bond	2019	2040	3.00 - 5.00%	8,660,000
Serial Bond	2020	2035	5.000%	6,505,000
Serial Bond	2021	2036	4.00-5.00%	11,870,000
Totals				<u><u>\$ 110,510,000</u></u>

The following is a summary of maturing debt service requirements:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2023	\$ 13,850,000	\$ 4,883,317	\$ 18,733,317
2024	14,805,000	3,916,992	18,721,992
2025	15,370,000	3,356,883	18,726,883
2026	15,995,000	2,726,151	18,721,151
2027	10,210,000	2,059,536	12,269,536
2028 - 2032	27,245,000	5,050,609	32,295,609
2033 - 2037	10,090,000	1,489,500	11,579,500
2038 - 2041	2,945,000	192,900	3,137,900
Totals	<u><u>\$110,510,000</u></u>	<u><u>\$ 23,675,888</u></u>	<u><u>\$134,185,888</u></u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. As of June 30, 2022, all defeased bonds have been fully redeemed.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 – LONG-TERM DEBT – (CONTINUED)

The following is a summary of leases payable:

<u>Description of Issue</u>	<u>Date</u>	<u>Maturity</u>	<u>Rate</u>	<u>Outstanding at June 30, 2022</u>
Equipment Lease	2021	2025	0.870%	\$ 1,774,659
Warehouse Lease	2022	2025	1.740%	146,628
Totals				<u><u>\$ 1,921,287</u></u>

The following is a summary of maturing leases payable:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2023	\$ 636,706	\$ 17,657	\$ 654,363
2024	645,353	11,632	656,985
2025	639,228	5,521	644,749
Totals	<u><u>\$ 1,921,287</u></u>	<u><u>\$ 34,810</u></u>	<u><u>\$ 1,956,097</u></u>

Other Liabilities

In prior years, the District was granted advances on future lottery aid. These advances have been recorded in the long-term debt group of accounts. The District is obligated to make payments on the remaining \$1,800,005 of these combined advances in each subsequent school year until fully repaid.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General Fund	\$ 11,683,724	\$ 0	\$ 0	\$ 17,648,700
Special Aid Fund	0	8,174,474	170,265	0
School Lunch Fund	0	1,604,094	0	0
Debt Service Fund	979,249	0	17,478,435	0
Capital Fund	0	2,884,405	0	0
Total Governmental Activities	12,662,973	12,662,973	17,648,700	17,648,700
Custodial Fund	0	0	0	0
TOTALS	\$ 12,662,973	\$ 12,662,973	\$ 17,648,700	\$ 17,648,700

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 9 – PENSION PLANS

General Information

The District participates in the New York State Employees' Retirement System (NYSERS) 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.

Plan Descriptions and Benefits Provided:

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 State statute. The System issues a publicly available financial report that contains financial statements and required supplementary information. The report 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 TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 9 – PENSION PLANS – (CONTINUED)

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. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

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

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2021-2022	\$ 5,965,083	\$ 1,810,142
2020-2021	5,850,207	1,870,273
2019-2020	5,617,581	1,653,657

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

Additional pension information can be found in Note 1 N.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

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

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collected bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Benefits Provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	714
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>1,036</u>
Total	<u><u>1,750</u></u>

Net OPEB Liability:

The District's total OPEB liability of \$450,726,412 was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2020.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Actuarial Assumptions and Other Inputs

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:

Inflation	2.2%
Salary Increases	3.5%,
Discount Rate	2.14%
Healthcare Cost Trend Rates	6.5% for 2022, decreasing per year to an ultimate rate of 4.04% for 2091.

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

Mortality rates were based on the RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2020.

Changes in the Total OPEB Liability:

Balance at June 30, 2021	\$ 427,238,395
Changes for the year:	
Service cost	16,692,486
Interest	9,716,168
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	5,649,914
Benefit payments	<u>(8,570,551)</u>
Net changes	<u>23,488,017</u>
Balance at June 30, 2022	<u>\$ 450,726,412</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% in 2021 to 2.14% in 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 542,788,527	\$ 450,726,412	\$ 378,235,696

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.5% decreasing to 3.04%) or 1 percentage point higher (7.5% decreasing to 5.04%) than the current healthcare cost trend rate:

	1% Decrease (5.5% Decreasing to 3.04%)	Healthcare Cost Trend Rates (6.5% Decreasing to 4.04%)	1% Increase (7.5% Decreasing to 5.04%)
Total OPEB Liability	\$ 363,869,505	\$ 450,726,412	\$ 567,664,863

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$11,431,687. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 32,656,436
Changes of assumptions or other inputs	66,363,434	21,697,020
Employer contributions subsequent to the measurement date (expected employer contribution including implicit subsidy)	<u>9,135,452</u>	<u>0</u>
Total	<u>\$ 75,498,886</u>	<u>\$ 54,353,456</u>

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

Fiscal Year Ending June 30:

2023	\$ 3,293,937
2024	(3,453,185)
2025	2,642,085
2026	8,622,674
2027	9,239,715
Thereafter	<u>800,204</u>
Total	<u>\$ 21,145,430</u>

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 – RISK MANAGEMENT

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

The District has a variety of pending lawsuits, which the District is contesting vigorously. Management has estimated overall exposure for all cases not to exceed \$500,000.

Self-Insured Plans

The District has chosen to establish a self-funded health benefit program and workers' compensation plan for its employees. The District has obtained aggregate and specific excess loss insurance associated with the self-funded health benefit program. The benefit programs administrators, Excellus BlueCross BlueShield and Eagle Claim Service, are responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit programs report on a fiscal year ended June 30. The programs are accounted for in the General Fund of the District. At year end, the District has a liability of \$5,723,939, which represents reported and unreported claims which were incurred on or before year end, but which were not paid by the District as of that date. Claims activity is summarized below.

	<u>Beginning Balance</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
Claims reported for the fiscal years ended June 30:				
2022	\$ 0	\$ 44,711,111	\$ 44,711,111	\$ 0
2021	0	44,162,406	44,162,406	0
2020	0	40,035,426	40,035,426	0
2019	0	36,293,257	36,293,257	0
2018	0	37,493,232	37,493,232	0
Incurred but not reported for the fiscal years ended June 30:				
2022	\$ 4,651,770	\$ 1,072,169	\$ 0	\$ 5,723,939
2021	4,897,183	(245,413)	0	4,651,770
2020	4,343,395	553,788	0	4,897,183
2019	4,155,021	188,374	0	4,343,395
2018	4,567,088	(412,067)	0	4,155,021

NOTE 12 – DONOR-RESTRICTED ENDOWMENTS

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

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

UTICA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 – CONTINGENCIES AND COMMITMENTS

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

NOTE 14 – TAX ABATEMENTS

The County of Oneida enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$1,635,564. The District received Payment in Lieu of Tax (PILOT) payment totaling \$670,365.

NOTE 15 – RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The District's net position has been restated as follows:

	<u>Government- wide Statement of Net Position</u>
Net Position, beginning of year as previously stated	\$ (252,847,681)
GASB Statement No. 87 implementation:	
Leases payable	(2,355,997)
Right to use assets, net of amortization	<u>2,355,997</u>
Net Position, beginning of year as restated	<u><u>\$ (252,847,681)</u></u>

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the issuance date of the of the audit report. There were no issues to report that would have a material effect on the financial statements.

UTICA CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual Revenues	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:				
Local Sources				
Real property taxes	\$ 24,817,721	\$ 24,817,721	\$ 24,720,274	\$ (97,447)
Other tax items	5,788,144	5,788,144	5,744,760	(43,384)
Nonproperty taxes	1,400,000	1,400,000	2,211,808	811,808
Charges for services	45,500	45,500	31,049	(14,451)
Use of money and property	115,000	115,000	81,603	(33,397)
Sale of property and compensation for loss	101,500	101,500	275,926	174,426
Miscellaneous	1,332,700	1,332,700	3,481,971	2,149,271
Total Local Sources	33,600,565	33,600,565	36,547,391	2,946,826
State Sources	159,962,392	159,962,392	158,068,873	(1,893,519)
Federal Sources	600,000	600,000	851,749	251,749
Total Revenues	194,162,957	194,162,957	195,468,013	\$ 1,305,056

See paragraph on supplementary schedules included in independent auditors' report.

UTICA CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual Expenditures	Year End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under
EXPENDITURES					
General Support					
Board of Education	267,455	352,993	341,532	\$ 4,294	\$ 7,167
Central administration	363,474	387,982	386,937	75	970
Finance	1,364,918	1,367,514	1,325,037	21,874	20,603
Staff	959,384	1,016,087	983,868	10,629	21,590
Central services	10,141,509	13,222,205	11,218,016	1,256,958	747,231
Special items	2,875,962	2,891,172	2,776,780	36,431	77,961
Instructional					
Instruction, administration and improvements	4,846,953	4,792,883	4,245,392	1,752	545,739
Teaching – regular school	63,089,924	68,914,324	66,542,485	1,559,822	812,017
Programs for children with handicapping conditions	22,146,298	19,720,257	18,815,500	4,649	900,108
Occupational education	4,542,093	4,008,480	3,906,435	311	101,734
Teaching - special schools	341,077	342,871	126,871	0	216,000
Instructional media	6,677,754	11,056,840	10,700,584	36,896	319,360
Pupil services	5,621,256	4,709,678	3,904,402	116,647	688,629
Pupil Transportation	11,695,516	9,197,320	8,869,351	128,132	199,837
Employee Benefits	41,121,700	38,637,026	31,922,483	37,427	6,677,116
Debt Service					
Debt service – principal	0	593,614	593,614	0	0
Debt service – interest	200,000	121,253	121,253	0	0
Total Expenditures	176,255,273	181,332,499	166,780,540	3,215,897	11,336,062
Other Financing Uses					
Transfers to other funds	17,907,684	17,678,435	17,648,700	0	29,735
Total Expenditures and Other Uses	194,162,957	199,010,934	184,429,240	\$ 3,215,897	\$ 11,365,797
NET CHANGE IN FUND BALANCE	0	(4,847,977)	11,038,773		
FUND BALANCE – BEGINNING	50,243,898	50,243,898	50,243,898		
FUND BALANCE – ENDING	\$ 50,243,898	\$ 45,395,921	\$ 61,282,671		

See paragraph on supplementary schedules included in independent auditors' report.

UTICA CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS – CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFITS LIABILITY AND RELATED RATIOS**

FOR THE YEARS ENDED JUNE 30, 2022, 2021, 2020, 2019 AND 2018

Measurement Date	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability					
Service cost	\$ 16,692,486	\$ 10,982,034	\$ 11,227,895	\$ 12,285,691	\$ 16,167,717
Interest	9,716,168	12,573,029	13,459,658	13,432,386	11,734,648
Change of benefit terms	0	0	0	803,594	0
Differences between expected and actual experience	0	(26,648,843)	0	(32,054,661)	0
Change of assumptions or other inputs	5,649,914	86,179,843	(5,090,972)	(11,092,503)	(55,261,073)
Benefit payments	<u>(8,570,551)</u>	<u>(8,190,069)</u>	<u>(7,642,117)</u>	<u>(7,645,403)</u>	<u>(7,113,559)</u>
Net change in total OPEB liability	23,488,017	74,895,994	11,954,464	(24,270,896)	(34,472,267)
Total OPEB Liability - beginning	<u>427,238,395</u>	<u>352,342,401</u>	<u>340,387,937</u>	<u>364,658,833</u>	<u>399,131,100</u>
Total OPEB Liability - ending	<u>\$450,726,412</u>	<u>\$427,238,395</u>	<u>\$352,342,401</u>	<u>\$340,387,937</u>	<u>\$364,658,833</u>
Covered-employee payroll	\$ 78,916,450	\$ 81,995,275	\$ 81,088,731	\$ 71,728,367	\$ 78,179,365
Total OPEB liability as a percentage of covered-employee payroll	571.14%	521.05%	434.51%	474.55%	466.44%
Plan's fiduciary net position	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net OPEB Liability	\$450,726,412	\$427,238,395	\$352,342,401	\$340,387,937	\$364,658,833

See paragraph on supplementary schedules included in independent auditors' report.

UTICA CITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

FOR THE YEARS ENDED JUNE 30, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Teachers' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.364450%	0.367220%	0.373807%	0.378798%	0.362606%	0.368623%	0.357144%	0.372659%
District's proportionate share of the net pension liability (asset)	\$ (63,155,696)	\$ 10,147,291	\$ (9,711,541)	\$ (6,849,674)	\$ (2,756,162)	\$ 3,948,104	\$ (37,095,888)	\$ (41,511,943)
District's covered-employee payroll	61,098,673	61,387,272	63,403,849	62,394,529	68,718,704	64,356,493	59,133,373	55,905,530
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	103.4%	16.5%	15.3%	11.0%	4.0%	6.1%	62.7%	74.3%
Plan fiduciary net position as a percentage of the total pension liability (asset)	113.20%	97.80%	102.20%	101.53%	100.70%	99.00%	110.50%	111.48%

NYS Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0414904%	0.0427910%	0.0452211%	0.0448609%	0.0479416%	0.0456237%	0.0479567%	0.0468502%
District's proportionate share of the net pension liability (asset)	\$ (3,391,667)	\$ 42,609	\$ 11,974,810	\$ 3,178,529	\$ 1,547,290	\$ 4,286,903	\$ 7,697,181	\$ 1,582,716
District's covered-employee payroll	12,555,504	12,988,491	13,030,808	12,637,586	12,485,506	11,932,678	11,641,637	11,778,690
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.0%	0.3%	91.9%	25.2%	12.4%	35.9%	66.1%	13.4%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.95%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

See paragraph on supplementary schedules included in independent auditors' report.

UTICA CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Teachers' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 5,987,670	\$ 5,850,207	\$ 5,617,581	\$ 6,626,299	\$ 6,734,433	\$ 7,542,581	\$ 7,841,085	\$ 9,800,239
Contributions in relation to the contractually required contribution	5,987,670	5,850,207	5,617,581	6,626,299	6,734,433	7,542,581	7,841,085	9,800,239
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered-employee payroll	\$ 61,098,673	\$ 61,387,272	\$ 63,403,849	\$ 62,394,529	\$ 68,718,704	\$ 64,356,493	\$ 59,133,373	\$ 55,905,530
Contribution as a percentage of covered-employee payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

NYS Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,810,142	\$ 1,870,273	\$ 1,653,657	\$ 1,728,348	\$ 1,834,745	\$ 1,763,919	\$ 2,005,958	\$ 2,257,491
Contributions in relation to the contractually required contribution	1,810,142	1,870,273	1,653,657	1,728,348	1,834,745	1,763,919	2,005,958	2,257,491
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered-employee payroll	\$ 12,555,504	\$ 12,988,491	\$ 13,030,808	\$ 12,637,586	\$ 12,485,506	\$ 11,932,678	\$ 11,641,637	\$ 11,778,690
Contribution as a percentage of covered-employee payroll	14.42%	14.40%	12.69%	13.68%	14.69%	14.78%	17.23%	19.15%

See paragraph on supplementary schedules included in independent auditors' report.

UTICA CITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

ADOPTED BUDGET	\$ 194,162,957
Additions:	
Prior year encumbrances	<u>4,847,977</u>
FINAL BUDGET	<u><u>\$ 199,010,934</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2022

2022-2023 voter-approved expenditure budget	\$ 213,512,562
Maximum allowed (4% of 2022-2023 budget)	8,540,502
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	3,215,897
Unassigned fund balance	<u>28,900,212</u>
Total unrestricted fund balance	32,116,109
Less:	
Encumbrances	<u>3,215,897</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 28,900,212</u></u>
Actual percentage	13.5%

See paragraph on supplementary schedules included in independent auditors' report.

UTICA CITY SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION

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

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date		Unexpended Balance	Proceeds of Obligations	Methods of Financing		Total	Fund Balance June 30, 2022
			Prior Year	Current Year			Local Sources	State Sources		
Smart School Bond Act	\$ 9,678,419	\$ 9,678,419	\$ 5,910,923	\$ 34,274	\$ 3,733,222	\$ 6,625,000	\$ 0	\$ 4,891,315	\$ 11,516,315	\$ 5,571,118
Capital project - facilities	187,600,000	212,600,000	210,978,966	1,838,331	(217,297)	186,527,042	12,891,139	6,987,610	206,405,791	(6,411,506)
Total	\$ 197,278,419	\$ 222,278,419	\$ 216,889,889	\$ 1,872,605	\$ 3,515,925	\$ 193,152,042	\$ 12,891,139	\$ 11,878,925	\$ 217,922,106	\$ (840,388)

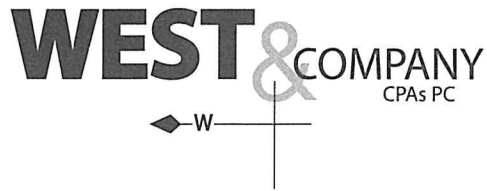
See paragraph on supplementary schedules included in independent auditors' report.

UTICA CITY SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

CAPITAL ASSETS, NET		\$ 226,316,630
DEDUCT:		
Short-term portion of installment purchase debt	\$ 636,706	
Long-term portion of installment purchase debt	1,284,581	
Short-term portion of bonds payable	13,850,000	
Short-term portion of leases payable	636,706	
Long-term portion of leases payable	1,284,581	
Long-term portion of bonds payable	<u>96,660,000</u>	
Total		<u>114,352,574</u>
NET INVESTMENT IN CAPITAL ASSETS		<u><u>\$ 111,964,056</u></u>

See paragraph on supplementary schedules included in independent auditors' report.

UTICA CITY SCHOOL DISTRICT
FEDERAL AWARD PROGRAM INFORMATION
SINGLE AUDIT
(UNIFORM GUIDANCE)
JUNE 30, 2022



**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 President and the Other Members
of the Board of Education of the
Utica City School District
Utica, 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 Utica City 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, and have issued our report thereon dated November 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Utica City School District's internal control over financial reporting (internal control) to determine 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 Utica City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Utica City 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Utica City 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WEST & COMPANY CPAs PC

Gloversville, New York
November 14, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the President and the Other Members
of the Board of Education of the
Utica City School District
Utica, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management of the District is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the 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 the 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

WEST & COMPANY CPAs PC

Gloversville, New York
November 14, 2022

UTICA CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Grantor's Number	Passed- through to Subrecipients	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through the NYS Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	10.555	Not Applicable	\$ 0	\$ 384,340
Cash Assistance				
School Breakfast Program	10.553	Not Applicable	0	772,111
National School Lunch Program	10.555	Not Applicable	0	4,631,145
After School Snack Program	10.555	Not Applicable	0	25,986
Summer Food Service Program for Children	10.559	Not Applicable	0	146,473
Total Child Nutrition Cluster			0	5,960,055
Fresh Fruit and Vegetable Program	10.582	0000420001	0	135,836
Total U.S. Department of Agriculture			0	6,095,891
<u>U.S. Department of Education</u>				
Passed through the NYS Education Department:				
Special Education Cluster:				
Special Education - Grants to States	84.027	003220063 1	0	1,788
Special Education - Grants to States	84.027	003221063 1	0	4,731
Special Education - Grants to States	84.027	003222063 1	0	2,667,813
Total Special Education - Grants to States			0	2,674,332
Special Education - Preschool Grants	84.173	003321063 1	0	33,295
Special Education - Preschool Grants	84.173	003322063 1	0	51,685
COVID-19 Special Education - Preschool Grants	84.173X	553322063 1	0	6,340
Total Special Education Preschool Grants			0	91,320
Total Special Education Cluster			0	2,765,652
Title I - Grants to Local Educational Agencies	84.010	0021202060	0	351,752
Title I - Grants to Local Educational Agencies	84.010	0021222060	0	5,900,664
Title I - Grants to Local Educational Agencies	84.010	0011224130	0	8,934
Title I - Grants to Local Educational Agencies	84.010	0011212196	0	78,516
Title I - Grants to Local Educational Agencies	84.010	0011222196	0	235,136
Title I - Grants to Local Educational Agencies	84.010	0011182196	0	442
Title I - Grants to Local Educational Agencies	84.010	0011217625	0	47,158
Total Title I - Grants to Local Educational Agencies			0	6,622,602
Career and Technical Education - Basic Grants to States	84.048	8000210006	0	12,167
Career and Technical Education - Basic Grants to States	84.048	8000220006	0	92,939
Total Career and Technical Education - Basic Grants to States			0	105,106
Education for Homeless Children and Youth	84.196	0212213036	0	31
Education for Homeless Children and Youth	84.196	0212223036	0	43,789
Total Education for Homeless Children and Youth			0	43,820
English Language Acquisition State Grants	84.365	0293202060	0	98
English Language Acquisition State Grants	84.365	0293212060	0	8,115
English Language Acquisition State Grants	84.365	0293222060	0	171,604
English Language Acquisition State Grants	84.365	0293192060	0	92
Total English Language Acquisition State Grants			0	179,909
Supporting Effective Instruction State Grant	84.367	0147212060	0	896
Supporting Effective Instruction State Grant	84.367	0147222060	0	596,643
Total Supporting Effective Instruction State Grant			0	597,539
Student Support and Academic Enrichment Grants	84.424	0204212060	0	280
Student Support and Academic Enrichment Grants	84.424	0204222060	0	180,479
Total Student Support and Academic Enrichment Grants			0	180,759
Elementary and Secondary School Emergency Relief Fund - CARES	84.425D	5890212060	133,271	1,664,060
Governor's Emergency Education Relief Fund - CARES	84.425C	5895212060	22,757	552,965
Elementary and Secondary School Emergency Relief Fund - CRRSA	84.425D	5891212060	0	1,131,206
Elementary and Secondary School Emergency Relief Fund - ARP	84.425U	5880212060	0	4,020,629
Total Education Stabilization Funds			156,028	7,368,860
Total U.S. Department of Education			156,028	17,864,247
TOTAL FEDERAL AWARDS EXPENDED			\$ 156,028	\$ 23,960,138

See notes to schedule of expenditures of federal awards.

UTICA CITY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

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

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 B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling \$104,848 in inventory.

NOTE C – INDIRECT COST RATE

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. Certain of the District's federal award programs have been charged with indirect costs, based upon a 1.4% indirect cost rate calculated by the New York State Education Department. There is no other indirect cost allocation plan in effect.

NOTE D – CLUSTER PROGRAMS

The special education cluster consists of Special Education – Grants to States and Special Education – Preschool Grants.

The child nutrition cluster consists of food distribution, National School Lunch Program, School Breakfast Program and Summer Food Service Program for Children – CARES.

UTICA CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

A. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' opinion issued:		<u>Unmodified</u>
Internal control over financial reporting:		
Material weakness identified?	___ yes	_X_ no
Significant deficiencies identified that are not considered to be material weakness?	___ yes	_X_ none reported
Noncompliance material to financial statements noted?	___ yes	_X_ no

FEDERAL AWARDS

Internal control over major programs:		
Material weakness identified?	___ yes	_X_ no
Significant deficiencies identified that are not considered to be material weakness?	___ yes	_X_ none reported
Type of auditors' opinion(s) issued on compliance for major programs:		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	___ yes	_X_ no

Identification of major programs:

Name of Federal Program

CFDA Number

Covid-19 Educational Stabilization Funds	84.425
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173

Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
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Auditee qualified as low risk?	_X_ yes	___ no
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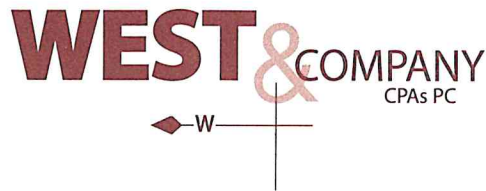
B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

UTICA CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2022



INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Utica City School District
Utica, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Utica City School District (the District) as of June 30, 2022, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the District as of June 30, 2022, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS 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 GAAS, 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 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 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.

Basis of Accounting

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

WEST & COMPANY CPAs PC

Gloversville, New York
November 14, 2022

UTICA CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2022

ASSETS

Cash	\$ 48,298
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TOTAL ASSETS	\$ 48,298
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LIABILITIES AND CLUB BALANCES

Club balances	\$ 48,298
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TOTAL LIABILITIES AND CLUB BALANCES	\$ 48,298
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See notes to financial statements.

UTICA CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2022

John F. Kennedy Junior High School

<u>Activity</u>	<u>Balance at July 1, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance at June 30, 2022</u>
8th Grade Class	\$ 5,091	\$ 3,301	\$ 4,747	\$ 3,645
Drama	1,184	0	0	1,184
International Club	1,926	0	1,926	0
Library Book Fair	123	0	0	123
National Junior Honor Society	495	0	0	495
PE Funds	322	0	322	0
Student Council	3,521	6,395	5,550	4,366
Yearbook	4,058	557	0	4,615
TOTALS	\$ 16,720	\$ 10,253	\$ 12,545	\$ 14,428

Donovan Junior High School

<u>Activity</u>	<u>Balance at July 1, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance at June 30, 2022</u>
Art	\$ 372	\$ 3,448	\$ 3,462	\$ 358
Drama	5,616	975	1,473	5,118
Eighth Grade	472	1,362	1,834	0
National Junior Honor Society	299	0	0	299
Spectator	1,631	76	569	1,138
Student Council	1,097	0	343	754
Yearbook (Salerno)	200	6,542	6,545	197
TOTALS	\$ 9,687	\$ 12,403	\$ 14,226	\$ 7,864

See notes to financial statements.

UTICA CITY SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID – (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

Proctor High School

<u>Activity</u>	<u>Balance at July 1, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance at June 30, 2022</u>
Art	\$ 3,470	\$ 1,798	\$ 1,804	\$ 3,464
Best Buddies	899	1,692	2,116	475
Choir Ninth Grade (Mixed Choir)	222	330	537	15
Class of 2023	0	18,416	14,031	4,385
Class of 2021	7,659	0	7,659	0
Class of 2022	2,217	35,347	31,709	5,855
Corridors	1,544	720	445	1,819
Drama	956	8,096	6,388	2,664
Environmental Club	130	346	283	193
FBLA	311	1,198	755	754
Future Educators of America	213	0	124	89
International Club	1,575	100	367	1,308
Key Club	440	880	661	659
Model UN	401	0	50	351
National Junior Honor Society	1,359	730	1,264	825
Orchestra	91	2,902	2,505	488
Student Council Reserve	986	5,910	5,816	1,080
Yearbook Club	1,438	6,429	6,285	1,582
TOTALS	\$ 23,911	\$ 84,894	\$ 82,799	\$ 26,006

See notes to financial statements.

UTICA CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds of the Utica City School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. However, since the Board of Education does exercise general oversight, these funds and their corresponding cash accounts are reflected in the Custodial Fund of the basic financial statements of the District.

The books and records of the Utica City School District's Extraclassroom Activities Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

NOTE 2 – MANAGEMENT LETTER

Management letter items associated with the Extraclassroom Activity Funds are included in the management letter accompanying the District's basic financial statements.



November 14, 2022

To the President and the Other
Members of the Board of Education of the
Utica City School District
Utica, New York

Re: Management Letter
June 30, 2022

In planning and performing our audit of the financial statements of the Utica City School District for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls. We previously reported on the District's internal control in our report dated November 14, 2022. A separate report dated November 14, 2022, contains our report on significant deficiencies or material weaknesses in the District's internal control. This letter does not affect our report dated November 14, 2022, on the financial statements of Utica City School District.

Our comments and recommendations for the year ended June 30, 2022, are as follows:

Prior-Year Findings

1. Extraclassroom Activity Funds

Prior Condition: In our testing, we noted a lack of profit and loss statements, inventory control sheets and adherence to sales tax laws in various clubs.

Status: This condition has continued to improve as of June 30, 2022.

Recommendation: We recommend that the Board to comply with NYS Pamphlet # 2, which governs Extraclassroom Activity Fund operations.

2. Payroll Testing

Prior Condition: During our testing of payroll we noted that several items had I-9s that were not properly executed.

Status: This condition has improved as of June 30, 2022. Only 3 I-9s were not signed by the employer.

Recommendation: At the time the I-9 is being filled out, the Human Resource Department should review the form to ensure that it is properly completed.

3. Extraclassroom Activity Funds

Prior Condition: During our testing of Extraclassroom Activity Funds, we noted 5 clubs that are fiscally inactive and several were missing required signatures.

Status: For the year ended June 30, 2022, 4 clubs were fiscally inactive, and several were missing required signatures.

Recommendation: The Board should review these clubs and determine if they should be closed, and the central treasurer should make sure all required signatures are present.

4. Unassigned General Fund Balance

Prior Condition: The District's unassigned General Fund balance at June 30, 2021, was in excess of the New York State Real Property Tax Law limit, which restricts this balance to an amount not great than 4% of the District's appropriation budget for the upcoming year.

Status: This condition remains unchanged as of June 30, 2022.

Recommendation: We recommend that the Board review and modify its plan to reduce the District's unassigned General Fund balance to the statutory limit.

5. Business Office

Prior Condition: Lack of a treasurer required the District to rely on a former treasurer to complete the year end books and records.

Status: This condition has been corrected as of June 30, 2022.

6. Special Aid Fund

Prior Condition: The District has negative budget lines in the Special Aid Fund.

Status: Management has started to review these and some negatives still exist as of June 30, 2022.

Recommendation: The business office should review its accounts in the Special Aid Fund and adjust the budgets, deferred revenue and receivables in a timely basis.

Current-Year Findings

1. Overtime Approval

Condition: During our testing of the overtime approval forms, we noted that a signature did not appear to be consistent. We then discussed the signature with the responsible person, and they concluded that the signature was forged.

Recommendation: We recommend that management and the board review the procedures for overtime approval and require the appropriate individuals to approve and sign the form.

2. Budget Adjustments

Condition: During our review of year end payables and accrued liabilities, we noted that items were purchased without the budget adjustment being approved through the board.

Recommendation: The District should review the educational law for budget adjustments and determine that it is in compliance with the law. Furthermore, hiring a separate purchasing agent could help to alleviate this issue.

3. Central Receiving

Condition: During our audit we noted that items are being shipped to locations other than central receiving.

Recommendation: We recommend that the business office review its procedures and ensure that the shipping address of all items is that of central receiving.

4. Internal Audit

Condition: The District is currently out of compliance with the requirements of the five-point plan. The internal auditor currently performs functions which are outside the New York State five-point plan requirements for internal audits. Furthermore, the internal audit requires a risk assessment and area of focus to be done by April 30th each year. 2019-2020's risk assessment was approved by New York State and there are no risk assessment reports for 2020-2021 or 2021-2022. Additionally, the internal auditor has not performed an area of focus in the last three years.

Recommendation: Daily activities, such as extraclassroom, should be redirected to an appropriate person and the internal auditor should focus on meeting the requirements of the five-point plan.

The preceding comments and recommendations are intended solely for the information and use of the Board, management and others within the District and should not be used by anyone other than these specific parties.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments with management, and we will be pleased to discuss these items in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Very truly yours,

WEST & COMPANY CPAs PC

WEST & COMPANY CPAs PC

