

MEXICO ACADEMY AND CENTRAL SCHOOL DISTRICT

Mexico, New York

EXECUTIVE SUMMARY

**For the Year Ended
June 30, 2022**



MEXICO ACADEMY AND CENTRAL SCHOOL DISTRICT

EXECUTIVE SUMMARY OF 2022 AUDIT REPORT AND FINDINGS

Basic Financial Statements

Independent Auditors' Report on Basic Financial Statements.

Description of Report and Findings

Unmodified opinion on Mexico Academy and Central School District's (the School District) basic financial statements for the year ended June 30, 2022.

Independent Auditors' Report on Supplementary Financial Information.

Unmodified opinion on supplementary financial information in relation to the primary audit report.

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*.

Report on the School District's compliance with laws and regulations that may have a direct and material effect on the basic financial statements, and on the School District's internal control structure, policies, and procedures based on the auditors' understanding of the internal control structure and assessment of control risk obtained as part of the audit of the basic financial statements. This report identified **one material instance of noncompliance with Real Property Tax Law §1318 and no material internal control weaknesses** at the financial statement level. A separate letter dated October 14, 2022, which has been issued, discusses an additional compliance issue.

Single Audit (Uniform Guidance) Report

Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance.

Report on 1) the School District's internal control structure policies and procedures used in administering federal award programs; 2) compliance with general requirements of the School District's federal awards; and 3) compliance with specific requirements applicable to each major program. This report identified **one material instance of noncompliance and no material internal control weaknesses** regarding compliance in accordance with Uniform Guidance.

There are several federal award program expenditures that amounted to a total of \$3,523,384.

Communication With Those Charged With Governance at the Conclusion of the Audit.

A letter that specifically addresses certain required communications to the Board of Education in accordance with professional standards. There were **no comments of concern** to be reported regarding the following:

- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected and Uncorrected Misstatements
- Disagreements With Management
- Management Representations
- Management Consultations With Other Independent Accountants
- Other Audit Findings and Issues
- Other Matters

Independent Auditors' Report on Extraclassroom Activity Funds.

Unmodified opinion on the School District's Extraclassroom Activity Funds financial statements for the year ended June 30, 2022.

Management Comment Letter.

Letter of comments dated October 14, 2022 discusses several issues.

MEXICO ACADEMY AND CENTRAL SCHOOL DISTRICT

EXECUTIVE SUMMARY OF 2022 DISCUSSION ITEMS

Impact of Future Standards of the Governmental Accounting Standards Board (GASB)

- GASB has issued Statement No. 96 “Subscription-Based Information Technology Arrangements,” effective for the year ending June 30, 2023.
- GASB has issued Statement No. 101, “Compensated Absences,” effective for the year ending June 30, 2025.

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

MEXICO ACADEMY AND CENTRAL SCHOOL DISTRICT

FIVE YEAR FINANCIAL STATEMENT ANALYSIS - FUND BASIS

General Fund	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018
ASSETS					
Cash and Investments	\$ 44,199,820	\$ 41,098,646	\$ 38,420,827	\$ 39,384,745	\$ 39,957,564
Receivables	2,442,172	2,874,921	2,591,782	2,117,952	1,959,753
Due From Other Funds	1,678,733	2,641,276	1,807,099	1,719,348	627,080
Total Assets	\$ 48,320,725	\$ 46,614,843	\$ 42,819,708	\$ 43,222,045	\$ 42,544,397
LIABILITIES					
Accounts Payable and Accruals	\$ 809,212	\$ 694,984	\$ 751,414	\$ 628,456	\$ 769,928
Due to Other Funds	871,858	190,546	6,169	80,927	151,556
Due to Retirement Systems	2,280,667	2,086,427	2,140,214	2,408,027	2,106,044
Other	568,902	525,395	471,046	398,662	423,677
Total Liabilities	4,530,639	3,497,352	3,368,843	3,516,072	3,451,205
FUND BALANCE					
Restricted	35,745,351	34,366,106	35,410,086	35,682,490	35,525,440
Assigned	4,098,185	2,209,246	1,736,011	1,809,154	1,804,390
Unassigned	3,946,550	6,542,139	2,304,768	2,214,329	1,763,362
Total Fund Balances	43,790,086	43,117,491	39,450,865	39,705,973	39,093,192
Total Liabilities and Fund Balances	\$ 48,320,725	\$ 46,614,843	\$ 42,819,708	\$ 43,222,045	\$ 42,544,397
REVENUES					
Real Property Taxes (Including STAR)	\$ 21,768,970	\$ 21,643,055	\$ 21,643,764	\$ 22,266,938	\$ 21,123,943
State Aid	32,373,221	32,316,439	31,713,160	30,914,686	30,917,906
Federal Sources	175,098	800,563	158,541	163,403	72,139
Interfund Transfers and Other	1,473,508	1,704,715	1,493,900	1,462,192	1,186,641
Total Revenues	55,790,797	56,464,772	55,009,365	54,807,219	53,300,629
EXPENDITURES					
General Support	6,376,722	6,283,515	6,209,625	6,208,438	6,103,583
Instruction	27,351,537	26,631,612	28,810,877	28,274,801	26,440,104
Transportation	2,915,721	2,436,496	2,644,640	2,654,595	2,660,554
Community Services	117,956	14,290	121,832	139,185	129,257
Employee Benefits	12,601,711	12,125,645	12,014,243	11,681,459	11,018,935
Debt Service	5,579,172	5,155,276	5,187,177	5,087,740	5,342,211
Interfund Transfers and Other	175,383	151,312	276,079	148,220	155,934
Total Expenditures and Transfers	55,118,202	52,798,146	55,264,473	54,194,438	51,850,578
Net Change in Fund Balance	\$ 672,595	\$ 3,666,626	\$ (255,108)	\$ 612,781	\$ 1,450,051
Capital Outlay	\$ 827,079	\$ 1,340,182	\$ 1,251,000	\$ 1,062,088	\$ 8,584,103
Special Aid Fund Revenues	\$ 3,038,282	\$ 1,967,659	\$ 2,208,856	\$ 2,134,477	\$ 1,935,964
Special Aid Fund Expenditures	\$ 2,992,759	\$ 2,013,182	\$ 2,208,856	\$ 2,134,477	\$ 1,935,964
School Lunch Revenues	\$ 1,474,828	\$ 896,724	\$ 1,156,399	\$ 1,135,090	\$ 1,080,757
School Lunch Expenditures	\$ 1,065,714	\$ 854,551	\$ 1,073,986	\$ 1,079,493	\$ 1,094,823

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

MEXICO ACADEMY AND CENTRAL SCHOOL DISTRICT

FIVE YEAR GENERAL FUND BALANCE ANALYSIS

Fund Balance	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018
Restricted					
Unemployment Insurance Reserve	\$ 343,400	\$ 342,447	\$ 341,411	\$ 190,839	\$ 190,463
Retirement Contribution Reserve - ERS	1,657,118	1,652,521	1,647,521	1,642,599	1,639,361
Retirement Contribution Reserve - TRS	475,702	474,382	472,947	100,000	-
Tax Certiorari Reserve	-	1,113,252	2,206,884	3,030,291	3,024,318
Liability Reserve	947,413	944,785	941,926	1,008,392	1,019,495
Employee Benefit Accrued Liability Reserve	4,385,750	4,373,584	4,360,352	4,347,325	4,338,755
Capital Reserve	1,500,000	-	50,959	50,807	50,707
Repair Reserve	650,000	-	-	-	-
Nuclear Facility Tax Stabilization Reserve	25,785,968	25,465,135	25,388,086	25,312,237	25,262,341
Total Restricted	35,745,351	34,366,106	35,410,086	35,682,490	35,525,440
Assigned					
Appropriated for Next Year's Budget	3,956,233	2,000,000	1,555,000	1,743,587	1,743,587
Encumbrances	141,952	209,246	181,011	65,567	60,803
Total Assigned	4,098,185	2,209,246	1,736,011	1,809,154	1,804,390
Unassigned					
Remaining Fund Balance	3,946,550	6,542,139	2,304,768	2,214,329	1,763,362
Total Unassigned	3,946,550	6,542,139	2,304,768	2,214,329	1,763,362
Total Fund Balance	\$ 43,790,086	\$ 43,117,491	\$ 39,450,865	\$ 39,705,973	\$ 39,093,192
Unassigned as a Percentage of Total Fund Balance	9.01%	15.17%	5.84%	5.58%	4.51%
Total Expenditures	\$ 55,118,202	\$ 52,798,146	\$ 55,264,473	\$ 54,194,438	\$ 51,850,578
Unassigned as a Percentage of Total Expenditures	7.16%	12.39%	4.17%	4.09%	3.40%
Next Year's Budget is a Voter Approved Budget	\$ 61,381,000	\$ 59,627,200	\$ 57,619,200	\$ 57,852,378	\$ 56,805,732
Maximum Allowed (4% of Budget)	2,455,240	2,385,088	2,304,768	2,314,095	2,272,229
General Fund Fund Balance Subject to §1318 of Real Property Tax Law	\$ 3,946,550	\$ 6,542,139	\$ 2,304,768	\$ 2,214,329	\$ 1,763,362
Actual Percentage	6.43%	10.97%	4.00%	3.83%	3.10%
Current Year Reserve Activity	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Unemployment Insurance Reserve	\$ 342,447	\$ -	\$ 953	\$ -	\$ 343,400
Retirement Contribution Reserve - ERS	1,652,521	-	4,597	-	1,657,118
Retirement Contribution Reserve - TRS	474,382	-	1,320	-	475,702
Tax Certiorari Reserve	1,113,252	-	-	(1,113,252)	-
Liability Reserve	944,785	-	2,628	-	947,413
Employee Benefit Accrued Liability Reserve	4,373,584	-	12,166	-	4,385,750
Capital Reserve	-	1,500,000	-	-	1,500,000
Repair Reserve	-	650,000	-	-	650,000
Nuclear Facility Tax Stabilization Reserve	25,465,135	250,000	70,833	-	25,785,968
Total	\$ 34,366,106	\$ 2,400,000	\$ 92,497	\$ (1,113,252)	\$ 35,745,351

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

MEXICO ACADEMY AND CENTRAL SCHOOL DISTRICT

FIVE YEAR NET POSITION ANALYSIS

	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>
NET POSITION					
Net Investment in Capital Assets	\$ 28,241,073	\$ 26,849,459	\$ 26,285,101	\$ 22,058,904	\$ 19,088,718
Restricted	37,906,410	36,215,269	37,312,058	37,940,693	37,815,428
Unrestricted	<u>(10,782,190)</u>	<u>(13,370,813)</u>	<u>(62,812,586)</u>	<u>(55,714,040)</u>	<u>(53,874,875)</u>
Total Net Position (Deficit)	<u>\$ 55,365,293</u>	<u>\$ 49,693,915</u>	<u>\$ 784,573</u>	<u>\$ 4,285,557</u>	<u>\$ 3,029,271</u>
 Unrestricted Net Position (Deficit)	 \$ (10,782,190)	 \$ (13,370,813)	 \$ (62,812,586)	 \$ (55,714,040)	 \$ (53,874,875)
Less:					
GASB 68 - Net Pension (Asset)/Liability and Deferred Inflows and Outflows	(7,563,164)	(3,896,923)	(6,001,089)	(9,126,332)	(8,902,108)
GASB 75 - OPEB Liability and Deferred Inflows and Outflows	<u>22,275,770</u>	<u>20,689,802</u>	<u>66,300,425</u>	<u>61,430,287</u>	<u>56,132,106</u>
Total Unrestricted Net Position (Deficit)	<u>\$ 3,930,416</u>	<u>\$ 3,422,066</u>	<u>\$ (2,513,250)</u>	<u>\$ (3,410,085)</u>	<u>\$ (6,644,877)</u>

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

MEXICO ACADEMY AND CENTRAL SCHOOL DISTRICT

EXECUTIVE SUMMARY OF 2022 AUDIT

AUDIT FOCUS - REPORTING OBJECTIVES

- 1) Basic Financial Statements
 - *Management's Discussion and Analysis
 - *District-Wide Financial Statements
 - *Statement of Net Position
 - *Statement of Activities
 - *Governmental Fund Financial Statements
 - *Notes to Financial Statements
 - *Supplementary Financial InformationReport on Compliance and on Internal Control Over Financial Reporting
- 2) Single Audit (Uniform Guidance) Requirements for Federal Awards
 - *Schedule of Federal Award Expenditures
 - *Compliance With Applicable Requirements
 - *Internal Control Over Compliance

AUDIT APPROACH

- *Preliminary Planning
- *Consideration of Internal Control Over Financial Reporting
- *Tests of Compliance With Laws and Regulations
- *Substantive Testing of Financial Information (Includes Analytical Review)
- *Single Audit Tests of Compliance With Applicable Requirements
- *Consideration of Internal Control Over Compliance Requirements

UNDERSTANDING THE SCHOOL DISTRICT'S OPERATIONS

- *Services Provided
- *Assessment of Accounting and Reporting System
- *Nature of Activities
- *Special Reporting Requirements
- *Nature of Compliance Requirements
- *Assessment of Management

FACTORS AFFECTING THE SCOPE OF THE AUDIT

- *Effectiveness of Overall Financial Controls
- *Qualifications of Key Personnel
- *Appropriate Segregation of Duties
- *Ability to Demonstrate Compliance With Laws and Regulations
- *Effectiveness of Budget Process Administration
- *Accuracy and Comprehensiveness of Internal Reporting
- *Existence of Adequate Policies and Procedures
- *Ability to Issue Timely and Accurate Financial Reports