

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2023**

DRAFT

# HUDSON FALLS CENTRAL SCHOOL

## TABLE OF CONTENTS

	<b>Pages</b>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 10
<b>Basic Financial Statements:</b>	
Statement of Net Position	11
Statement of Activities	12
Balance Sheet - Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Equity - Governmental Funds	14
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Equity of the Governmental Funds to the Statement of Activities	15
Statement of Fiduciary Net Position	16
<b>Notes to the Basic Financial Statements:</b>	17-50
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	51-52
Schedule of Changes in Total OPEB Liability	53
Schedules of Proportionate Share of the Net Pension Liability (Asset)	54
Schedules of District Contributions	55
<b>Supplementary Information:</b>	
Schedule of Changes from Adopted Budget to Final Budget	56
Schedule of Section 1318 of Real Property Tax Law Limit Calculation	56
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund	57
Schedule of Net Investment in Capital Assets	58
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance	59-60
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	61-63
Schedule of Expenditures of Federal Awards	64
Schedule of Findings and Questioned Costs	65-68

## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of the  
Hudson Falls Central School District

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Hudson Falls Central School District (the District), as of and for the year ended June 30, 2023, 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 and each major fund of the Hudson Falls Central School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditor's 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 opinion.

#### **Prior Period Adjustment – Correction of Errors**

As discussed in Note 7, during the year ended June 30, 2023 management became aware of certain errors related to prior periods. The District recorded adjustments as of July 1, 2022 to correct the errors. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 on pages 4-10, budgetary comparison information on pages 51-52, schedule of changes in total OPEB liability on page 53, schedules of proportionate share of net pension liability (asset) on page 54 and schedules of District contributions on page 55 be presented to supplement the basic financial statements. Such information, 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 Hudson Falls Central School District's basic financial statements. The supplementary information on pages 56-58 is presented for purposes of additional analysis and is 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. These supplementary schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2023, 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 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.

Latham, NY  
\_\_\_\_\_, 2023

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDING JUNE 30, 2023**

The following discussion and analysis of the Hudson Falls Central School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2023. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. We encourage readers to consider the information presented here, in conjunction with information provided in the financial statements.

***Financial Highlights***

- The District's net position increased by \$16.6 million during 2022-2023 school year.
- Overall general fund revenues were \$47.9 million, approximately \$73,000 less than expenditures.

**Overview of the Financial Statements**

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

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

The financial statements also include notes that explain information in the statements and provide more detailed data. The statements are followed by a section of required supplementary and supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**District-wide Statements**

The *District-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. retirement system liabilities and earned but unused vacation leave).

The District-wide financial statements can be found on pages 11 and 12 of this report.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDING JUNE 30, 2023**

**Fund Financial Statements**

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the 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.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**District-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$48.1 million at the close of the most recent fiscal year.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDING JUNE 30, 2023**

**Summary Statement of Net Position**

	<u>Governmental Activities</u>		<u>Total Variance</u>
	<u>2023</u>	<u>Restated 2022</u>	
<b><u>ASSETS:</u></b>			
Current and Other Assets	\$ 17,775,574	\$ 50,532,540	\$ (32,756,966)
Capital Assets	29,162,436	21,314,331	7,848,105
<b>Total Assets</b>	<b>\$ 46,938,010</b>	<b>\$ 71,846,871</b>	<b>\$ (24,908,861)</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Deferred Outflows of Resources	<b>\$ 34,522,693</b>	<b>\$ 39,321,473</b>	<b>\$ (4,798,780)</b>
<b><u>LIABILITIES:</u></b>			
Long-Term Debt Obligations	\$ 105,352,628	\$ 100,324,743	\$ 5,027,885
Other Liabilities	6,107,532	6,318,602	(211,070)
<b>Total Liabilities</b>	<b>\$ 111,460,160</b>	<b>\$ 106,643,345</b>	<b>\$ 4,816,815</b>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Deferred Inflows of Resources	<b>\$ 37,783,852</b>	<b>\$ 50,190,527</b>	<b>\$ (12,406,675)</b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 18,482,913	\$ 8,789,331	\$ 9,693,582
Restricted	9,410,763	1,414,564	7,996,199
Unrestricted	(95,676,985)	(74,869,423)	(20,807,562)
<b>Total Net Position</b>	<b>\$ (67,783,309)</b>	<b>\$ (64,665,528)</b>	<b>\$ (3,117,781)</b>

Narrative on net position?



**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDING JUNE 30, 2023**

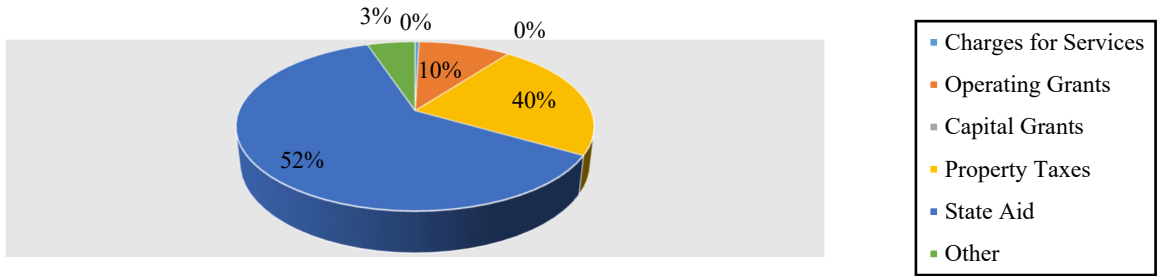
**Summary Statement of Activities**

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>Variance</u>
<b>REVENUES:</b>			
<b><u>Program -</u></b>			
Charges for Service	\$ 219,036	\$ 192,908	\$ 26,128
Operating Grants & Contributions	5,531,250	5,629,947	(98,697)
<b>Total Program</b>	<b>\$ 5,750,286</b>	<b>\$ 5,822,855</b>	<b>\$ (72,569)</b>
<b><u>General -</u></b>			
Property Taxes	\$ 12,779,541	\$ 12,776,947	\$ 2,594
State and Federal Aid	34,237,782	30,743,779	3,494,003
Investment Earnings	79,915	39,257	40,658
Compensation for Loss	15,209	267,949	(252,740)
Miscellaneous	836,404	756,071	80,333
<b>Total General</b>	<b>\$ 47,948,851</b>	<b>\$ 44,584,003</b>	<b>\$ 3,364,848</b>
<b>TOTAL REVENUES</b>	<b>\$ 53,699,137</b>	<b>\$ 50,406,858</b>	<b>\$ 3,292,279</b>
<b>EXPENSES:</b>			
General Support	\$ 4,278,124	\$ 6,246,737	\$ (1,968,613)
Instruction	29,353,361	25,296,449	4,056,912
Pupil Transportation	2,184,187	2,061,373	122,814
Employee Benefits	17,076,931	17,402,434	
Depreciation	1,589,009	1,578,600	
School Lunch	1,874,383	1,377,717	496,666
Interest	518,761	545,121	(26,360)
<b>TOTAL EXPENSES</b>	<b>\$ 56,874,756</b>	<b>\$ 54,508,431</b>	<b>\$ 2,681,419</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (3,175,619)</b>	<b>\$ (4,101,573)</b>	
<b>NET POSITION, BEGINNING OF YEAR (restated)</b>	<b>(64,607,690)</b>	<b>(60,563,955)</b>	
<b>NET POSITION, END OF YEAR</b>	<b>\$ (67,783,309)</b>	<b>\$ (64,665,528)</b>	

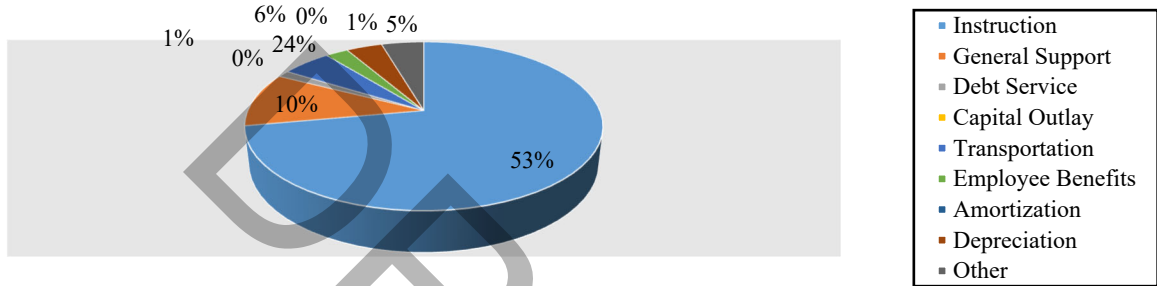
Narrative on SOA?

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDING JUNE 30, 2023**

**Sources of Revenues for Fiscal Year 2023**



**Expenses for Fiscal Year 2023**



***Financial Analysis of The District's Funds***

As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General fund is the chief operating fund of the District. At the end of the fiscal year, cash and investments totaled \$2.92 million, comprising 22% of total assets for the General Fund. \$1.49 million of this amount is held to fund reserves established by the District with the balance available to pay current liabilities.

**General Fund Budgetary Highlights**

During the year, final revenues were under the revised budgetary estimates by \$710,000, primarily due to state aid and estimated refunds of prior year expenditures. Expenditures and encumbrances were under revised budgetary estimates by \$1.37 million or 2.9%, the majority of which was due to general support, instruction, and employee benefits.

**Capital Asset and Debt Administration**

**Capital Assets**

By the end of 2023, the District had invested \$28.91 million, net of accumulated depreciation, in a broad range of capital assets, including school buildings. Total depreciation expense for the year was \$1.59 million.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDING JUNE 30, 2023**

The following summarizes capital assets, net of accumulated depreciation, at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<b><u>Capital Assets:</u></b>		
Land	\$ 252,763	\$ 252,763
Work in Progress	8,929,859	-
Buildings and Improvements	18,396,034	19,882,393
Machinery and Equipment	1,583,780	1,179,175
<b>Total Capital Assets</b>	<b><u>\$ 29,162,436</u></b>	<b><u>\$ 21,314,331</u></b>

***Long Term Debt***

At June 30, 2023, the District had \$20.39 million in general obligation bonds and other long-term debt outstanding. (More detailed information about the District's long-term liabilities is presented in Note 2.B.II. to the financial statements.)

The following summarizes long-term liabilities at June 30, 2023 and 2022:

<u>Type</u>	<u>2023</u>	<u>2022</u>
Serial Bonds	\$ 20,385,000	\$ 9,405,000
Retainage Payable	377,751	-
OPEB	68,491,942	82,093,842
Net Pension Liability	5,590,411	-
Compensated Absences	8,568,144	8,825,901
<b>Total Long-Term Obligations</b>	<b><u>\$ 103,413,248</u></b>	<b><u>\$ 100,324,743</u></b>

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDING JUNE 30, 2023**

**Economic Factors and Next Year's Budgets and Rates**

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, contact the Business Office, Hudson Falls Central School District, at 80 East LaBarge St, Hudson Falls, New York 12839 (518) 681-4110.

D  
R  
A  
F  
T

# HUDSON FALLS CENTRAL SCHOOL

## Statement of Net Position

June 30, 2023

### ASSETS

Cash and cash equivalents	\$ 1,681,245
Restricted cash and cash equivalents	11,568,804
Accounts receivable	4,495,246
Inventories	30,279
Capital assets, net	29,162,436
<b>TOTAL ASSETS</b>	<b><u>\$ 46,938,010</u></b>

### DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources	<b><u>\$ 34,522,693</u></b>
--------------------------------	-----------------------------

### LIABILITIES

Accounts payable	3,535,414
Accrued liabilities	29,483
Advances	12,265
Due to other governments	1,766
Due to teachers' retirement system	2,045,891
Due to employees' retirement system	182,256
Other Liabilities	300,457
<b>Long-Term Obligations:</b>	
Due in one year	4,097,637
Due in more than one year	101,254,991
<b>TOTAL LIABILITIES</b>	<b><u>\$ 111,460,160</u></b>

### DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources	<b><u>\$ 37,783,852</u></b>
-------------------------------	-----------------------------

### NET POSITION

Net investment in capital assets	\$ 18,482,913
Restricted	9,410,763
Unrestricted	(95,676,985)
<b>TOTAL NET POSITION</b>	<b><u>\$ (67,783,309)</u></b>

**HUDSON FALLS CENTRAL SCHOOL**  
**Statement of Activities**  
**For The Year Ended June 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
General support	\$ 4,278,124	\$ -	\$ -	\$ (4,278,124)
Instruction	29,353,361	86,322	4,197,833	(25,069,206)
Pupil transportation	2,184,187	-	-	(2,184,187)
Employee Benefits	17,076,931	-	-	(17,076,931)
Depreciation - unallocated	1,589,009	-	-	(1,589,009)
School lunch	1,874,383	132,714	1,333,417	(408,252)
Interest	518,761	-	-	(518,761)
<b>Total Functions/Programs</b>	<b>\$ 56,874,756</b>	<b>\$ 219,036</b>	<b>\$ 5,531,250</b>	<b>\$ (51,124,470)</b>

**General Revenues:**

Property taxes	\$ 12,779,541
State and federal aid	34,237,782
Investment earnings	79,915
Compensation for loss	15,209
Miscellaneous	836,404
<b>Total General Revenues</b>	<b>\$ 47,948,851</b>
Changes in Net Position	\$ (3,175,619)
<b>Net Position, Beginning of Year As Originally Reported</b>	<b>(64,785,528)</b>
Prior Period Adjustment - Correction Of An Error	177,838
<b>Net Position, Beginning of Year As Restated</b>	<b>(64,607,690)</b>
<b>Net Position, End of Year</b>	<b>\$ (67,783,309)</b>

**HUDSON FALLS CENTRAL SCHOOL**

**Balance Sheet**

**Governmental Funds**

**June 30, 2023**

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,436,331	\$ 121,049	104,578	\$ 19,287	\$ -	\$ 1,681,245
Restricted cash and cash equivalents	1,485,576	-	-	-	10,083,228	11,568,804
Receivables	2,262,562	2,146,675	83,000	3,009	-	4,495,246
Inventories	-	-	30,279	-	-	30,279
Due from other funds	3,687,908	2,889,406	-	-	285,019	6,862,333
<b>TOTAL ASSETS</b>	<u><b>\$ 8,872,377</b></u>	<u><b>\$ 5,157,130</b></u>	<u><b>\$ 217,857</b></u>	<u><b>\$ 22,296</b></u>	<u><b>\$ 10,368,247</b></u>	<u><b>\$ 24,637,907</b></u>

**LIABILITIES AND FUND EQUITY (DEFICIENCY)**

**Liabilities -**

Accounts payable	\$ 1,394,635	\$ 369,999	\$ -	\$ -	\$ 1,770,780	\$ 3,535,414
Due to other funds	78,891	4,787,131	1,302,735	117,510	576,066	6,862,333
Due to other governments	-	-	1,766	-	-	1,766
Due to TRS	2,045,891	-	-	-	-	2,045,891
Due to ERS	182,256	-	-	-	-	182,256
Other liabilities	300,457	-	-	-	-	300,457
Refundable advances	-	-	11,265	-	1,000	12,265
<b>TOTAL LIABILITIES</b>	<u><b>\$ 4,002,130</b></u>	<u><b>\$ 5,157,130</b></u>	<u><b>\$ 1,315,766</b></u>	<u><b>\$ 117,510</b></u>	<u><b>\$ 2,347,846</b></u>	<u><b>\$ 12,940,382</b></u>

**Fund Equity (Deficiency) -**

Nonspendable	\$ -	\$ -	\$ 30,279	\$ -	\$ -	\$ 30,279
Restricted	1,485,576	-	-	(95,214)	8,020,401	9,410,763
Assigned	474,490	-	-	-	-	474,490
Unassigned	2,910,181	-	(1,128,188)	-	-	1,781,993
<b>TOTAL FUND EQUITY (DEFICIENCY)</b>	<u><b>\$ 4,870,247</b></u>	<u><b>\$ -</b></u>	<u><b>\$ (1,097,909)</b></u>	<u><b>\$ (95,214)</b></u>	<u><b>\$ 8,020,401</b></u>	<u><b>\$ 11,697,525</b></u>
<b>TOTAL LIABILITIES DEFERRED INFLOWS AND FUND EQUITY (DEFICIENCY)</b>	<u><b>\$ 8,872,377</b></u>	<u><b>\$ 5,157,130</b></u>	<u><b>\$ 217,857</b></u>	<u><b>\$ 22,296</b></u>	<u><b>\$ 10,368,247</b></u>	

**Amounts reported for governmental activities in the  
Statement of Net Position are different because:**

Capital assets/right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,162,436
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(29,483)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(20,385,000)
Premium on serial bonds	(1,939,380)
Retainage	(377,751)
OPEB	(68,491,942)
Compensated absences	(8,568,144)
Deferred outflow - pension	12,378,730
Deferred outflow - OPEB	22,143,963
Net pension liability	(5,590,411)
Deferred inflow - pension	(1,199,770)
Deferred inflow - OPEB	(36,584,082)
<b>Net Position of Governmental Activities</b>	<u><b>\$ (67,783,309)</b></u>

**HUDSON FALLS CENTRAL SCHOOL**  
**Statement of Revenues, Expenditures and Changes in Fund Equity**  
**Governmental Funds**  
**For The Year Ended June 30, 2023**

	<b>General Fund</b>	<b>Special Aid Fund</b>	<b>School Lunch Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
Real property taxes and tax items	\$ 12,779,541	\$ -	\$ -	\$ -	\$ -	\$ 12,779,541
Charges for services	86,322	-	-	-	-	86,322
Use of money and property	55,544	-	70	24,301	-	79,915
Sale of property and compensation for loss	15,209	-	-	-	-	15,209
Miscellaneous	788,833	-	42,189	-	-	831,022
State sources	33,786,057	1,003,303	24,921	-	98,583	34,912,864
Federal sources	353,142	3,194,530	1,308,496	-	-	4,856,168
Sales	-	-	132,714	-	-	132,714
<b>TOTAL REVENUES</b>	<b>\$ 47,864,648</b>	<b>\$ 4,197,833</b>	<b>\$ 1,508,390</b>	<b>\$ 24,301</b>	<b>\$ 98,583</b>	<b>\$ 53,693,755</b>
<b>EXPENDITURES</b>						
General support	\$ 4,278,124	\$ -	\$ -	\$ -	\$ -	\$ 4,278,124
Instruction	25,347,033	3,971,053	-	-	-	29,318,086
Pupil transportation	2,184,187	-	-	-	-	2,184,187
Employee benefits	11,392,193	285,872	-	-	-	11,678,065
Debt service - principal	4,187,020	-	-	1,939,380	-	6,126,400
Debt service - interest	489,278	-	-	-	-	489,278
Cost of sales	-	-	1,874,383	-	-	1,874,383
Capital outlay	-	-	-	-	8,808,766	8,808,766
<b>TOTAL EXPENDITURES</b>	<b>\$ 47,877,835</b>	<b>\$ 4,256,925</b>	<b>\$ 1,874,383</b>	<b>\$ 1,939,380</b>	<b>\$ 8,808,766</b>	<b>\$ 64,757,289</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (13,187)</b>	<b>\$ (59,092)</b>	<b>\$ (365,993)</b>	<b>\$ (1,915,079)</b>	<b>\$ (8,710,183)</b>	<b>\$ (11,063,534)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers - in	\$ -	\$ 59,092	\$ -	\$ 114,305	\$ -	\$ 173,397
Transfers - out	(59,092)	-	-	-	(114,305)	(173,397)
Proceeds from obligations	-	-	-	-	15,100,000	15,100,000
BAN's redeemed from appropriations	-	-	-	-	2,006,400	2,006,400
Premium on obligations issued	-	-	-	1,944,762	-	1,944,762
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (59,092)</b>	<b>\$ 59,092</b>	<b>\$ -</b>	<b>\$ 2,059,067</b>	<b>\$ 16,992,095</b>	<b>\$ 19,051,162</b>
<b>NET CHANGE IN FUND EQUITY</b>	<b>\$ (72,279)</b>	<b>\$ -</b>	<b>\$ (365,993)</b>	<b>\$ 143,988</b>	<b>\$ 8,281,912</b>	<b>\$ 7,987,628</b>
<b>FUND EQUITY, BEGINNING OF YEAR , AS ORIGINALLY REPORTED</b>	<b>4,942,526</b>	<b>-</b>	<b>(731,916)</b>	<b>(239,202)</b>	<b>(505,214)</b>	<b>2,734,278</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>(185,865)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,703</b>	<b>57,838</b>
<b>FUND EQUITY, BEGINNING OF YEAR , AS RESTATED</b>	<b>4,756,661</b>	<b>-</b>	<b>(731,916)</b>	<b>(239,202)</b>	<b>(261,511)</b>	<b>2,792,116</b>
<b>FUND EQUITY, END OF YEAR</b>	<b>\$ 4,870,247</b>	<b>\$ -</b>	<b>\$ (1,097,909)</b>	<b>\$ (95,214)</b>	<b>\$ 7,776,698</b>	<b>\$ 10,721,906</b>

See accompanying notes to financial statements.



**HUDSON FALLS CENTRAL SCHOOL**  
**Reconciliation of Statement of Revenues, Expenditures, and Changes in**  
**Fund Equity of the Governmental Funds to the Statement of Activities**  
**For The Year Ended June 30, 2023**

**NET CHANGE IN FUND EQUITY -**  
**TOTAL GOVERNMENTAL FUNDS**

\$ 7,987,628

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$ 9,437,114	
Depreciation	<u>(1,589,009)</u>	7,848,105

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 4,120,000	
Proceeds from Bond Issuance	(15,100,000)	
Unamortized Bond Premium	<u>(1,939,380)</u>	(12,919,380)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (29,483)

The Retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds (377,751)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (4,869,535)

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System		(327,757)
Employees' Retirement System		(745,203)

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences		<u>257,757</u>
----------------------	--	----------------

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**

**\$ (3,175,619)**

**HUDSON FALLS CENTRAL SCHOOL**  
**Statement of Fiduciary Net Position**  
**June 30, 2023**

	<b>Private Purpose Trust</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 105,923	155,396
<b>TOTAL ASSETS</b>	<b>\$ 105,923</b>	<b>\$ 155,396</b>
<b>LIABILITIES</b>		
Extraclassroom activity balances	\$ -	\$ 146,523
Other liabilities	-	8,873
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 164,269</b>

**Statement of Changes in Fiduciary Net Position**  
**For The Year Ended June 30, 2023**

	<b>Private Purpose Trust</b>
<b>ADDITIONS</b>	
Gifts and Donations	\$ 20,853
Investment earnings	24
<b>TOTAL ADDITIONS</b>	<b>\$ 20,877</b>
<b>DEDUCTIONS</b>	
Scholarships	\$ 8,901
<b>TOTAL DEDUCTIONS</b>	<b>\$ 8,901</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 11,976</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>93,947</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 105,923</b>

**HUDSON FALLS CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Hudson Falls Central School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards-setting body for establishing governmental accounting and financial reporting principles.

***A. Reporting Entity***

The 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 nine 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 its component unit. 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 review of an entity included in the District's reporting entity:

**The 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 at the District's business office, located at 80 East LaBarge St, Hudson Falls, New York. The district accounts for assets held as an agent for various student organizations in a custodial fund.

***B. Joint Venture***

The District is a component district of the Washington Saratoga Warren Hamilton Essex Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***B. Joint Venture***

BOCES are organized under Section 1950 of the 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 (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

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

During the year ended June 30, 2023, the District was billed \$5,250,468 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,649,872.

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

***C. Basis of Presentation***

***District-wide statements***

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column, if any, reflects capital-specific grants.

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

***Fund financial statements***

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

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***C. Basis of Presentation***

***Fund financial statements***

The District reports the following major funds:

***I. Governmental Funds***

General Fund

The General Fund is the principal operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Special Aid Fund

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 and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund

Used to account for transactions of lunch and breakfast programs.

Capital Projects Fund

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

Debt Service Fund

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

***II. Fiduciary Funds***

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee and agent 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.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***C. Basis of Presentation***

***Fund financial statements***

***II. Fiduciary Funds***

There are two classes of fiduciary funds:

a. Private Purpose Trust Funds

These funds are used to account for trust arrangements in which principal and income benefits individuals, private organizations or other governments. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

b. Custodial Funds

These funds are strictly custodial in nature and do not involve the measurement of results of operations.

***D. Basis of Accounting/Measurement Focus***

***General Information***

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

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***E. Overpayments and Collections in Advance***

Overpayments and collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability is removed and revenue is recognized.

***F. Property Taxes***

***I. Calendar***

Real property taxes are levied annually by the Board of Education no later than August 31, and became a lien on August 16, 2022. Taxes were collected during the period September 1 through October 31, 2022.

***II. Enforcement***

Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the county to the District no later than the forthcoming April 1.

***G. 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.

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse during 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 located in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board of Education approves them because of a need which exists which was not determined at the time the budget was adopted. There were no supplemental appropriations for the year ended June 30, 2023.
- e. 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.
- f. Budgets are established and used for individual capital project 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.

***II. Encumbrances***

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

***III. Budget Basis of Accounting***

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.



**HUDSON FALLS CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***I. Cash and Investments***

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

The District investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts. Investments are stated at fair value. Certificates of deposit, if any, are classified as investments in these financial statements.

***J. Accounts Receivable***

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

***K. Inventories***

Inventories of food and supplies 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.

***L. 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 expenditure and revenues to provide financing or other services.

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

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

Refer to Note - 2.A.III. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

District-wide Statements

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) increased by unspent proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

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

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

Fund Statements

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

**Non-spendable** - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be the maintained intact. Non-spendable fund equity includes the following:

	<b><u>Total</u></b>
Inventory in School Lunch	\$ 30,279
<b>Total Nonspendable Fund Equity</b>	<b><u>\$ 30,279</u></b>

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

Employee Benefits Accrued Liabilities Reserve

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Capital

Capital reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law.

Debt Service

According to General Municipal Law Section 6-I, 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 obligation 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 improvements.

Retirement Contributions

According to General Municipal Law Section 6-r, must be used for financing retirement contributions including employee and teachers retirement. 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. This reserve is accounted for in the General Fund. During a fiscal year, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a 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. \$60,000 of this reserve is restricted for the employee's retirement system.

Tax Certiorari Reserve

According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari to be expended from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

Unemployment Insurance Reserve

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Restricted fund equity includes the following:

	<u><b>Total</b></u>
<b><u>General Fund -</u></b>	
Workers' Compensation	\$ 80,000
Unemployment Costs	153,159
Retirement Contribution - ERS	60,000
Tax Certiorari	168,146
Capital Reserves	100,000
Employee Benefit Accrued Liability	924,271
<b><u>Capital Projects Fund -</u></b>	
Capital Projects	8,020,401
<b><u>Debt Service Fund -</u></b>	
Debt Service	(95,214)
<b>Total Restricted Fund Equity</b>	<b><u><u>\$ 9,410,763</u></u></b>

**Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund equity as of June 30, 2023.

**Assigned** - Includes amounts 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. 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. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund. Appropriate fund balance includes the following:

	<u><b>Total</b></u>
General Fund - Encumbrances	\$ 124,490
General Fund - Appropriated for Taxes	<u>350,000</u>
<b>Total Assigned Fund Balance</b>	<b><u><u>\$ 474,490</u></u></b>

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund equity in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Purpose of Encumbrances

**General Fund -**

General Support	\$ 106,714
Instruction	17,216
Pupil Transportation	560
<b>Total General Fund Encumbrances</b>	<b><u><u>\$ 124,490</u></u></b>

**Unassigned** - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. Deficit fund equity in governmental funds are classified as unassigned. In funds other than the General Fund, the unassigned classification is used to report a deficit fund equity 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 a district can retain to no more than 4% of the District's General Fund budget for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund, as well as amounts appropriated for the subsequent year and encumbrances, are excluded from the 4% limitation. The District's unassigned fund equity exceeded this limit at June 30, 2023 by \$772,069.

**Order of Use of Fund Equity:**

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

***N. Postemployment Benefits***

In addition to providing the retirement benefits described in Note 2.B.I, the District provides postemployment health insurance coverage to its retired employees in accordance with the provisions of the employment contract negotiated between the District and its employee groups. See Note 4 for additional information related to postemployment benefits.

***O. Capital Assets***

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair value at the time received.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***O. Capital Assets***

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar amount 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>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 10,000	SL	15-50 Years
Machinery and Equipment	\$ 10,000	SL	5-25 Years

***P. Deferred Outflows and Inflows of Resources***

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

In addition to liabilities, the Statement of Net Position sometimes reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District potentially has two items that qualify related to pensions reported in the district-wide statement of net position. The first represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to pension and OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

***Q. Short-term Debt***

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The district did not issue or redeem any revenue or tax anticipation notes during the current year.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Q. Short-term Debt***

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 did not issue or redeem any budget notes during the current year.

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. The District did not issue or redeem any deficiency notes during the current year.

***R. Accrued Liabilities and Long-term Obligations***

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable, pension costs, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due and payable after one year in the Statement of Net Position.

***S. 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 governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

a. Total Fund Equity of Governmental Fund vs. Net Position of Governmental Activities:

Total fund equity of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***S. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements***

primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

b. Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities fall into one of five broad categories.

***Long-Term Revenue and Expense Differences***

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

***Capital Related Differences***

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

***Long-Term Debt Transaction Differences***

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

***Pension Differences***

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

***OPEB Differences***

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



**HUDSON FALLS CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***T. Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, postemployment benefits, net pension asset/liability, potential contingent liabilities, liabilities for tax certiorari claims, deferred inflows/outflows, and useful lives of long-term assets.

***U. Vested Employee Benefits***

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on first-in, first-out (FIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

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

***V. New Accounting Standards***

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2023, the District implemented the following new standards issued by GASB. There was no material impact as a result of implementation.

GASB has issued Statement 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement 94, *Public-Private and Public-Public Partnerships*, effective for the year ending June 30, 2023.

GASB has issued Statement 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

GASB has issued Statement 99, *Omnibus 2022*, effective for the year ending June 30, 2023.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*W. Future Changes in Accounting Standards*

GASB has issued Statement 100, *Accounting Changes and Error Corrections*, effective for the year ending June 30, 2024.

GASB has issued Statement 101, *Compensated Absences*, effective for the year ending June 30, 2025.

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

**2. DETAIL NOTES ON ALL FUNDS**

*A. Assets*

*I. Cash and Investments*

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2023, all deposits were fully insured and/or collateralized by the District's agent in the District's name.

Investment and Deposit Policy

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

Interest Rate Risk

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

Credit Risk

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

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

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Custodial Credit Risk

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

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

Restricted Cash

Restricted cash consists of the following:

	<b>Total</b>
Workers' Compensation	\$ 80,000
Unemployment Costs	153,159
Retirement Contributions - ERS	60,000
Employee Benefit Accrued Liability	924,271
Tax Certiorari	168,146
Capital Projects	10,183,228
Custodial Funds	155,396
Scholarships	105,923
<b>Total Restricted Cash</b>	<b>\$ 11,830,123</b>

**II. Receivables**

Receivable balances for the year ended June 30, 2023 are:

	<b>Governmental Activities</b>				
	<b>General Fund</b>	<b>Special Aid Fund</b>	<b>School Lunch Fund</b>	<b>Debt Service Fund</b>	
<b>Description</b>					
Accounts Receivable	\$ (10,627)	\$ 10,196	\$ 1,183	3,009	\$ 3,761
Due From State and Federal	994,778	2,136,479	81,817	-	3,213,074
Due From Other Governments	1,278,411	-	-	-	1,278,411
<b>Total Receivables</b>	<b>\$ 2,262,562</b>	<b>\$ 2,146,675</b>	<b>\$ 83,000</b>	<b>\$ 3,009</b>	<b>\$ 4,495,246</b>

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

*A. Assets*

**III. Interfund Transactions**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

During 22-23, the General Fund transferred \$59,092 for the local share of the special education summer school program. The Capital Projects Fund transferred unspent proceeds to the Debt Service Fund.

Interfund balances at June 30, 2023 are as follows:

	<b>Interfund</b>			
	<b>Receivables</b>	<b>Payables</b>	<b>Revenues</b>	<b>Expenditures</b>
General Fund	\$ 3,687,908	\$ 78,891	\$ -	\$ 59,092
Special Aid Fund	2,889,406	4,787,131	59,092	-
School Lunch Fund	-	1,302,735	-	-
Debt Service Fund	-	117,510	114,305	-
Capital Projects Fund	285,019	576,066	-	114,305
<b>Total</b>	<b>\$ 6,862,333</b>	<b>\$ 6,862,333</b>	<b>\$ 173,397</b>	<b>\$ 173,397</b>

**IV. Capital Assets**

Capital asset balances for the year ended June 30, are as follows:

<u>Type</u>	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
<b>Governmental Activities:</b>				
<b><u>Capital Assets that are not Depreciated-</u></b>				
Land	\$ 252,763		\$ -	\$ 252,763
Work in progress	-	8,929,859	-	8,929,859
<b>Total Nondepreciable</b>	<b>\$ 252,763</b>	<b>\$ 8,929,859</b>	<b>\$ -</b>	<b>\$ 9,182,622</b>
<b><u>Capital Assets that are Depreciated -</u></b>				
Buildings and Improvements	\$ 59,034,504	\$ -	\$ -	\$ 59,034,504
Machinery and equipment	9,022,294	507,255	-	9,529,549
<b>Total Depreciated Assets</b>	<b>\$ 68,056,798</b>	<b>\$ 507,255</b>	<b>\$ -</b>	<b>\$ 68,564,053</b>
<b><u>Less Accumulated Depreciation -</u></b>				
Buildings and Improvements	\$ 39,152,111	\$ 1,486,359	\$ -	\$ 40,638,470
Machinery and equipment	7,843,119	102,650	-	7,945,769
<b>Total Accumulated Depreciation</b>	<b>\$ 46,995,230</b>	<b>\$ 1,589,009</b>	<b>\$ -</b>	<b>\$ 48,584,239</b>
<b>Total Capital Assets Depreciated, Net of Accumulated Depreciation</b>	<b>\$ 21,061,568</b>	<b>\$ (1,081,754)</b>	<b>\$ -</b>	<b>\$ 19,979,814</b>
<b>Total Capital Assets</b>	<b>\$ 21,314,331</b>	<b>\$ 7,848,105</b>	<b>\$ -</b>	<b>\$ 29,162,436</b>

**HUDSON FALLS CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

General Information

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

Plan Descriptions

*Teachers' Retirement System*

The TRS is administered by the New York State Teachers' Retirement Board. 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. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in the 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 New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

*Employees' Retirement System*

The New York State and Local Employees' Retirement 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. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001 or found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

Contributions

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% 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. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS.

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ 621,534	\$ 1,632,082
2022	689,719	1,113,070
2021	714,512	1,427,513

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

At June 30, 2023, 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, 2023 for ERS and June 30, 2022 for TRS. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension assets/(liability)	\$ (3,786,486)	\$ (1,803,925)
District's portion of the Plan's total net pension asset/(liability)	0.0177%	0.0940%

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Pension Expense*

For the year ended June 30, 2023, the District recognized its proportionate share of pension expense of \$1,323,582 for ERS and \$2,288,763 for TRS.

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 403,290	\$ 1,890,285	\$ 106,339	\$ 36,148
Changes of assumptions	1,838,962	3,499,309	20,324	726,672
Net difference between projected and actual earnings on pension plan investments	-	2,330,842	22,245	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	161,237	26,658	4,558	283,484
Subtotal	\$ 2,403,489	\$ 7,747,094	\$ 153,466	\$ 1,046,304
District's contributions subsequent to the measurement date	182,256	2,045,891	-	-
<b>Grand Total</b>	<b>\$ 2,585,745</b>	<b>\$ 9,792,985</b>	<b>\$ 153,466</b>	<b>\$ 1,046,304</b>

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2024 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:

Year	ERS	TRS
2023	\$ -	\$ 1,292,511
2024	546,898	656,507
2025	(155,377)	(332,172)
2026	809,465	4,543,402
2027	1,049,037	541,235
Thereafter	-	(693)
<b>Total</b>	<b>\$ 2,250,023</b>	<b>\$ 6,700,790</b>

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*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 valuation used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18%-1.95%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

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

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



**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Actuarial Assumptions*

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

<b>Long Term Expected Rate of Return</b>		
<u>Measurement date</u>	<u>ERS</u>	<u>TRS</u>
<u>Asset Type -</u>	March 31, 2023	June 30, 2022
Domestic equity	4.30%	6.50%
International equity	6.85%	7.20%
Global equity	0.00%	6.90%
Private equity	7.50%	9.90%
Real estate	4.60%	6.20%
Opportunistic/ARS Portfolio	5.38%	0.00%
Real assets	5.84%	0.00%
Bonds and mortgages	0.00%	0.80%
Cash	0.00%	-0.30%
Private debt	0.00%	5.30%
Real estate debt	0.00%	2.40%
High-yield fixed income securities	0.00%	3.30%
Domestic fixed income securities	1.50%	1.10%
Global fixed income securities	0.00%	0.60%
Credit	5.43%	0.00%

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*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 determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

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

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2023 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:

<b><u>ERS</u></b>	<b>1% Decrease <u>(4.90%)</u></b>	<b>Current Assumption <u>(5.90%)</u></b>	<b>1% Increase <u>(6.90%)</u></b>
Employer's proportionate share of the net pension asset (liability)	\$ (9,150,313)	\$ (3,786,486)	\$ 695,615
<b><u>TRS</u></b>	<b>1% Decrease <u>(5.95%)</u></b>	<b>Current Assumption <u>(6.95%)</u></b>	<b>1% Increase <u>(7.95%)</u></b>
Employer's proportionate share of the net pension asset (liability)	\$ (16,633,033)	\$ (1,803,925)	\$ 10,667,258

*Changes of Assumptions*

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

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Collective Pension Expense*

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings of pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2023 is \$1,392,492 for ERS and \$2,218,092 for TRS.

*Payables to the Pension Plan*

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$182,256.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023 amounted to \$2,045,891.

*Other Benefits*

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

***II. Indebtedness***

Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

Short-Term Debt

Bond Anticipation Notes

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

Interest Paid	\$ 104,450
Less: Interest Accrued in the Prior Year	-
Plus: Interest Accrued in the Current Year	-
<b>Total Short-Term Interest Expense</b>	<b><u>\$ 104,450</u></b>

Changes in Short-Term Debt

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
BAN	6/29/2023	2.79%	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -
BAN	6/29/2023	4.50%	-	2,000,000	2,000,000	-
<b>Total Short-Term Debt</b>			<b><u>\$ 3,000,000</u></b>	<b><u>\$ 2,000,000</u></b>	<b><u>\$ 5,000,000</u></b>	<b><u>\$ -</u></b>

Long-Term Debt

Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt was comprised of:

Interest Paid	\$ 384,828
Less: Interest Accrued in the Prior Year	-
Plus: Interest Accrued in the Current Year	29,483
<b>Total Long-Term Interest Expense</b>	<b><u>\$ 414,311</u></b>

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**II. Indebtedness**

Changes

The changes in indebtedness during the year ended June 30, 2023 are summarized as follows:

	<b>Restated Balance 7/1/2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2023</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
<b><u>Bonds and Notes Payable -</u></b>					
Serial Bonds	\$ 9,405,000	\$ 15,100,000	\$ 4,120,000	\$ 20,385,000	\$ 3,275,000
Premium	-	1,939,380	-	1,939,380	444,886
<b>Total Bonds and Notes Payable</b>	<b>\$ 9,405,000</b>	<b>\$ 17,039,380</b>	<b>\$ 4,120,000</b>	<b>\$ 22,324,380</b>	<b>\$ 3,719,886</b>
<b><u>Other Liabilities -</u></b>					
Net Pension Liability	\$ -	\$ 5,590,411	\$ -	\$ 5,590,411	\$ -
OPEB	82,093,842	-	13,601,900	68,491,942	-
Retainage Payable	-	377,751	-	377,751	377,751
Compensated Absences	8,825,901	-	257,757	8,568,144	-
<b>Total Other Liabilities</b>	<b>\$ 90,919,743</b>	<b>\$ 5,968,162</b>	<b>\$ 13,859,657</b>	<b>\$ 83,028,248</b>	<b>\$ 377,751</b>
<b>Total Long-Term Obligations</b>	<b>\$ 100,324,743</b>	<b>\$ 23,007,542</b>	<b>\$ 17,979,657</b>	<b>\$ 105,352,628</b>	<b>\$ 4,097,637</b>

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

The above balances are liquidated by the general fund. At June 30, 2023, the district had authorized but unissued debt in the amount of \$450,000 for the purchase of busses.

Maturity

The following is a summary of maturity of indebtedness:

<b>Year</b>	<b>Serial Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Premium</b>
2024	\$ 3,275,000	\$ 1,175,614	\$ 444,886
2025	2,145,000	812,312	191,004
2026	2,060,000	7,223,449	176,708
2027	1,855,000	633,963	162,885
2028	850,000	550,344	148,724
2029-2033	4,490,000	2,122,750	575,316
2034-2038	5,710,000	885,000	239,857
<b>Total</b>	<b>\$ 20,385,000</b>	<b>\$ 13,403,432</b>	<b>\$ 1,939,380</b>

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

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

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2023</u>
Construction Bond	\$ 17,905,000	6/17/2009	2024	4.25%	1,500,000
Construction Bond	4,120,000	6/15/2012	2027	3.90%	1,200,000
Construction Bond	4,555,000	6/27/2013	2027	2.58%	1,175,000
Construction Bond	1,769,000	6/15/2015	2027	2.39%	650,000
Construction Bond	14,760,000	6/15/2023	2038	5.00%	14,760,000
Bus Bond	360,000	12/20/2018	2025	2.81%	55,000
Bus Bond	360,000	12/1/2019	2025	1.53%	155,000
Bus Bond	370,000	12/15/2020	2025	1.07%	240,000
Bus Bond	370,000	12/2/2021	2026	1.13%	310,000
Bus Bond	340,000	4/6/2023	2027	4.17%	340,000
<b>Total Serial Bonds</b>					<b><u><u>\$ 20,385,000</u></u></b>

***III. Constitutional Debt Limit***

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2023, the District has exhausted 22% of its constitutional debt limit.

***III. Deferred Inflows of Resources***

Deferred inflows of resources of the balance sheet - governmental funds arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period and is contingent on future outcomes not expected to occur within the availability period.

***IV. Deferred Outflows and Inflows of Resources***

The deferred outflows and inflows reported on the statement of net position consist of the following:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	12,378,730	1,199,770
OPEB	22,143,963	36,584,082
<b>Total</b>	<b><u><u>\$ 34,522,693</u></u></b>	<b><u><u>\$ 37,783,852</u></u></b>

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**3. COMMITMENTS AND CONTINGENCIES**

***A. Risk Financing and Related Insurance***

General Information

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

Self-Insured Pharmacy

All of the District's health pharmacy is self insured.

All known claims filed and an estimate of all incurred, but not reported claims existing at June 30, 2023, have been recorded as an accrued liability in the general fund.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

Health Insurance Plan

The District is a member of the Capital Area Schools Health Insurance Consortium (the "Consortium"), which is a trust formed under New York State Law on May 1, 1994. The Consortium is considered a public entity risk pool which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under Section 501(c)(9) of the Internal Revenue Code. The Consortium is governed by a trust agreement and a board of trustees who execute the provisions of the Trust, as set forth in the agreement. The Consortium has contracted with Amsure Associates for third party administration.

The Consortium was formed to allow its member school districts to obtain health insurance and prescription drug benefits at lower cost through a pooled purchasing arrangement. The Consortium procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits, in which the Consortium is not liable for any medical, prescription drug or dental claims. However, the Consortium also maintains a self-insured prescription drug plan for which the individual Consortium members are liable for any claims in excess of the balances maintained by the Consortium. As of June 30, 2023, the District's prescription drug plan account balance maintained by the Consortium is \$2,349,606.

Health Insurance Plan

The District has chosen to establish a self-funded prescription drug benefit program for all eligible employees. The pharmacy benefit manager, is 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 program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the District.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**3. COMMITMENTS AND CONTINGENCIES**

***A. Risk Financing and Related Insurance***

Health Insurance Plan

At year-end, the District has a liability of \$0. With electronic claims submissions, all incurred claims are reported within two weeks, and have been included within the fiscal year's claims, effectively representing 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 for the past fiscal year and when available in future years, comparative data will also be reported:

	<b><u>2022-2023</u></b>
Claims and administration fees	\$ 6,193,109
Claim payments	6,193,109
Estimated incurred but not reported as of June 30	-
Balance at end of year	\$ -

***B. Other Items***

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 audits, the District believes disallowances, if any, will be immaterial.

**4. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE**

*Plan Description*

The District administers the Hudson Falls Central School District Retiree Medical Plan (the "Plan") as a single-employer defined benefit plan. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

This plan pays for 50% of the cost of premiums at retirement for all employee groups at the employee's elected coverage level. The District contributes 100% for the period determined by the following: for every 5 days of accumulated sick leave, the retiree receives one month of free coverage. When the accumulated sick pay amount is exhausted, the insurance payments become the responsibility of the retiree. The enhanced benefit (of 100%) is not included in the valuation as the necessary information on retirees receiving this benefit is not available.



**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**4. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE**

*Funding Policy*

The obligations of the Plan members, employer and other contributing entities are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement.

Employees are eligible for the retiree health benefits upon meeting the following requirements: 1) retire from the District, 2) enrolled in District provided health care at time of retirement, 3) must be eligible for retirement under respective rules of ERS or TRS, 4) must meet minimum service requirements which range from 5 -15 years depending on position. The District currently funds the plan to satisfy current obligations on a pay-as-you-go basis.

*Employees Covered by Benefit Terms* - At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	226
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	458
<b>Total</b>	<b>684</b>

*Net OPEB Liability*

The District's total OPEB liability was measured as of June 30, 2023; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability was measured as of June 30, 2023, based on an actuarial valuation as of June 30, 2022, was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70 percent
Salary Increases	vary by pension retirement system membership
Discount Rate	4.13 percent
Healthcare Cost Trend Rates	Initial rate of 6.75% decreasing to an ultimate rate of 4.40%
Retirees' Share of Benefit-Related Costs	Varies depending on contract

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**4. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE**

*Actuarial Assumptions and Other Inputs*

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

Retirement participation rate assumed that 100% of all newly-retiring employees with health insurance elect to keep their health insurance when they retire and when they turn 65.

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

*Changes in the Net OPEB Liability*

Changes in the District's net OPEB liability were as follows:

<b>Balance at June 30, 2022</b>	<u>\$ 82,093,842</u>
<b><u>Changes for the Year -</u></b>	
Service cost	\$ 3,815,571
Interest	3,014,716
Changes of benefit terms	(839,448)
Differences between expected and actual experience	(13,345,393)
Changes in assumptions or other inputs	(4,738,347)
Benefit payments	(1,508,999)
Net Changes	<u>\$ (13,601,900)</u>
<b>Balance at June 30, 2023</b>	<b><u>\$ 68,491,942</u></b>

Changes of benefit terms reflect changes in inputs including a change in the discount rate from 3.54% in 2022 to 4.13% in 2023 as well as changes in medical trend assumptions due to inflation. Additionally, the minimum years of service required to receive district subsidy was increased.

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

The following presents the District's total OPEB liability, 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 (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b><u>(3.13%)</u></b>	<b><u>(4.13%)</u></b>	<b><u>(5.13%)</u></b>
Total OPEB Liability	\$ 82,372,648	\$ 68,491,942	\$ 57,636,971

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**4. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE**

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

The following presents the District's total OPEB liability, 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 (5.75% decreasing to 4.4%) or 1 percentage point higher (7.75% decreasing to 5.4%) than the current healthcare cost trend rate:

	<b>1% Decrease (5.75% Decreasing to 3.4%)</b>	<b>Healthcare Cost Trend Rates (6.75% Decreasing to 4.4%)</b>	<b>1% Increase (7.75% Decreasing to 5.4%)</b>
Total OPEB Liability	\$ 55,775,375	\$ 68,491,942	\$ 85,441,948

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$6,378,539. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,612,074	\$ 12,028,958
Changes of assumptions	17,531,889	24,555,129
<b>Total</b>	<b>\$ 22,143,963</b>	<b>\$ 36,584,087</b>

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

<u>Year</u>		
2024	\$	387,700
2025		387,700
2026		466,955
2027		642,991
2028		(4,700,997)
Thereafter		<u>(11,624,473)</u>
<b>Total</b>		<b><u>\$ (14,440,124)</u></b>

**5. TAX ABATEMENTS**

The Counties of Saratoga, Warren and Washington enter into various property tax abatement programs for the purposes of economic development. The School District Property Tax revenue was reduced by \$ [REDACTED]. The District received payments in lieu of taxes in the amount of \$71,036.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**6. DEFICIT FUND EQUITY**

The School Lunch Fund had a deficit fund equity of \$1,097,909. This deficit is caused by insufficient sales and reimbursement to support the program. This deficit will be reduced or removed but future transfers from the general fund. The Debt Service Fund had a deficit fund equity of \$95,214. This deficit will be eliminated with transfers from other funds.

**7. PRIOR PERIOD ADJUSTMENT – CORRECTION OF AN ERROR**

During the year ended June 30, 2023, the district discovered an error in recording of bonds. As a result, Net Position as of July 1, 2022 was restated to properly reflect outstanding balances. Additionally, it was determined that certain receivables in the Special Aid Fund are not collectable, and the balances were written off. It was also determined that not all revenues related to the smart schools bond act were recorded, and as such an adjustment was made to opening fund equity and net position.

Restatement of Net Position and Fund Equity

The District’s net position and fund equity has been restated as follows:

	<b><u>Government-Wide Statements</u></b>
Net position beginning of year, as previously stated	\$ (64,785,528)
Adjustment for bonds payable	120,000
Adjustment for accounts receivable	(185,865)
Adjustment for smart schools revenue	243,703
Net position beginning of year, as restated	<u>\$ (64,607,690)</u>
<b><u>General Fund</u></b>	
Fund Equity, beginning of year, as previously stated	\$ 4,942,526
Adjustment for accounts receivable	(185,865)
Fund Equity, beginning of year, as restated	<u>\$ 4,756,661</u>
<b><u>Capital Projects Fund</u></b>	
Fund Equity, beginning of year, as previously stated	\$ (505,214)
Adjustment for smart schools revenue	243,703
Fund Equity, beginning of year, as restated	<u>\$ (261,511)</u>

**8. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through \_\_\_\_\_, 2023, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of June 30, 2023, have been incorporated into these financial statements.

**Required Supplementary Information**  
**HUDSON FALLS CENTRAL SCHOOL**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For The Year Ended June 30, 2023**

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
<b>REVENUES</b>				
<b>Local Sources -</b>				
Real property taxes	\$ 12,718,410	\$ 11,389,545	\$ 11,378,165	\$ (11,380)
Real property tax items	130,000	1,458,865	1,401,376	(57,489)
Charges for services	47,200	47,200	86,322	39,122
Use of money and property	47,000	47,000	55,544	8,544
Sale of property and compensation for loss	3,000	3,000	15,209	12,209
Miscellaneous	1,066,500	1,066,500	788,833	(277,667)
<b>State Sources -</b>				
Basic formula	27,649,923	27,649,923	26,125,906	(1,524,017)
Lottery aid	4,475,693	4,475,693	5,754,927	1,279,234
BOCES	1,800,000	1,800,000	1,649,872	(150,128)
Textbooks	128,033	128,033	128,849	816
<b>All Other Aid -</b>				
Computer software	75,043	75,043	74,154	(889)
Library loan	14,000	14,000	13,837	(163)
<b>Federal Sources</b>	<u>350,000</u>	<u>350,000</u>	<u>353,142</u>	<u>3,142</u>
<b>TOTAL REVENUES</b>	<u>\$ 48,504,802</u>	<u>\$ 48,504,802</u>	<u>\$ 47,864,648</u>	<u>\$ (640,154)</u>
<b>Other Sources -</b>				
Transfer - in	\$ 70,000	\$ 70,000	\$ -	\$ (70,000)
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<u>\$ 48,574,802</u>	<u>\$ 48,574,802</u>	<u>\$ 47,864,648</u>	<u>\$ (710,154)</u>
Appropriated reserves	<u>\$ 350,000</u>	<u>\$ 350,000</u>		
Appropriated fund balance	<u>\$ 350,000</u>	<u>\$ 350,000</u>		
Prior year encumbrances	<u>\$ 157,408</u>	<u>\$ 157,408</u>		
<b>TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE</b>	<u><u>\$ 49,432,210</u></u>	<u><u>\$ 49,432,210</u></u>		

**Required Supplementary Information**  
**HUDSON FALLS CENTRAL SCHOOL**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For The Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balances</u>
<b>EXPENDITURES</b>					
<b>General Support -</b>					
Board of education	\$ 28,800	\$ 16,030	\$ 10,083	\$ -	\$ 5,947
Central administration	239,976	244,558	244,558	-	-
Finance	413,360	408,778	372,060	-	36,718
Staff	138,400	198,414	198,265	-	149
Central services	3,084,930	3,104,030	2,761,582	106,714	235,734
Special items	648,193	722,093	691,576	-	30,517
<b>Instructional -</b>					
Instruction, administration and improvement	1,947,852	2,026,852	1,940,627	-	86,225
Teaching - regular school	11,792,280	11,708,735	11,397,685	16,755	294,295
Programs for children with handicapping conditions	6,272,947	7,043,648	7,043,574	-	74
Occupational education	1,200,000	1,039,300	980,020	-	59,280
Teaching - special schools	117,915	125,215	125,172	-	43
Instructional media	1,686,450	1,854,450	1,838,423	461	15,566
Pupil services	2,154,153	2,167,153	2,021,532	-	145,621
<b>Pupil Transportation</b>	2,203,735	2,330,735	2,184,187	560	145,988
<b>Employee Benefits</b>	12,938,219	11,704,219	11,392,193	-	312,026
<b>Debt service - principal</b>	4,120,000	4,120,000	4,187,020	-	(67,020)
<b>Debt service - interest</b>	385,000	558,000	489,278	-	68,722
<b>TOTAL EXPENDITURES</b>	<u>\$ 49,372,210</u>	<u>\$ 49,372,210</u>	<u>\$ 47,877,835</u>	<u>\$ 124,490</u>	<u>\$ 1,369,885</u>
<b>Other Uses -</b>					
Transfers - out	\$ 60,000	\$ 60,000	\$ 59,092	\$ -	\$ 908
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<u>\$ 49,432,210</u>	<u>\$ 49,432,210</u>	<u>\$ 47,936,927</u>	<u>\$ 124,490</u>	<u>\$ 1,370,793</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (72,279)</u>		
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>4,942,526</u>	<u>4,942,526</u>	<u>4,942,526</u>		
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 4,942,526</u>	<u>\$ 4,942,526</u>	<u>\$ 4,870,247</u>		

**Required Supplementary Information**  
**HUDSON FALLS CENTRAL SCHOOL**  
**Schedule of Changes in Total OPEB Liability**  
**For The Year Ended June 30, 2023**

<b>TOTAL OPEB LIABILITY</b>						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 3,815,571	\$ 5,585,351	\$ 5,107,944	\$ 3,336,902	\$ 1,475,900	\$ 1,533,561
Interest	3,014,716	2,286,333	2,186,948	2,515,733	1,720,183	1,562,093
Changes in benefit terms	(839,448)	-	-	-	-	-
Differences between expected and actual experiences	(13,345,393)	88,308	(266,217)	504,967	9,654,542	-
Changes of assumptions or other inputs	(4,738,347)	(25,272,804)	1,118,875	20,983,215	14,267,219	(2,218,427)
Benefit payments	(1,508,999)	(1,704,429)	(1,761,246)	(1,888,584)	(1,621,731)	(1,469,332)
<b>Net Change in Total OPEB Liability</b>	<b>\$ (13,601,900)</b>	<b>\$ (19,017,241)</b>	<b>\$ 6,386,304</b>	<b>\$ 25,452,233</b>	<b>\$ 25,496,113</b>	<b>\$ (592,105)</b>
<b>Total OPEB Liability - Beginning</b>	<b>\$ 82,093,842</b>	<b>\$ 101,111,083</b>	<b>\$ 94,724,779</b>	<b>\$ 69,272,546</b>	<b>\$ 43,776,433</b>	<b>\$ 44,368,538</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 68,491,942</b>	<b>\$ 82,093,842</b>	<b>\$ 101,111,083</b>	<b>\$ 94,724,779</b>	<b>\$ 69,272,546</b>	<b>\$ 43,776,433</b>
Covered Employee Payroll	\$ 17,282,515	\$ 22,922,473	\$ 21,071,634	\$ 21,047,945	\$ 23,009,569	\$ 20,259,219
Total OPEB Liability as a Percentage of Covered Employee Payroll	396.31%	358.14%	479.84%	450.04%	301.06%	216.08%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**HUDSON FALLS CENTRAL SCHOOL**  
**Schedules of Proportionate Share of the Net Pension Liability (Asset)**  
**For The Year Ended June 30, 2023**

**NYSERS Pension Plan**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability (assets)	0.0176575%	0.0166299%	0.0159296%	0.0159110%	0.0162784%
Proportionate share of the net pension liability (assets)	\$ 3,786,486	\$ 1,359,424	\$ (15,862)	\$ (4,213,321)	\$ (1,153,374)
Covered-employee payroll	\$ 5,906,962	\$ 5,594,558	\$ 15,539,561	\$ 14,891,629	\$ 15,857,072
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	64.102%	24.30%	-0.10%	-28.29%	-7.27%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%

**NYSTRS Pension Plan**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability (assets)	0.0940090%	0.0889930%	0.0888570%	0.0892160%	0.0896620%
Proportionate share of the net pension liability (assets)	\$ 1,803,925	\$ 15,421,715	\$ (2,455,366)	\$ 2,317,842	\$ 1,621,331
Covered-employee payroll	\$ 18,079,182	\$ 16,781,782	\$ 15,539,561	\$ 14,891,629	\$ 15,857,072
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	9.978%	91.90%	-15.80%	15.565%	10.22%
Plan fiduciary net position as a percentage of the total pension liability	98.60%	113.20%	97.80%	102.20%	101.53%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.



**Required Supplementary Information**  
**HUDSON FALLS CENTRAL SCHOOL**  
**Schedules of District Contributions**  
**For The Year Ended June 30, 2023**

**NYSERS Pension Plan**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 621,534	\$ 689,719	\$ 694,505	\$ 672,251	\$ 675,637
Contributions in relation to the contractually required contribution	(621,534)	(689,719)	(694,505)	(672,251)	(675,637)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,906,962	\$ 5,594,558	\$ 15,539,561	\$ 14,891,629	\$ 15,857,072
Contributions as a percentage of covered-employee payroll	10.52%	12.33%	4.47%	4.51%	4.26%

**NYSTRS Pension Plan**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 1,632,082	\$ 1,113,070	\$ 1,336,255	\$ 1,581,491	\$ 1,431,289
Contributions in relation to the contractually required contribution	(1,632,082)	(1,113,070)	(1,336,255)	(1,581,491)	(1,431,289)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 18,079,182	\$ 16,781,782	\$ 15,539,561	\$ 14,891,629	\$ 15,857,072
Contributions as a percentage of covered-employee payroll	9.03%	6.63%	8.60%	10.62%	9.03%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Supplementary Information**  
**HUDSON FALLS CENTRAL SCHOOL**  
**Schedule of Change From Adopted Budget To Final Budget**  
**And The Schedule of Real Property Tax Limit**  
**For The Year Ended June 30, 2023**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:**

Adopted budget		\$ 49,274,802
Prior year's encumbrances		157,408
<b>Original Budget</b>		<b>\$ 49,432,210</b>
Budget revisions -		-
<b>FINAL BUDGET</b>		<b><u><u>\$ 49,432,210</u></u></b>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:**

2023-24 voter approved expenditure budget		\$ 53,452,809
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$ 474,490	
Unassigned fund balance	2,910,181	
Total Unrestricted fund balance	\$ 3,384,671	
<u>Less adjustments:</u>		
Appropriated fund balance	\$ 350,000	
Encumbrances included in assigned fund balance	124,490	
Total adjustments	\$ 474,490	
General fund fund balance subject to Section 1318 of Real Property Tax Law		2,910,181
<b>ACTUAL PERCENTAGE</b>		<b><u><u>5.44%</u></u></b>

**Supplementary Information**  
**HUDSON FALLS CENTRAL SCHOOL**  
**Schedule of Project Expenditures - Capital Projects Fund**  
**For The Year Ended June 30, 2023**

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance	
			Prior Years	Current Year	Total		Obligations	Local Sources	State Sources		Total
Smart Schools Bond Act	\$ 1,802,831	\$ 1,802,831	\$ 1,750,791	\$ -	\$ 1,750,791	\$ 52,040	\$ -	\$ -	\$ 1,750,791	\$ 1,750,791	\$ -
District-Wide Expansion	20,074,000	20,074,000	19,793,021	-	19,793,021	280,979	20,074,000	100,000	-	20,174,000	380,979
Excel Project	18,766,000	18,766,000	18,089,623	-	18,089,623	676,377	17,992,951	-	-	17,992,951	(96,672)
Excel 2 Project	11,769,000	11,769,000	12,436,132	-	12,436,132	(667,132)	11,769,000	100,000	625,498	12,494,498	58,366
Capital Project 2021	16,700,000	16,700,000	593,961	8,552,108	9,146,069	7,553,931	16,704,762	3,101	-	16,707,863	7,561,794
2022 Busses	370,000	370,000	346,056	-	346,056	23,944	370,000	-	-	370,000	23,944
2023 Busses	340,000	340,000	-	256,658	256,658	83,342	340,000	-	-	340,000	83,342
Prior projects	-	-	-	-	-	-	-	-	-	-	8,648
<b>TOTAL</b>	<b>\$ 69,821,831</b>	<b>\$ 69,821,831</b>	<b>\$ 53,009,584</b>	<b>\$ 8,808,766</b>	<b>\$ 61,818,350</b>	<b>\$ 8,003,481</b>	<b>\$ 67,250,713</b>	<b>\$ 203,101</b>	<b>\$ 2,376,289</b>	<b>\$ 69,830,103</b>	<b>\$ 8,020,401</b>

**Supplementary Information**  
**HUDSON FALLS CENTRAL SCHOOL**  
**Net Investment in Capital Assets**  
**For The Year Ended June 30, 2023**

<b>Capital assets, net</b>		\$ 29,162,436
<b>Add:</b>		
Capital project fund cash	\$ 10,083,228	10,083,228
<b>Deduct:</b>		
Bond payable	\$ 20,385,000	
Retainage payable	377,751	
		20,762,751
<b>Net Investment in Capital Assets</b>		<b>\$ 18,482,913</b>

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

To the President and Members  
of the Board of Education of  
Hudson Falls Central School District

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 (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Hudson Falls Central School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs a item 2023-002 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

### **District's Response to the Finding**

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

### **Purpose of this Report**

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

Latham, NY  
\_\_\_\_\_, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the President and Members of the Board of Education of  
Hudson Falls Central School District

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

***Opinion on Each Major Federal Program***

We have audited the Hudson Falls Central 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, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hudson Falls Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***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 Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our 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 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.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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**

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

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002, to be a significant deficiency.

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. *Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Latham, NY  
\_\_\_\_, 2023

DRAFT

**HUDSON FALLS CENTRAL SCHOOL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2023**

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Federal Assistance Listing Number</u>	<u>Grantor Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Expenditures</u>
<b><u>U.S. Department of Education:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department -</u></b>				
<b><u>Special Education Cluster IDEA -</u></b>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-1023	-	\$ 631,067
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-1023	-	18,447
<b><i>Total Special Education Cluster IDEA</i></b>				<b><u>\$ 649,514</u></b>
<b><u>Education Stabilization Fund -</u></b>				
CARES Act - ESSER	84.425D	5890-22-3520	-	\$ 169,114
CRRSA - ESSER 2	84.425D	5891-21-3520	-	473,880
ARP - ESSER 3	84.425U	5880-21-3520	-	927,335
ARP - SLR Summer Enrichment	84.425U	5882-22-3520	-	88,844
ARP - SLR Comprehensive After School	84.425U	5883-22-3520	-	28,396
ARP - SLR Learning Loss	84.425U	5884-22-3520	-	99,510
ARP Homeless	84.425W	5218-21-3520	-	2,287
<b><i>Total Education Stabilization fund</i></b>				<b><u>\$ 1,789,366</u></b>
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-23-3520	-	76,226
ESEA Title IV, Part A	84.424	0204-23-3520	-	39,116
Pathways in Technology Early College	84.048	0639-23-1006	-	322,042
Title I - Grants to Local Educational Agencies	84.010	0021-23-3520	-	590,305
Title I - Grants to Local Educational Agencies - Sch Imp	84.010	0016-23-3520	-	50,000
<b>Total U.S. Department of Education</b>				<b><u>\$ 3,516,569</u></b>
<b><u>U.S. Department of Agriculture:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department (Child Nutrition Services) -</u></b>				
<b><u>Passed Through NYS Education Department -</u></b>				
<b><u>Child Nutrition Cluster -</u></b>				
National School Lunch Program	10.555	N/A	-	\$ 896,960
After School Snack Program	10.555	N/A	-	23,418
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	-	-	41,409
COVID-19 National School Lunch Program - Supply Chain Assistance	10.555	N/A	-	70,400
Summer Food Service Program	10.559	N/A	-	15,556
National School Breakfast Program	10.553	N/A	-	260,753
<b><i>Total Child Nutrition Cluster</i></b>				<b><u>\$ 1,308,496</u></b>
<b>Total U.S. Department of Agriculture</b>				<b><u>\$ 1,308,496</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b><u>\$ 4,825,065</u></b>

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Section I - Summary of Auditor's Results**

*Findings related to the financial statements which are required to be reported in accordance with*

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to financial statements noted?   X   yes        no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?        yes   X   no
- Significant deficiency(ies) identified?   X   yes        none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   yes        no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D, 84.425U, 84.425W	Elementary and Secondary School Emergency Relief Fund American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   yes        no

**Section II: Financial Statement Findings**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

Noncompliance Material to the Financial Statements

2023-001      Compliance with New York State Real Property Tax Law

*Condition:* The unassigned fund balance of the general fund exceeds 4% of the 2023-24 general fund budget by \$772,069.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Section II: Financial Statement Findings**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

Noncompliance Material to the Financial Statements

2023-001      Compliance with New York State Real Property Tax Law (continued)

*Criteria:* NYS Real Property Tax Law Section 1318 limits the amount of unassigned fund balance a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

*Cause:* The cumulative effect of expenditures being significantly under budget.

*Effect of Condition:* The District was not in compliance with Real Property Tax Law.

*Questioned Cost:* None

*Context:* As part of audit procedures, the compliance with NYS Real Property Tax Law 1318 limits is reviewed.

*Repeat Finding:* Yes

*Recommendation:* The District should develop a plan regarding how to address and use the excess in future years.

***Views of Responsible Officials and Planned Corrective Actions:***

Material Weakness

2023-002      Adjustments

*Statement of Condition:* Several adjusting journal entries were proposed as part of the audit process to accurately reflect year end balances.

*Criteria:* To accurately present the financial position of the District, general ledger accounts should be reconciled and monitored throughout the year and at year end by management. The accuracy of financial data is crucial to the budget process and monthly report monitoring.

*Context:* The adjustments were identified as part of our auditing procedures.

*Statement of Cause:* The adjusting journal entries identified during the audit appear to be caused by transactions being inaccurately recorded.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Section II: Financial Statement Findings**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

2023-002      Adjustments

*Effect of Condition:* As it relates to the adjusting journal entries proposed as part of the audit process the following accounts were over or understated by the respective approximate amounts: in the general fund, due from other funds understated by \$546,670 and fund equity understated by \$760,904. In the special aid fund accounts receivable understated by \$181,276, due from other funds overstated by \$124,884, accounts payable and expenditures understated by \$369,999, and revenues understated by \$33,572. In the school lunch fund inventory understated by \$16,635, due to other funds understated by \$731,916, fund equity overstated by \$334,715, expenses understated by \$13,835 and interfund transfers in overstated by \$731,916. In the capital projects fund, cash overstated by \$67,020, accounts payable understated by \$1,770,780, bond anticipation notes payable understated by \$2,000,000, expenditures understated by \$1,654,254, interfund transfers out understated by \$114,305, and revenues overstated by \$1,935,200.

*Recommendation:* As it relates to preventing future audit adjustments, general ledger accounts should be reconciled by management throughout the year or at a minimum at the end of the year to ensure the balances accurately reflect the activity that occurred.

***Views of Responsible Officials and Planned Corrective Actions:***

**Section III: Federal Award Findings and Questioned Costs**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):*

Significant Deficiency

2023-003      Equipment and Real Property Management

*Information on Federal Program:* U.S. Department of Education, Education Stabilization Funds (Federal Assistance Listing numbers 84.425D, 84.425U, 84.425W), Passed through the New York State Education Department.

*Criteria:* 2 CFR Section 200.313(d) requires property records to be maintained including a description of the property, a serial number or other identification number, the source of funding for the property, who holds title, the acquisition date, cost of the property, percentage of federal participation in project costs, the location, use and condition of the property, and any ultimate disposition data. Additionally, it requires a physical inventory of the property be taken and results reconciled with the property records at least every two years.

*Statement of Condition:* Record of equipment purchased under the federal program was not maintained in accordance with 2 CFR Section 200.313(d).

*Statement of Cause:* The district was not aware of the requirements.

**HUDSON FALLS CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Section III: Federal Award Findings and Questioned Costs**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):*

Significant Deficiency

2023-003      Equipment and Real Property Management

*Statement of Effect:* The District is not in compliance with 2 CFR Section 200.313(d) and could fail to follow related disposition requirements.

*Questioned Cost:* None.

*Repeat Finding:* No

*Recommendation:* We recommend the District review the above referenced requirements and implement procedures to ensure the District complies with relevant compliance requirements.

*Views of the Responsible Officials and Planned Corrective Actions:*

**Summary Schedule of Prior Audit Findings**

None.