

FORT EDWARD UNION FREE SCHOOL DISTRICT

**Financial Statements and
Required Report
As of and For the Year Ended
June 30, 2022**

Together with Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4-14
FINANCIAL STATEMENTS	
Statement of net position	15
Statement of activities	16
Balance sheet – Governmental funds	17-18
Reconciliation of total governmental fund balance to government-wide net position	19
Statement of revenue, expenditures, and changes in fund balance – Governmental funds	20
Reconciliation of the statement of revenue, expenditures, and changes in fund balance to the statement of activities	21
Notes to financial statements.....	22-51
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Schedule of revenue, expenditures, and changes in fund balance – Budget and actual - General fund.....	52-53
Schedule of proportionate share of net pension liability (asset).....	54
Schedule of contributions – Pension Plans.....	55
Schedule of changes in total OPEB Liability and related ratios.....	56
SUPPLEMENTARY INFORMATION	
Schedule of combining balance sheet – non-major governmental funds.....	57
Schedule of combining statement of revenues, expenditures and changes in fund Balances – non-major governmental funds.....	58
OTHER INFORMATION (UNAUDITED)	
Schedule of change from original budget to revised budget – General fund	59
Section 1318 of Real Property Tax Law Limit Calculation – General fund.....	59
Schedule of project expenditures - Capital projects fund	60
Schedule of net investment in capital assets	61

C O N T E N T S (Continued)

Page

REQUIRED REPORT UNDER GOVERNMENT AUDITING STANDARDS

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 <i>Government Auditing Standards</i>	62-63
Schedule of findings and responses	64-65

INDEPENDENT AUDITOR'S REPORT

January 27, 2023

To the Board of Education of
Fort Edward Union Free School District:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fort Edward Union Free School District (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 15 to the financial statements, during the year ended June 30, 2022, the School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87 - *Leases*. Our opinions are not modified with respect to this matter.

Correction of Error

As discussed in Note 15 to the financial statements, beginning net position and beginning general fund and miscellaneous special revenue fund balance have been adjusted to correct misstatements in the prior year's financial statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension (asset) liability and contributions – pension plans, and changes in total OPEB liability and related ratios be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Required Supplementary Information (Continued)

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 School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Schedule of Change from Original Budget to Revised Budget and the Real Property Tax Limit - General Fund, Schedule of Project Expenditures - Capital Projects Fund and the Schedule of Net Investment in Capital Assets, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2023, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

FORT EDWARD UNION FREE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

FINANCIAL HIGHLIGHTS

- Government-wide net position of the School District was (\$5,427,591).
- Government-wide net position was \$981,925 greater than at June 30, 2021.
- Combined fund balance was \$4,557,128.
- Combined fund balance was \$1,418,164 greater than at June 30, 2021.
- The School District has continued to offer all programs and services.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

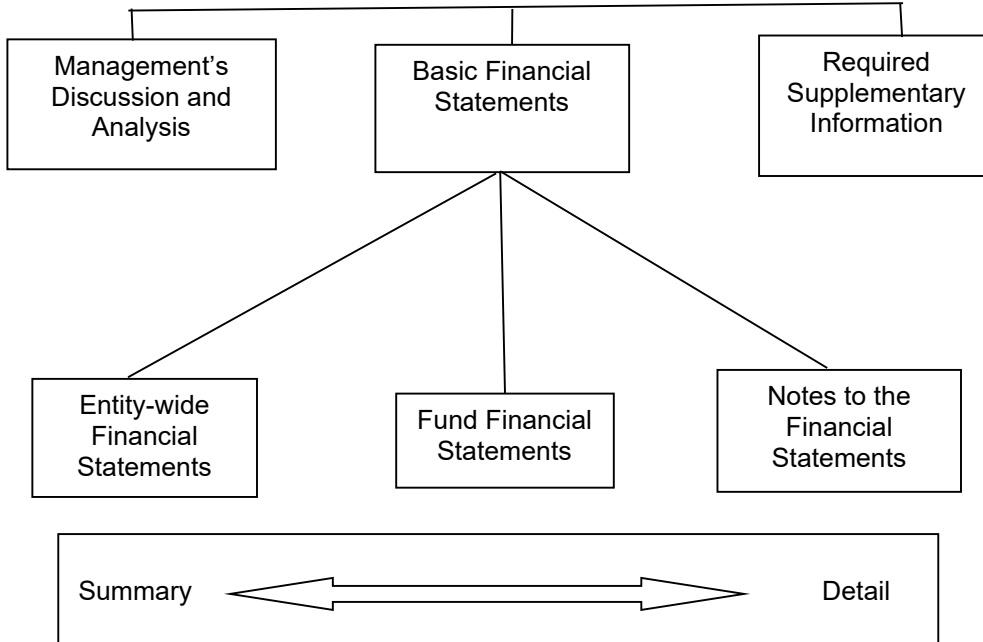
- The first two statements are *Government-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the Government-wide statements.
- The *governmental funds statements* tell how basic services, such as special education, were financed in the *short-term*.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-1 shows how the various sections of this annual report are arranged and related to one another.

Figure A-1 Organization of the School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide	Fund Financial Statements
	Government-Wide	Governmental Funds
Scope	Entire School District	The daily operating activities of the School District, such as instruction and special education.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and change in fund balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.
Type of asset/liability, deferred outflows/inflows of resources information	All assets, liabilities, deferred outflows & inflows of resources both financial and capital, short-term and long-term debt.	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.

The Government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources, (dollars), are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

Government-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenses using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position has constraints placed on use by external sources or imposed by law.
 - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The School District has the following types of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Figure A-3 Condensed Statement of Net Position (In Thousands of Dollars)

	<u>Fiscal Year</u> <u>2022</u>	<u>Fiscal Year</u> <u>2021</u>	<u>Percent</u> <u>Change</u>
Current and other assets	\$ 5,412	\$ 3,931	37.67%
Noncurrent assets	<u>16,625</u>	<u>13,224</u>	25.72%
Total assets	<u>22,037</u>	<u>17,155</u>	28.46%
Deferred outflows of resources	<u>4,601</u>	<u>7,391</u>	-37.76%
Current liabilities	1,560	1,568	-0.50%
Long-term liabilities	<u>25,979</u>	<u>28,518</u>	-8.90%
Total liabilities	<u>27,539</u>	<u>30,086</u>	-8.47%
Deferred inflows of resources	<u>4,526</u>	<u>924</u>	389.81%
Net position:			
Net investment in capital assets	6,956	6,443	7.96%
Restricted	2,032	1,137	78.69%
Unrestricted	<u>(14,415)</u>	<u>(14,044)</u>	-2.64%
Total net position	<u>\$ (5,428)</u>	<u>\$ (6,464)</u>	16.03%

The change in deferred outflows of resources is primarily due to a change in assumptions used by the actuary in calculating Other Post-Employment Benefits liability and pensions.

Changes in Net Position

The School District's 2022 revenue was \$12,823,661(See Figure A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 24% and 59%, respectively, of the total revenue raised (see Figure A-5). The remainder of revenue came from fees for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$11,841,736 for 2022. These expenses are predominately for the education, supervision, and transportation of students (see Figure A-6). The School District's administrative and business activities accounted for 19% of total costs.

Net position increased during the year by \$981,925 due primarily to the effects of recognizing other post-employment benefits as well as the effects of ERS and TRS proportionate assets, deferred outflows, liabilities and deferred inflows.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Changes in Net Position (Continued)

Figure A-4 Changes in Net Position from Operating Results (In Thousands of Dollars)

	Fiscal Year <u>2022</u>	Fiscal Year <u>2021</u>	Percent <u>Change</u>
Revenue:			
Charges for services	\$ 167	\$ 160	4.10%
Operating grants	1,195	674	77.24%
Capital grants	-	35	-100.00%
General revenue:			
Property taxes	3,029	2,630	15.16%
Other property tax items	370	708	-47.71%
Use of money and property	107	124	-13.99%
Sale of property and compensation for loss	8	-	100.00%
State aid	7,617	7,224	5.43%
Federal	-	216	
Medicaid reimbursement	35	-	100.00%
Miscellaneous	298	284	4.88%
Total revenue	<u>12,824</u>	<u>12,055</u>	6.38%
Expenses:			
General support	2,238	1,659	34.90%
Instruction	8,919	10,034	-11.11%
Transportation	290	558	-47.91%
Debt service - Interest	90	231	-60.88%
Cost of sales - Food	304	141	115.26%
Total expenses	<u>11,842</u>	<u>12,623</u>	-6.19%
 Change in net position	 <u>\$ 982</u>	 <u>\$ (568)</u>	 272.87%

Revenue

In the 2021-2022 school year, revenue increased by \$769,000, or 6.38%. State aid increased by \$393,000. Operating grants increased by \$521,000 which was primarily due to increased funding related to federal awards

Expenses

The School District as a whole had a decrease in expenses of \$781,000 or 6.19% compared to 2021.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Figure A-5: Revenue Sources for 2022:

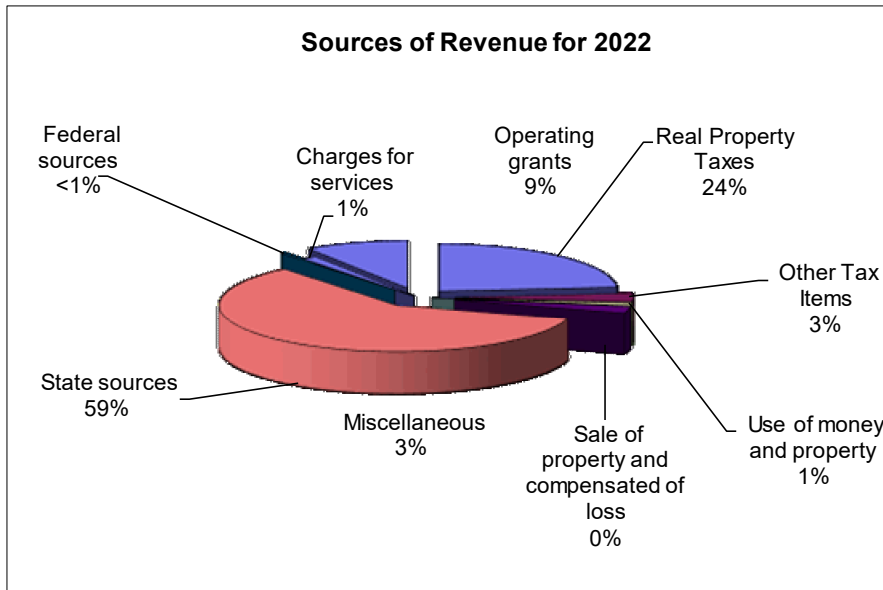
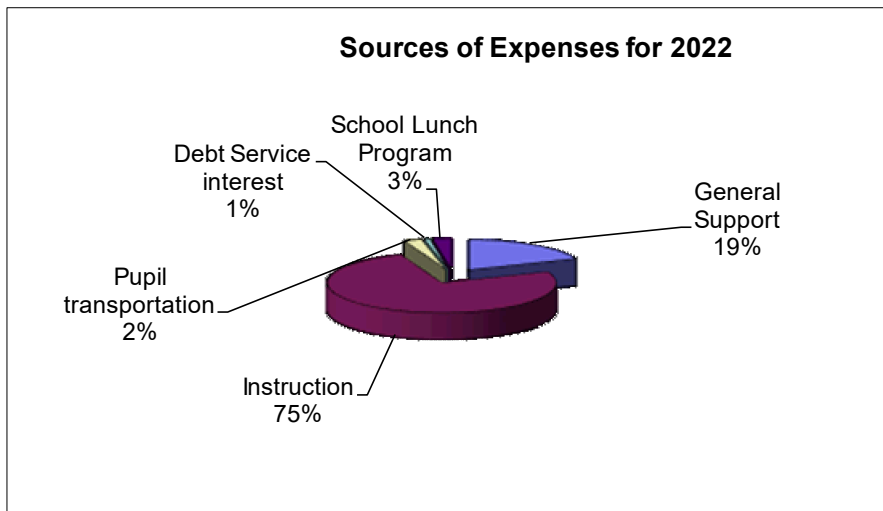


Figure A-6: Sources of Expenses for 2022:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities

Revenue for the School District's governmental activities totaled \$12,823,661 while total expenses were \$11,841,736. Accordingly, net position increased by \$981,925.

Figure A-7 presents the cost of several of the School District's major activities. The figure also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Figure A-7 Net Cost of Governmental Activities (In Thousands of Dollars)

	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>
General support	\$ 2,238	\$ 2,238	\$ 1,659	\$ 1,659
Instruction	8,919	7,935	10,034	9,330
Pupil transportation	290	290	558	558
Debt service - Interest	90	90	231	231
Cost of sales - Food	304	(74)	141	(24)
	<u>\$ 11,842</u>	<u>\$ 10,481</u>	<u>\$ 12,623</u>	<u>\$ 11,754</u>

The cost of all governmental activities for the year was \$11,841,736.

- The users of the School District's programs financed \$166,563 of the costs through charges for services.
- The federal and state government financed \$1,194,594 of the costs through operating grants.
- The majority of costs were financed by the School District's taxpayers and unallocated NYS aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations between years for the government-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt.

Governmental Funds Highlights

General Fund – ended the year with \$4.3MM in fund balance. Fund balance increased approximately \$1.3 million from the prior year as explained in the budgetary highlights section.

Special Aid Fund – The School District continues to benefit from federal COVID funding and has until fiscal 2024 to spend its allocation.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

Governmental Funds Highlights

School Lunch Fund – ended the year with \$158,037 in fund balance.

Capital Projects Fund – ended the year with \$0 in fund balance.

Debt Service Fund – ended the year with \$2,974 in fund balance.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

Revenue Variances

Revenues are greater than budgeted primarily due to increase of non-resident tuition received from students that do not live in the School District. The School District received a large amount of income from refund of prior year expenses from fiscal year end 06/30/2020 and 06/30/2021.

Expenditure Variances

Expenditures are less than budgeted primarily from operations of plant, transportation, interscholastic activities, employee benefits, and services from BOCES.

Results vs. Budget (In Thousands of Dollars)

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance (Actual/Budget)
Revenue:					
Local sources	\$ 3,649	\$ 3,649	\$ 3,848	\$ -	\$ 199
State sources	7,306	7,456	7,509	-	54
Federal sources	-	6	7	-	1
Medicaid reimbursement	20	20	35	-	15
Total	<u>10,975</u>	<u>11,131</u>	<u>11,399</u>	<u>-</u>	<u>269</u>
Expenditures:					
General support	1,273	1,491	1,196	-	295
Instruction	6,002	6,123	5,667	-	456
Transportation	188	292	207	-	85
Employee benefits	2,607	2,321	2,038	-	283
Debt Service	971	971	1,050	-	(79)
Total	<u>11,042</u>	<u>11,198</u>	<u>10,158</u>	<u>-</u>	<u>1,040</u>
Other financing sources (uses)					
Proceeds from issuance of capital leases	-	-	31	-	(31)
Transfers in	12	12	84	-	(72)
Transfers out	(55)	(55)	(36)	-	(19)
Total	<u>(43)</u>	<u>(43)</u>	<u>79</u>	<u>-</u>	<u>(122)</u>
Revenue over/under expenditures	<u>\$ (110)</u>	<u>\$ (110)</u>	<u>\$ 1,320</u>	<u>\$ -</u>	<u>\$ 1,430</u>

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2022, the School District had \$13,003,980 invested in buildings, computers, and other educational equipment.

Figure A-8 Capital Assets (In Thousands of Dollars), net of accumulated depreciation

	Fiscal Year <u>2022</u>	Fiscal Year <u>2021</u>
Land	\$ 9	\$ 9
Buildings and improvements	12,469	12,994
Furniture, equipment and vehicles	526	412
Total	<u>\$ 13,004</u>	<u>\$ 13,415</u>

Long-Term Liabilities

As of June 30, 2022, the School District had \$26,747,003 in long-term liabilities. Detailed information about the School District's long-term liabilities is included in the notes to the financial statements.

Figure A-9 Outstanding Long-Term Liabilities (In Thousands of Dollars)

	Fiscal Year <u>2022</u>	Fiscal Year <u>2021</u>
General obligation bonds	\$ 5,900	\$ 6,781
Compensated absences	830	770
Lease obligations	148	191
Total other postemployment benefits	19,869	20,961
Total	<u>\$ 26,747</u>	<u>\$ 28,703</u>

During 2022, the School District paid down its long term bonded debt by \$695,000. Further the School District's OPEB liability decreased by \$1.1 million due to the net effect of changes in actuarial assumptions.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the School District was aware of the following existing conditions that could significantly affect its financial health in the future:

- The School District is experiencing declining enrollment and growing financial strain. The District's voters supported the 2022/2023 school budget. As a result, the School District has seen the reinstatement of certain academic and extracurricular programs. Federal grants have also allowed some part time positions to be increased to full time positions for the next two-to-three years. The School District is implementing a PILOT program in the future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Business Office
Fort Edward Union Free School District
220 Broadway
Fort Edward, NY 12828
Phone: (518) 747-4872

FORT EDWARD UNION FREE SCHOOL DISTRICT**STATEMENT OF NET POSITION
JUNE 30, 2022****ASSETS**

CURRENT ASSETS:

Cash - unrestricted	\$ 2,055,985
Cash - restricted	2,028,726
Accounts receivable	65,496
Lease receivable	84,037
State and federal aid receivable	1,169,190
Inventory	<u>8,395</u>

Total current assets 5,411,829

NONCURRENT ASSETS:

Net pension asset	3,620,891
Capital assets, net	<u>13,003,980</u>

Total noncurrent assets 16,624,871

TOTAL ASSETS 22,036,700

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - ERS	190,717
Deferred outflows of resources - TRS	2,289,049
Deferred outflows of resources - OPEB	<u>2,120,749</u>

Total Deferred Outflows of Resources 4,600,515

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES 26,637,215

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	238,636
Unearned revenue	128,983
Due to Teachers' Retirement System	389,597
Due to Employees' Retirement System	13,448
Bond interest accrual	21,302
Leases payable due within one year	38,136
Bonds payable due within one year	<u>730,000</u>

Total current liabilities 1,560,102

LONG-TERM LIABILITIES:

Bonds payable, net of current portion	4,375,000
Bond premium, net	794,992
Leases payable, net of current portion	110,071
Total other postemployment benefits liability	19,868,682
Compensated absences	<u>830,122</u>

Total long-term liabilities 25,978,867

TOTAL LIABILITIES 27,538,969

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - ERS	324,405
Deferred inflows of resources - TRS	4,014,237
Deferred inflows of resources - OPEB	103,158
Deferred inflows of resources - Leases	<u>84,037</u>

Total Deferred Inflows of Resources 4,525,837

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES 32,064,806

NET POSITION

Net investment in capital assets	6,955,789
Restricted	2,031,688
Unrestricted	<u>(14,415,068)</u>

TOTAL NET POSITION \$ (5,427,591)

FORT EDWARD UNION FREE SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS:				
General support	\$ 2,238,249	\$ -	\$ -	\$ (2,238,249)
Instruction	8,919,153	157,347	826,692	(7,935,114)
Pupil transportation	290,450	-	-	(290,450)
Debt service interest	90,370	-	-	(90,370)
School lunch program	<u>303,514</u>	<u>9,216</u>	<u>367,902</u>	<u>73,604</u>
TOTAL FUNCTIONS/PROGRAMS	<u>\$ 11,841,736</u>	<u>\$ 166,563</u>	<u>\$ 1,194,594</u>	<u>(10,480,579)</u>
GENERAL REVENUE:				
Real property taxes				3,028,681
Other tax items				370,207
Use of money and property				106,648
Sale of property and compensation for loss				7,746
Miscellaneous				297,861
State sources				7,616,545
Medicaid reimbursement				<u>34,816</u>
TOTAL GENERAL REVENUE				<u>11,462,504</u>
CHANGE IN NET POSITION				<u>981,925</u>
NET POSITION - beginning of year, as previously reported				(6,463,427)
RESTATEMENT (Note 15)				<u>53,911</u>
NET POSITION - beginning of year, as restated				<u>(6,409,516)</u>
NET POSITION - end of year				<u>\$ (5,427,591)</u>

The accompanying notes are an integral part of these statements.

FORT EDWARD UNION FREE SCHOOL DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash - unrestricted	\$ 1,948,728	\$ -	\$ -	\$ 107,257	\$ 2,055,985
Cash - restricted	1,935,677	-	8	93,041	2,028,726
Accounts receivable	65,496	-	-	-	65,496
Due from other funds	379,624	22,749	69,029	2,970	474,372
Leases receivable	84,037	-	-	-	84,037
State and federal aid receivable	707,527	306,335	109,812	45,516	1,169,190
Inventory	-	-	-	8,395	8,395
TOTAL ASSETS	<u>\$ 5,121,089</u>	<u>\$ 329,084</u>	<u>\$ 178,849</u>	<u>\$ 257,179</u>	<u>\$ 5,886,201</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 236,408	\$ 524	\$ -	\$ 1,704	\$ 238,636
Unearned revenue	-	127,785	-	1,198	128,983
Due to other funds	94,748	200,775	178,849	-	474,372
Due to Teachers' Retirement System	389,597	-	-	-	389,597
Due to Employees' Retirement System	13,219	-	-	229	13,448
TOTAL LIABILITIES	<u>733,972</u>	<u>329,084</u>	<u>178,849</u>	<u>3,131</u>	<u>1,245,036</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflow - lease	84,037	-	-	-	84,037
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>84,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,037</u>

(Continued)

The accompanying notes are an integral part of these statements.

FORT EDWARD UNION FREE SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2022

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCE:					
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 8,395	\$ 8,395
Restricted:					
Unemployment reserve	55,097	-	-	-	55,097
Employee benefits and accrued liabilities	850,851	-	-	-	850,851
Retirement contributions - ERS	173,480	-	-	-	173,480
Retirement contributions - TRS	145,663	-	-	-	145,663
Capital projects	400,163	-	-	-	400,163
Workers Compensation	30,048	-	-	-	30,048
Insurance reserve	27,039	-	-	-	27,039
Debt service	253,336	-	-	2,974	256,310
Other	-	-	-	93,037	93,037
Total restricted fund balance	<u>1,935,677</u>	<u>-</u>	<u>-</u>	<u>96,011</u>	<u>2,031,688</u>
Assigned:					
Unappropriated	54	-	-	149,642	149,696
Appropriated for subsequent year expenditures	<u>402,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,838</u>
Total assigned fund balance	<u>402,892</u>	<u>-</u>	<u>-</u>	<u>149,642</u>	<u>552,534</u>
Unassigned	<u>1,964,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,964,511</u>
TOTAL FUND BALANCE	<u>4,303,080</u>	<u>-</u>	<u>-</u>	<u>254,048</u>	<u>4,557,128</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,121,089</u>	<u>\$ 329,084</u>	<u>\$ 178,849</u>	<u>\$ 257,179</u>	<u>\$ 5,886,201</u>

The accompanying notes are an integral part of these statements.

FORT EDWARD UNION FREE SCHOOL DISTRICT

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION
JUNE 30, 2022**

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

Total governmental fund balance	\$	4,557,128
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		13,003,980
Pension related government wide activity:		
Deferred outflows - ERS/TRS		2,479,766
Deferred inflows - ERS/TRS		(4,338,642)
Net pension asset - ERS/TRS		3,620,891
OPEB related government wide activity:		
Deferred outflows of resources		2,120,749
Deferred inflows of resources		(103,158)
Total OPEB liability		(19,868,682)
Long-term bonds payable and leases payable are not due in the current period and, therefore, are not reported in the funds		(5,253,207)
Bond premium is recorded as revenue in the fund financial statements, but is amortized over the life of the bond under full accrual accounting.		(794,992)
Compensated absences are recognized as a liability under full accrual accounting		(830,122)
Interest payable is to be recorded in the government-wide statements under full accrual accounting		<u>(21,302)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(5,427,591)</u>

The accompanying notes are an integral part of these statements.

FORT EDWARD UNION FREE SCHOOL DISTRICT

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General	Special Aid	Capital Projects	Non-Major Funds	Total Governmental Funds
REVENUE:					
Real property taxes and other tax items	\$ 3,398,888	\$ -	\$ -	\$ -	\$ 3,398,888
Charges for services	157,347	-	-	-	157,347
Use of money and property	106,647	-	-	1	106,648
Sale of property and compensation for loss	7,746	-	-	-	7,746
Miscellaneous	177,651	82,362	-	37,848	297,861
State sources	7,509,233	107,160	107,312	90,035	7,813,740
Medicaid reimbursement	34,816	-	-	-	34,816
Federal sources	6,911	712,621	-	277,867	997,399
Sales - School lunch	-	-	-	9,216	9,216
Total revenue	11,399,239	902,143	107,312	414,967	12,823,661
EXPENDITURES:					
General support	1,196,425	167,177	-	-	1,363,602
Instruction	5,666,905	666,600	-	-	6,333,505
Pupil transportation	206,967	12,594	-	-	219,561
Employee benefits	2,037,586	6,176	-	1,941	2,045,703
Debt service - Principal	768,203	-	-	-	768,203
Debt service - Interest	281,896	-	-	-	281,896
Cost of sales	-	-	-	288,505	288,505
Capital outlay	-	-	107,312	-	107,312
Other	-	-	-	28,286	28,286
Total expenditures	10,157,982	852,547	107,312	318,732	11,436,573
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,241,257	49,596	-	96,235	1,387,088
OTHER FINANCING SOURCES (USES):					
Proceeds from the issuance of leases	31,076	-	-	-	31,076
Operating transfers in	83,963	25,413	10,429	-	119,805
Operating transfers (out)	(35,842)	(71,513)	-	(12,450)	(119,805)
Total other financing sources (uses)	79,197	(46,100)	10,429	(12,450)	31,076
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	1,320,454	3,496	10,429	83,785	1,418,164
FUND BALANCE - beginning of year, as previously reported	3,028,418	(3,496)	(10,429)	70,560	3,085,053
RESTATEMENT (Note 15)	(45,792)	-	-	99,703	53,911
FUND BALANCE - beginning of year, as restated	2,982,626	(3,496)	(10,429)	170,263	3,138,964
FUND BALANCE - end of year	\$ 4,303,080	\$ -	\$ -	\$ 254,048	\$ 4,557,128

The accompanying notes are an integral part of these statements.

FORT EDWARD UNION FREE SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net changes in fund balance - Total governmental funds	\$ 1,418,164
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position.	234,183
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(613,617)
Leases are expenditures in governmental funds, net of disposals, but are capitalized in the statement of net position.	31,076
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(62,708)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	695,000
Repayments of long-term lease liabilities are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	73,203
Bond premiums amortization is not recorded as revenue in the governmental funds, but is recorded in the statement of activities	186,118
Compensated absences do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	(60,246)
Issuance of long-term lease liabilities are recorded as expenditures in the governmental funds, but are recorded as a liability in the statement of net position.	(30,293)
Other postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	(1,495,937)
Pension expense resulting from GASB 68 related reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	601,574
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	<u>5,408</u>
Change in net position - Governmental activities	<u>\$ 981,925</u>

The accompanying notes are an integral part of these statements.

FORT EDWARD UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fort Edward Union Free School District provides K-12 public education to students living within its geographic borders.

The financial statements of Fort Edward Union Free School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board, (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Reporting Entity

Fort Edward Union Free School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education. The President of the Board of Education 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 School District. The Board of Education has the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). 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 School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School 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 included in the School District's reporting entity:

Extraclassroom Activity Funds

The extraclassroom activity funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. Separate audited financial statements, (cash basis) of the extraclassroom activity funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in the Miscellaneous Special Revenue fund.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Venture

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

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

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

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

Basis of Presentation

Government-Wide Statements

The statement of net position and the statement of activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital), grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between program expenses and revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Fund Financial Statements

The School District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The fund statements provide information about the School District's funds.

Separate statements for each fund category (governmental) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The accounts of the School District are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types used by the School District are as follows:

Governmental Fund Types

Governmental funds are those in which most governmental functions of the School District are reported. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position rather than upon determination of net income. The following are the School District's governmental fund types:

The School District reports the following major governmental funds:

General Fund: This is the School District's primary operating fund. It accounts for all financial transactions that are not 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.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The School District reports the following non-major governmental funds:

School Lunch Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Debt Service Fund: This fund is used to account for and report on the accumulation of resources to be used for redemption of general long-term indebtedness.

Miscellaneous Special Revenue Fund: This fund accounts for proceeds from various funding sources, which may be restricted by donors or designated by the School District for specific purposes. The transactions of the Extraclassroom Activity Funds and scholarships are included in this fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the School 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, revenue is recognized when measurable and available. The School District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year.

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

Cash and Cash Equivalents

Cash and investments consists of funds deposited in demand deposit accounts, and amounts with the New York Cooperative Liquid Assets Securities System (NYCLASS). The School District's deposit and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include NYCLASS, obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions and accordingly, the School District's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by FDIC insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and School District subdivisions.

Accounts and Lease Receivable

Accounts and lease receivable are shown gross. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Inventory and Prepaid Expenditures

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

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

Interfund Transactions

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

In the Government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different funds. Eliminations have been made for all interfund receivables and payables between the 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 School District's practice to settle these amounts at a net balance based upon the right of legal offset.

Capital Assets, Net

Capital assets are reported at actual cost or estimated historical costs computed by an independent third party appraisal company (updated appraisal dated April 9, 2014) using computerized reverse-trending techniques applied against the estimate of current replacement cost. Donated assets, if any, are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	2,500	SL	50
Land improvements	2,500	SL	20
Furniture and equipment	2,500	SL	5-20
Vehicles	2,500	SL	8

Capital assets also include lease assets with a term greater than one year. The School District does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Property Taxes

Real property taxes are levied annually by the board of education no later than September 1, and become a lien on August 11. Taxes are collected during the period September to beginning of November.

Uncollected real property taxes are subsequently enforced by Washington County in which the School District is located. The County guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

Vested Employee Benefits

Compensated absences

District employees are granted vacation in varying amounts, based principally on length of service and service positions. 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. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

The liability for compensated absences has been calculated using the vesting/termination method and an accrual for that liability is included in the government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

Retirement Benefits

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

Other Postemployment Benefits

In addition to providing the pension benefits described, the School District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the School District and the retired employee.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

Unearned revenue is reported when potential revenue meets both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the Government-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, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the School District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within greater than one year in the Statement of Net Position.

Restricted Resources

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

Fund Balance/Net Position Classifications

Government-Wide Statements

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

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

Restricted net position - reports net position when constraints placed on the assets 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.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Fund Balance/Net Position Classifications (Continued)
Government-Wide Statements (Continued)

Restricted net position consists of the following:

Unemployment reserve	\$ 55,097
Retirement contributions - ERS	173,480
Retirement contributions - TRS	145,663
Employee benefits and accrued liabilities	850,851
Capital projects	400,163
Workers compensation	30,048
Insurance reserve	27,039
Debt service	256,310
Other	93,037
	<u>\$ 2,031,688</u>

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

Governmental Fund Statements

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

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually are required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund and prepaid expenditures in the general fund.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has available the following restricted fund balances:

Workers' Compensation

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

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. This reserve is accounted for in the general fund under restricted fund balance.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Fund Balance/Net Position Classifications (Continued)
Governmental Fund Statements (Continued)

Unemployment Insurance

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

Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. The reserve is accounted for in the debt service fund under restricted fund balance.

Insurance

Insurance reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law, (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund under restricted fund balance.

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund under restricted fund balance.

Retirement Contribution

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Fund Balance/Net Position Classifications (Continued)

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

Governmental Fund Statements (Continued)

Assigned fund balance – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$54. As of June 30, 2022, the School District’s encumbrances were classified as follows:

Instruction	\$	54
Total encumbrances	\$	<u>54</u>

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 balance 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.

Unassigned fund balance - 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 School District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no greater than 4% of the School District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

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

2. **EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Government-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.

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the School District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities reports revenue 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 depreciation expense on those items as recorded in the statement of activities.

Statement of Revenue, Expenditures, and Change in Fund Balance vs. 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 interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

Pension Differences

Pension differences occur as a result of changes in the School District's proportion of the collective net pension asset/liability and differences between the School 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 School District's total OPEB liability and differences between the School District's contributions and OPEB expense.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the School 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.

4. CUSTODIAL CREDIT, CONCENTRATION OF CREDIT RISK

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

The School District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby the School District holds a portion of the investments in cooperation with other participants. At June 30, 2022, the School District held \$3,955,822 in NYCLASS consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated 'AAAm' from Standard Poor's Global Ratings. Amounts held with both NYCLASS are highly liquid and the amount held represents the cost of the investment pool shares, which are considered to approximate fair value. Additional information concerning NYCLASS, including the annual report, can be found on its website www.newyorkclass.org.

4. CUSTODIAL CREDIT, CONCENTRATION OF CREDIT RISK (Continued)

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash	\$ 2,596,936	\$ 2,149,027
Cash equivalents	<u>1,935,684</u>	<u>1,935,684</u>
	<u>\$ 4,532,620</u>	<u>\$ 4,084,711</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 564,026	
Covered by FDIC insurance	<u>2,032,910</u>	
Total	<u>\$ 2,596,936</u>	

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Restricted cash consists of the following:

General fund:

Unemployment reserve	\$ 55,097
Retirement contributions - ERS	173,480
Retirement contributions - TRS	145,663
Employee benefits and accrued liabilities	850,851
Capital projects	400,163
Workers compensation	30,048
Debt reserve	253,336
Insurance reserve	<u>27,039</u>
	<u>\$ 1,935,677</u>

Capital Projects fund: \$ 8

Debt Service fund: \$ 4

Miscellaneous Special Revenue fund:

Cash on deposit for scholarships and extraclassroom activity funds	<u>\$ 93,037</u>
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5. PARTICIPATION IN BOCES

During the year, the School District was billed \$1,786,832 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$704,605.

6. CAPITAL ASSETS, NET

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

	Beginning Balance (Restated)	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 8,731	\$ -	\$ -	\$ 8,731
Total non-depreciable cost	<u>8,731</u>	<u>-</u>	<u>-</u>	<u>8,731</u>
Capital assets that are depreciated:				
Buildings and improvements	22,223,600	47,329	-	22,270,929
Furniture, equipment and vehicles	<u>1,725,831</u>	<u>186,854</u>	<u>-</u>	<u>1,912,685</u>
Total depreciable historical cost	<u>23,949,431</u>	<u>234,183</u>	<u>-</u>	<u>24,183,614</u>
Less accumulated depreciation:				
Buildings and improvements	9,229,479	572,571	-	9,802,050
Furniture, equipment and vehicles	<u>1,504,754</u>	<u>41,046</u>	<u>-</u>	<u>1,545,800</u>
Total accumulated depreciation	<u>10,734,233</u>	<u>613,617</u>	<u>-</u>	<u>11,347,850</u>
Total capital assets, net	<u>13,223,929</u>	<u>(379,434)</u>	<u>-</u>	<u>12,844,495</u>
Lease Assets, being amortized:				
Equipment	<u>191,117</u>	<u>31,076</u>	<u>-</u>	<u>222,193</u>
Total lease assets, being amortized	<u>191,117</u>	<u>31,076</u>	<u>-</u>	<u>222,193</u>
Less accumulated amortization for:				
Equipment	<u>-</u>	<u>62,708</u>	<u>-</u>	<u>62,708</u>
Total accumulated amortization	<u>-</u>	<u>62,708</u>	<u>-</u>	<u>62,708</u>
Total lease assets, being amortized, net	<u>191,117</u>	<u>(31,632)</u>	<u>-</u>	<u>159,485</u>
Total governmental activities capital assets	<u>\$ 13,415,046</u>	<u>\$ (411,066)</u>	<u>\$ -</u>	<u>\$ 13,003,980</u>

6. CAPITAL ASSETS, NET (Continued)

Depreciation expense and amortization expense for the year ended June 30, 2022, was allocated to specific functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>
General support	\$ 595,693	\$ -
Instruction	5,755	62,708
Pupil transportation	<u>12,169</u>	<u>-</u>
Total	<u>\$ 613,617</u>	<u>\$ 62,708</u>

7. SHORT-TERM DEBT

The School District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of the receipt of revenue. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The School District did not issue any RANs or TANs during the year ended June 30, 2022.

The School 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 School District did not issue any budget notes during the year ended June 30, 2022.

The School 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 School District did not issue any BANs during the year ended June 30, 2022.

8. LONG-TERM DEBT

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

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

Interest paid	\$ 281,896
Less: interest accrued in the prior year	(26,710)
Less: amortization expense on bond premium	(186,118)
Plus: interest accrued in the current year	<u>21,302</u>
Total expense	<u>\$ 90,370</u>

8. LONG-TERM DEBT (Continued)

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

	July 01, 2021 <u>Balance</u> (Restated)	<u>Additions</u>	<u>Deletions</u>	June 30, 2022 <u>Balance</u>	Amounts Due Within <u>One Year</u>	<u>Long-term Portion</u>
Government activities:						
Bonds and notes payable						
General obligation debt:						
Serial bonds	\$ 5,800,000	\$ -	\$ 695,000	\$ 5,105,000	\$ 730,000	\$ 4,375,000
Bond premium	981,110	-	186,118	794,992	-	794,992
Other long-term debt:						
Compensated absences	769,876	60,246 (A)	-	830,122	-	830,122
Lease obligations	191,117	30,293	73,203	148,207	38,136	110,071
Total other postemployment benefits	<u>20,960,802</u>	<u>-</u>	<u>1,092,120</u>	<u>19,868,682</u>	<u>-</u>	<u>19,868,682</u>
Total long-term liabilities	\$ <u>28,702,905</u>	\$ <u>90,539</u>	\$ <u>2,046,441</u>	\$ <u>26,747,003</u>	\$ <u>768,136</u>	\$ <u>25,978,867</u>

(A) Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately.

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	June 30, 2022 <u>Balance</u>
Refunding Serial Bond	2020	2025	4.00%-5.00%	\$ 1,455,000
Serial Bond	2020	2025	5.00%	885,000
Capital Project Serial Bond	2020	2035	5.00%	<u>2,765,000</u>
				\$ <u>5,105,000</u>

The following is a summary of the maturity of bonds payable:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 730,000	\$ 245,750	\$ 975,750
2024	755,000	213,900	968,900
2025	785,000	181,000	966,000
2026	295,000	141,750	436,750
2027	310,000	127,000	437,000
2028-2032	1,540,000	390,500	1,930,500
2033-2035	<u>690,000</u>	<u>62,750</u>	<u>752,750</u>
Totals	\$ <u>5,105,000</u>	\$ <u>1,362,650</u>	\$ <u>6,467,650</u>

9. LEASES

Lessee

The School District leases various equipment. The leases do not contain renewal options. The leases have various inception dates and remaining terms of 12-48 months. Lease agreements are summarized as follows:

<u>Description</u>	<u>Interest Rate/ Discount Rate</u>	<u>Total Lease Liability</u>
Buses	2.50%-3.68%	\$ 115,795
Copiers	4.05%	3,462
Equipment	1.29%	24,078
Chromebooks	1.71%	<u>4,872</u>
 Total Lease Liability		 <u>\$ 148,207</u>

Activity of lease liabilities for the year ended June 30, 2022 is summarized as follows:

(restated) <u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
<u>\$ 191,117</u>	<u>\$ 31,076</u>	<u>\$ 73,986</u>	<u>\$ 148,207</u>	<u>\$ 38,136</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 38,136	\$ 4,213	\$ 42,349
2024	35,650	3,095	38,745
2025	47,876	2,081	49,957
2026	<u>26,545</u>	<u>470</u>	<u>27,015</u>
	<u>\$ 148,207</u>	<u>\$ 9,859</u>	<u>\$ 158,066</u>

9. LEASES (Continued)

Lessor

The School District is also the lessor of various equipment and properties. The leases do not contain renewal options. Lease agreements are summarized as follows:

<u>Description</u>	<u>Inception Date</u>	<u>Term (in Months)</u>	<u>Interest Rate/ Discount Rate</u>	<u>Total Future Receipts</u>
New Meadow	7/1/2021	36	N/A	<u>\$ 84,037</u>
Total Future Lease Revenue				<u>\$ 84,037</u>

Activity of lease inflows for the year ended June 30, 2022 is summarized as follows:

<u>Lease-related Revenue</u>	<u>Year Ending June 30, 2022</u>
Lease Revenue	
Building	<u>\$ 83,104</u>
Total Lease Revenue	83,104
Interest Revenue	-
Variable & Other Revenue	-
Total	<u>\$ 83,104</u>

Future minimum lease payments due to the School District are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$ 84,037</u>	<u>\$ -</u>	<u>\$ 84,037</u>
Total	<u>\$ 84,037</u>	<u>\$ -</u>	<u>\$ 84,037</u>

10. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables, other than between governmental activities, are eliminated on the statement of net position. The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. The following is a summary of interfund activity:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 379,624	\$ 94,748	\$ 83,963	\$ 35,842
Special Aid fund	22,749	200,775	25,413	71,513
Debt Service fund	2,970	-	-	12,450
Capital Projects fund	69,029	178,849	10,429	-
Totals	<u>\$ 474,372</u>	<u>\$ 474,372</u>	<u>\$ 119,805</u>	<u>\$ 119,805</u>

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

11. PENSION PLANS

New York State Employees' Retirement System

The School District participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing 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), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an 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 School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27th, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, 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. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>	
2022	\$	44,330
2021	\$	83,578
2020	\$	89,765

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

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

At June 30, 2022, the School District reported a net pension asset of \$75,858 for its proportionate share of the ERS net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of April 1, 2021. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, the School District's proportion was 0.000928%, which was a decrease from its proportion measured at June 30, 2021 of 0.001465%.

For the year ended June 30, 2022, the School District recognized pension expense of \$454. At June 30, 2022, the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 5,745	\$ 7,451
Changes of Assumptions	126,599	2,137
Net difference between projected and actual earnings on pension plan investments	-	248,403
Changes in proportion and differences between the District's contributions and proportionate share of contributions	44,925	66,414
Contributions subsequent to the measurement date	13,448	-
Total	<u>\$ 190,717</u>	<u>\$ 324,405</u>

The School District recognized \$13,448 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2022 which will be recognized on a reduction of the net pension liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ending March 31,	2023	\$ (21,449)
	2024	(33,196)
	2025	(72,167)
	2026	(20,324)
	Thereafter	-
		<u>\$ (147,136)</u>

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.7 percent
Salary scale	4.4 percent indexed by service
Projected COLAs	1.4% compounded annually
Decrements	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses

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 return, net of investment expenses 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 and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of term</u>
Domestic Equity	32%	3.30%
International Equity	15%	5.85%
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Opportunistic/ARS portfolio	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.80%
Fixed Income	23%	0.00%
Cash	1%	-1.00%
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan'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 liability.

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

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

The following presents the School District's proportionate share of the net pension asset calculated using the discount rate of 5.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.90%) or 1% higher (6.90%) than the current rate:

	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
Employer's Proportionate Share of Net Pension Liability (Asset)	\$ 195,258	\$ (75,858)	\$ (302,633)

Pension Plan Fiduciary Net Position

The components of the pension plan's net pension liability as of March 31, 2022, was as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 223,874,888
Net position	232,049,473
Net pension liability (asset)	<u>\$ (8,174,585)</u>
ERS net position as a percentage of total pension liability	103.65%

New York State Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. The system offers 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.

The New York State Teachers' Retirement Board administers NYSTRS. The system provides 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System greater than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Contributions (Continued)

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

	<u>TRS</u>	
2022	\$	367,796
2021	\$	330,810
2020	\$	374,932

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

At June 30, 2022, the School District reported an asset of \$3,545,033 for its proportionate share of the NYSTRS net pension asset. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2020. The School District's proportion of the net pension asset was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022 the School District's proportionate share was 0.020457%, which was a decrease from its proportion measured at June 30, 2020 of 0.025325%.

For the year ended June 30, 2022, the School District recognized pension income of \$173,900. At June 30, 2022 the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 488,645	\$ 18,418
Changes of Assumptions	1,166,036	206,488
Net difference between projected and actual earnings on pension plan investments	-	3,710,245
Changes in proportion and differences between the District's contributions and proportionate share of contributions	266,572	79,086
Contributions subsequent to the measurement date	367,796	-
Total	<u>\$ 2,289,049</u>	<u>\$ 4,014,237</u>

The School District recognized \$367,796 as a deferred outflow of resources related to pensions resulting from the School District's contributions subsequent to the measurement date of June 30, 2021, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

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

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ending June 30,	2022	\$	(428,285)
	2023		(509,573)
	2024		(627,348)
	2025		(865,718)
	2026		198,825
	Thereafter		139,115
			<u>\$ (2,092,984)</u>

Actuarial Assumptions

The total pension liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.40%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.30% compounded annually
Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the measurement date of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of term</u>
Domestic Equity	33%	6.8%
International Equity	16%	7.6%
Global Equity	4%	7.1%
Real Estate Equity	11%	6.5%
Private Equity	8%	10.0%
Domestic Fixed Income	16%	1.3%
Global Bonds	2%	0.8%
Private Debt	1%	5.9%
Real Estate Debt	7%	3.3%
High-Yield Bonds	1%	3.8%
Cash Equivalents	1%	-0.2%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2021 was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from School Districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability (asset) of the School District calculated using the discount rate of 6.95 percent, as well as what the School Districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

	<u>1% Decrease (5.95%)</u>	<u>Current Discount (6.95%)</u>	<u>1% Increase (7.95%)</u>
Employer's Proportionate Share of Net Pension Liability (Asset)	\$ (372,000)	\$ (3,545,033)	\$ (6,211,738)

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Pension Plan Fiduciary Net Position

The components of the current year net pension liability (asset) of the employers as of June 30, 2021, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 130,819,415,417
Net position	148,148,457,363
Net pension liability (asset)	<u>\$ (17,329,041,946)</u>
TRS net position as a percentage of total pension liability	113.25%

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The School District provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the School District subject to applicable collective bargaining and employment agreements.

The plan is a single-employer defined benefit OPEB plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Funding Policy

The obligations of the Plan members, employers and other contributing entities are established by action of the School District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when the retirees health benefits upon meeting the following requirements: 1) retire from the School District, 2) must reach age 55 (earlier if disabled) 3) enrolled in School District provided health care at time of retirement and 4) there is no service requirement for Tier 1 employees and a 5 year service requirement for Tiers 2, 3 and 4 (ERS and TRS). The School District currently funds the plan to satisfy current obligations on a pay-as-you-go basis.

Employees Covered by Benefit Terms

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

Actives	62
Retirees	<u>58</u>
Total participants	<u><u>120</u></u>

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The School District's total OPEB liability of \$19,868,682 was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Discount Rate	2.16%
Healthcare Cost Trend Rates	Pre-Medicare: 7.00% for 2022 decreasing 0.4% per year to an ultimate rate of 5.00% by 2027. Medicare: N/A

The discount rate was based on the Bond Buyer General Obligation 20-year municipal bond index.

Mortality rates used the 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. Rates 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 Total OPEB Liability

Balance at July 1, 2021	\$ 20,960,802
Changes for the Year	
Service cost	582,648
Interest	465,477
Effect of plan changes	-
Differences between expected and actual experience	(1,734,152)
Effect of assumptions changes or inputs	(26,499)
Benefit payments	<u>(379,594)</u>
Net changes	<u>(1,092,120)</u>
Balance at June 30, 2022	<u>\$ 19,868,682</u>

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current Discount (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 20,570,245	\$ 19,868,682	\$ 18,673,183

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Total OPEB Liability	\$ 18,697,705	\$ 19,868,682	\$ 20,564,349

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

For the year ended June 30, 2022, the School District recognized OPEB expense of \$1,972,649. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 103,158
Changes of assumptions	1,644,039	-
Contributions subsequent to the measurement date	476,710	-
Total	<u>\$ 2,120,749</u>	<u>\$ 103,158</u>

The School District recognized \$476,710 as a deferred outflow of resources related to other postemployment benefits resulting from the School District's contributions subsequent to the measurement date of July 1, 2021, which will be recognized as a reduction of the other postemployment benefits liability in the year ending June 30, 2023.

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>
2023	\$ 1,401,235
2024	47,034
2025	147,269
2026	147,269
2027	274,784
Thereafter	<u>-</u>
	<u>\$ 2,017,591</u>

13. RISK MANAGEMENT

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

The School District participates in the Washington-Saratoga-Warren-Hamilton-Essex Counties Health Insurance Consortium Trust, a non-risk-related public entity risk pool for its employee health insurance coverage. The Health Insurance Consortium Trust is operated for the benefit of thirty School District/BOCES members located in the counties of Washington, Saratoga, Warren, Hamilton and Essex, New York. The purpose of the Health Insurance Consortium Trust is to enable the member School/BOCES Districts to purchase group health insurance pursuant to New York State Insurance Law Section 4235.

The School District participates in the Southern Adirondack Public Schools Workers' Compensation Plan administered by the Board of Directors which is composed of the chief executive officer or other designated officer of the school districts participating in Washington-Saratoga-Warren-Hamilton-Essex BOCES. Participants of the plan are required to make their current year contributions on July 15 and October 15 of each plan year. The plan year is July 1 through June 30. The Board may retain surplus to establish and maintain a claim contingency fund. If sufficient funds are not available, the Board will determine the amount to be assessed to the participants.

14. CONTINGENCIES AND COMMITMENTS

The School 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 School District's administration believes disallowances, if any, will be immaterial.

15. RESTATEMENTS

During the year ended June 30, 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use and underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District's financial statements and had no effect on the beginning net position of the governmental activities, as the net book value of the lease asset equaled the amount of the lease liability.

A prior period adjustment was also necessary to correct the governmental activities net position, general fund balance, and miscellaneous special revenue fund balance as of June 30, 2021. It was determined that extraclassroom activity funds were classified in the custodial fund and scholarship funds were classified in the general fund, whereas as pursuant to GASB 84 - *Fiduciary Activities*, they should be in the miscellaneous special revenue fund.

	Governmental Activities Net Position	General Fund Balance	Miscellaneous Special Revenue Fund Balance
Balance at June 30, 2021, as originally stated	\$ (6,463,427)	\$ 3,028,418	\$ -
Prior period adjustment - Extraclassroom/scholarships	53,911	(45,792)	99,703
Restatement of beginning balance - Adoption of GASB Statement No. 87			
Adjustments:			
Lease receivable	84,037	84,037	-
Deferred inflows - leases	(84,037)	(84,037)	-
Net book value leased asset	191,117	-	-
Lease liability	(191,117)	-	-
Subtotal GASB 87 adjustments	-	-	-
Total adjustments	53,911	(45,792)	99,703
Balance at July 1, 2021, as restated	<u>\$ (6,409,516)</u>	<u>\$ 2,982,626</u>	<u>\$ 99,703</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

FORT EDWARD UNION FREE SCHOOL DISTRICT

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUE					
LOCAL SOURCES:					
Real property taxes and other tax items	\$ 3,400,089	\$ 3,400,089	\$ 3,398,888	\$ -	\$ (1,201)
Charges for services	123,934	123,934	157,347	-	33,413
Use of money and property	103,753	103,753	106,647	-	2,894
Sale of property and compensation for loss	-	-	7,746	-	7,746
Miscellaneous	<u>21,418</u>	<u>21,418</u>	<u>177,651</u>	<u>-</u>	<u>156,233</u>
Total local sources	3,649,194	3,649,194	3,848,279	-	199,085
State sources	7,305,509	7,455,509	7,509,233	-	53,724
Federal sources	-	5,911	6,911	-	1,000
Medicaid reimbursement	<u>20,000</u>	<u>20,000</u>	<u>34,816</u>	<u>-</u>	<u>14,816</u>
Total revenue	<u>10,974,703</u>	<u>11,130,614</u>	<u>11,399,239</u>	<u>-</u>	<u>268,625</u>

(Continued)

FORT EDWARD UNION FREE SCHOOL DISTRICT

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
(Continued)
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Encumbrances	Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	\$ 6,442	\$ 7,607	\$ 6,953	\$ -	\$ 654
Central administration	173,128	178,495	165,555	-	12,940
Finance	252,116	372,367	342,779	-	29,588
Staff	27,910	29,048	13,823	-	15,225
Central services	689,313	779,298	545,511	-	233,787
Special items	<u>124,137</u>	<u>124,156</u>	<u>121,804</u>	<u>-</u>	<u>2,352</u>
Total general support	<u>1,273,046</u>	<u>1,490,971</u>	<u>1,196,425</u>	<u>-</u>	<u>294,546</u>
INSTRUCTION:					
Instruction, administration, and improvement	184,917	205,286	201,376	-	3,910
Teaching - Regular school	2,778,790	2,991,278	2,849,359	-	141,919
Programs for children with handicapping conditions	2,205,975	1,955,844	1,903,243	-	52,601
Occupational education	192,020	218,604	218,604	-	-
Teaching - Special school	600	600	(5,640)	-	6,240
Instructional media	306,671	355,315	239,336	-	115,979
Pupil services	<u>333,522</u>	<u>396,075</u>	<u>260,627</u>	<u>54</u>	<u>135,394</u>
Total instruction	6,002,495	6,123,002	5,666,905	54	456,043
Pupil transportation	187,757	291,751	206,967	-	84,784
Employee benefits	2,607,416	2,320,907	2,037,586	-	283,321
Debt service - Principal	695,000	695,000	768,203	-	(73,203)
Debt service - Interest	<u>276,050</u>	<u>276,050</u>	<u>281,896</u>	<u>-</u>	<u>(5,846)</u>
Total expenditures	11,041,764	11,197,681	10,157,982	54	1,039,645
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of leases	-	-	31,076	-	(31,076)
Operating transfers in	12,450	12,450	83,963	-	(71,513)
Operating transfers (out)	<u>(55,000)</u>	<u>(55,000)</u>	<u>(35,842)</u>	<u>-</u>	<u>(19,158)</u>
Total other financing sources (uses)	<u>(42,550)</u>	<u>(42,550)</u>	<u>79,197</u>	<u>-</u>	<u>(121,747)</u>
Total expenditures and other financing sources (uses)	<u>11,084,314</u>	<u>11,240,231</u>	<u>10,078,785</u>	<u>54</u>	<u>1,161,392</u>
NET CHANGE IN FUND BALANCE	<u>(109,611)</u>	<u>(109,617)</u>	<u>1,320,454</u>	<u>(54)</u>	<u>1,430,017</u>
FUND BALANCE - beginning of year, as previously reported	3,028,418	3,028,418	3,028,418	-	-
RESTATEMENT (Note 15)	<u>-</u>	<u>-</u>	<u>(45,792)</u>	<u>-</u>	<u>-</u>
FUND BALANCE - beginning of year, as restated	<u>3,028,418</u>	<u>3,028,418</u>	<u>2,982,626</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 2,918,807</u>	<u>\$ 2,918,801</u>	<u>\$ 4,303,080</u>	<u>\$ (54)</u>	<u>\$ 1,430,017</u>

See the independent auditor's report

FORT EDWARD UNION FREE SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2022**

	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability (asset)	0.000928%	0.001465%	0.001749%	0.001993%	0.002014%	0.002200%	0.002404%	0.002501%		
Proportionate share of the net pension liability (asset)	(\$76)	\$1	\$463	\$141	\$65	\$207	\$386	\$84		
Covered-employee payroll	\$411	\$379	\$569	\$658	\$574	\$592	\$614	\$618		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-18.46%	0.39%	81.45%	21.47%	11.32%	34.91%	62.85%	13.67%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability (asset)	0.020457%	0.025325%	0.026037%	0.025439%	0.028200%	0.025619%	0.257250%	0.025900%		
Proportionate share of the net pension liability (asset)	(\$3,545)	\$700	(\$676)	(\$460)	(\$214)	\$274	(\$2,672)	(\$2,885)		
Covered-employee payroll	\$3,753	\$3,672	\$4,385	\$4,414	\$4,469	\$4,033	\$3,927	\$3,897		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-94.46%	19.06%	-15.43%	-10.42%	-4.80%	6.80%	-68.04%	-74.03%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	113.25%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

FORT EDWARD UNION FREE SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2022

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 44	\$ 88	\$ 95	\$ 93	\$ 86	\$ 91	\$ 98	\$ 125		
Contributions in relation to the contractually required contribution	44	88	95	93	86	91	98	125		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Covered-employee payroll	\$ 411	\$ 379	\$ 569	\$ 658	\$ 574	\$ 592	\$ 614	\$ 618		
Contributions as a percentage of covered-employee payroll	10.79%	23.37%	16.77%	14.20%	14.92%	15.36%	16.00%	20.26%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 368	\$ 381	\$ 462	\$ 406	\$ 524	\$ 524	\$ 677	\$ 622		
Contributions in relation to the contractually required contribution	368	381	462	406	524	524	677	622		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Covered-employee payroll	\$ 3,753	\$ 3,672	\$ 4,385	\$ 4,414	\$ 4,469	\$ 4,033	\$ 3,927	\$ 3,897		
Contributions as a percentage of covered-employee payroll	9.80%	10.37%	10.52%	9.20%	11.72%	13.00%	17.25%	15.95%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

FORT EDWARD UNION FREE SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2022**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	\$ 583	\$ 555	\$ 635	\$ 605	\$ 605					
Interest	465	642	617	569	292					
Effect of plan changes	-	-	-	-	(280)					
Differences between expected and actual experience	(1,734)	-	547	-	5,831					
Effect of assumptions changes or inputs	(26)	1,923	1,026	(601)	(566)					
Benefit payments	(380)	(355)	(523)	(354)	(311)					
Total change in total OPEB liability	(1,092)	2,766	2,302	219	5,572					
Total OPEB liability - beginning	20,961	18,195	15,893	15,675	10,103					
Total OPEB liability - ending	\$ 19,869	\$ 20,961	\$ 18,195	\$ 15,893	\$ 15,675					
Covered-employee payroll	\$ 4,708	\$ 4,100	\$ 4,988	\$ 4,196	\$ 4,168					
Total OPEB liability as a percentage of covered-employee payroll	422.02%	511.28%	364.74%	378.81%	376.11%					

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	2022	2021	2020	2019	2018
	2.16%	2.21%	3.51%	N/A	N/A

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

SUPPLEMENTARY INFORMATION

FORT EDWARD UNION FREE SCHOOL DISTRICT

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS				
Cash and equivalents - unrestricted	\$ 107,257	\$ -	\$ -	\$ 107,257
Cash and equivalents - restricted	-	93,037	4	93,041
Due from other funds	-	-	2,970	2,970
State and federal aid receivable	45,516	-	-	45,516
Inventory	<u>8,395</u>	<u>-</u>	<u>-</u>	<u>8,395</u>
 TOTAL ASSETS	 <u>\$ 161,168</u>	 <u>\$ 93,037</u>	 <u>\$ 2,974</u>	 <u>\$ 257,179</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 1,704	\$ -	\$ -	\$ 1,704
Due to Employees' Retirement System	229	-	-	229
Unearned revenues	<u>1,198</u>	<u>-</u>	<u>-</u>	<u>1,198</u>
 TOTAL LIABILITIES	 <u>3,131</u>	 <u>-</u>	 <u>-</u>	 <u>3,131</u>
Fund balance				
Nonspendable				
Inventory	<u>8,395</u>	<u>-</u>	<u>-</u>	<u>8,395</u>
Restricted				
Debt	-	-	2,974	2,974
Other	<u>-</u>	<u>93,037</u>	<u>-</u>	<u>93,037</u>
 Total restricted fund balance	 <u>-</u>	 <u>93,037</u>	 <u>2,974</u>	 <u>96,011</u>
Assigned				
Other	<u>149,642</u>	<u>-</u>	<u>-</u>	<u>149,642</u>
 Total assigned fund balance	 <u>149,642</u>	 <u>-</u>	 <u>-</u>	 <u>149,642</u>
 TOTAL FUND BALANCE	 <u>158,037</u>	 <u>93,037</u>	 <u>2,974</u>	 <u>254,048</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 161,168</u>	 <u>\$ 93,037</u>	 <u>\$ 2,974</u>	 <u>\$ 257,179</u>

FORT EDWARD UNION FREE SCHOOL DISTRICT

**SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	School Lunch	Miscellaneous Special Revenue	Debt Service	Total Non-Major Governmental Funds
REVENUE:				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Miscellaneous	16,228	21,620	-	37,848
State sources	90,035	-	-	90,035
Federal sources	277,867	-	-	277,867
Sales - school lunch	9,216	-	-	9,216
Total revenue	393,346	21,620	1	414,967
EXPENDITURES:				
Cost of sales	288,505	-	-	288,505
Employee benefits	1,941	-	-	1,941
Other	-	28,286	-	28,286
Total expenditures	290,446	28,286	-	318,732
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	102,900	(6,666)	1	96,235
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	-	-	(12,450)	(12,450)
Total other sources (uses)	-	-	(12,450)	(12,450)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER (USES)	102,900	(6,666)	(12,449)	83,785
FUND BALANCE - beginning of year, as previously reported	55,137	-	15,423	70,560
RESTATEMENT (Note 15)	-	99,703	-	99,703
FUND BALANCE - beginning of year, as restated	55,137	99,703	15,423	170,263
FUND BALANCE - end of year	\$ 158,037	\$ 93,037	\$ 2,974	\$ 254,048

OTHER INFORMATION (UNAUDITED)

FORT EDWARD UNION FREE SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET - GENERAL FUND
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2022**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 11,084,314
Add: Prior year's encumbrances	<u>15,800</u>
Original budget	11,100,114
Budget revision:	<u>140,117</u>
Final budget	<u>\$ 11,240,231</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 voter-approved expenditure budget	\$ 11,779,348	
Maximum allowed (4% of 2022-23 budget)		<u>\$ 471,174</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	\$ 402,892	
Unassigned fund balance	<u>1,964,511</u>	
	<u>\$ 2,367,403</u>	
Less:		
Appropriated fund balance	\$ 402,838	
Encumbrances included in assigned fund balance	<u>54</u>	
Total adjustments	<u>\$ 402,892</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u>\$ 1,964,511</u>
Actual percentage		16.68%

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

FORT EDWARD UNION FREE SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2022

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2022
			Prior Years	Current Year	Total			State Aid	Local Sources	Total	
Smart School Bond Act	\$ 109,812	\$ 109,812	\$ -	\$ 107,312	\$ 107,312	\$ 2,500	\$ -	\$ 107,312	\$ -	\$ 107,312	\$ -
Total	\$ 109,812	\$ 109,812	\$ -	\$ 107,312	\$ 107,312	\$ 2,500	\$ -	\$ 107,312	\$ -	\$ 107,312	\$ -

FORT EDWARD UNION FREE SCHOOL DISTRICT

**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2022**

Capital assets, net		\$ 13,003,980
Deduct:		
Unamortized bond premium	794,992	
Short-term portion of leases payable	38,136	
Long-term portion of leases payable	110,071	
Short-term portion of bonds payable	730,000	
Long-term portion of bonds payable	<u>4,375,000</u>	6,048,199
Add:		
Unspent bond proceeds		<u>8</u>
Net investment in capital assets		<u>\$ 6,955,789</u>

REQUIRED REPORT UNDER *GOVERNMENT AUDITING STANDARDS*

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

January 27, 2023

To the Board of Education of
Fort Edward Union Free 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fort Edward Union Free School District (School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 27, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-001 to be a material weakness.

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.

(Continued)

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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 (Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one 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 responses as finding 2022-002.

School District's Response to Findings

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

Purpose of this Report

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

FORT EDWARD UNION FREE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2022

Section I—Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiencies identified?

Yes None reported

Noncompliance material to financial statements noted?

Yes No

Section II - Financial Statement Findings

Finding 2022-001 - Year-end Closing Procedures

Criteria - The year-end closing procedures should result in complete and accurate records that support the basic financial statements, footnotes, and supporting schedules in accordance with generally accepted accounting principles.

Condition - The School District has experienced turnover in positions key to the year-end audit preparation process. Many schedules provided for audit were received later in the audit cycle and often required correction upon auditor review. Also, multiple versions of trial balances were provided, some of which were not in balance due to one sided journal entries. As a result, multiple audit adjustments were required to correct the financial statements.

Cause - The School District has had turnover in recent years resulting in a lack of continuity in its accounting practices and internal controls.

Effect - During the current year we received multiple trial balances and supporting schedules from the School District. Additionally, the final trial balances required significant audit adjustments.

Recommendation - We recommend that the School District take greater care in reconciling its accounts prior to audit. Trial balances should balance, all material balance sheet accounts should be reconciled and fund balances should agree to the previous year.

View of Responsible Officials and Planned Corrective Action – The School District is implementing best business and accounting practices to ensure accurate records. Identifying areas of improvement to correct while creating transparent methodology will instill reconciling accounts with a strong checks and balance process. The School District expects to resolve this finding during its June 30, 2024 fiscal year.

FORT EDWARD UNION FREE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES (Continued) FOR THE YEAR ENDED JUNE 30, 2022

Section II - Financial Statement Findings (Continued)

Finding 2022-002 – Stewardship and Compliance

Criteria – The School District's unrestricted general fund balance was outside the NYS Real Property Tax Law 1318 limit, which restricts it to an amount not greater than 4% of the School District's budget for the upcoming year.

Condition – General fund unrestricted fund balance exceeded the 4% limitation.

Questioned Costs – None.

Cause and Effect – The current year surplus resulted in the fund balance exceeding limits.

Recommendation – We recommend that management take the excess fund balance into consideration when preparing future budgets.

Management Response – Management will ensure excess fund balance is taken into effect when preparing future budgets.