

FALLSBURG CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

FALLSBURG CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
Fallsburg Central School District
Fallsburg, New York

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fallsburg Central School District, New York, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Fallsburg Central School District, New York, as of June 30, 2023, and the respective changes in financial position for the year then ended in conformity 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 Fallsburg Central School District, New York, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 Fallsburg Central School District, New York'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 Fallsburg Central School District, New York'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 and other required supplementary information on pages 5 through 14 and 55 through 60, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fallsburg Central School District, New York's financial statements as a whole. The accompanying combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 non-major fund financial statements and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The prior year summarized comparative information was derived from the District's June 30, 2022 financial statements and, in our report dated September 30, 2022, we expressed an unmodified opinion on the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2023 on our consideration of the Fallsburg Central School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,

and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fallsburg Central School District, New York's internal control over financial reporting and compliance.

Cooper Arias, LLP

Mongaup Valley, New York
October 3, 2023

**FALLSBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

As management of the Fallsburg Central School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. The discussion and analysis of the financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to review the District's financial performance as a whole; readers should also review the financial statements, notes to the financial statements and related audit information to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The beginning unrestricted cash for the District was \$4,663,296. The ending unrestricted cash for the District was \$7,582,504. The increase in cash is due to normal fluctuations of the business cycle.
- The beginning unassigned fund balance in the general fund was \$3,230,095. The ending unassigned fund balance in the general fund was \$2,370,413. The decrease was due to the district's implementation of its fund balance plan.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements composed of the Statement of Net Position and Statement of Activities are designed to provide information about the District's finances as a whole. The statements include all assets and revenues and expenditures and are presented on the accrual basis of accounting that is similar to the method used in private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors that are indicators include changes in enrollment, the property tax base, and the conditions of school buildings and other facilities within the District.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues. The business type activities of the District include the Food Service and Day Care operations. These activities operate on a fee for goods or services provided.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all New York public school districts. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The Statement of Net Position provides a summary of all the assets and liabilities in the District, governmental and business-type. Net position for the year ended June 30, 2023 was \$(78,628,653) a decrease of \$5,214,539 from the balance of \$(73,414,114) for the year ended June 30, 2022. The decrease is primarily due to the actuarial change in the ERS/TRS Net Pension Liability in accordance with GASB 68..

The following schedule is a summary of the District's net position for the years ended June 30, 2023 and 2022:

COMPARATIVE STATEMENT OF NET POSITION

	JUNE 30, 2023	JUNE 30, 2022
Assets:		
Current Assets	\$ 20,687,496	\$ 20,320,789
Non-Current Assets	38,162,386	54,284,749
Total Assets	58,849,882	74,605,538
Total Deferred Outflows Of Resources	48,148,582	55,325,967
Liabilities:		
Current Liabilities	4,854,759	5,323,498
Non-Current Liabilities	129,459,761	135,767,176
Total Liabilities	134,314,520	141,090,674
Total Deferred Inflows Of Resources	51,312,597	62,254,945

COMPARATIVE STATEMENT OF NET POSITION (Continued)

	JUNE 30, 2023	JUNE 30, 2022
Net Position:		
Net Investment In Capital Assets	22,395,835	20,696,670
Restricted	8,195,044	6,478,209
Unrestricted	(109,219,532)	(100,588,993)
Total Net Position	\$ (78,628,653)	\$ (73,414,114)

Changes in Net Position

	JUNE 30, 2023	JUNE 30, 2022
Revenues:		
Program Revenues:		
Charges For Services	\$ 173,018	\$ 130,599
Operating Grants And Contributions	5,480,199	4,860,012
Capital Grants and Donations:		
Capital Grants	760,287	0
General Revenues:		
Property Taxes And Tax Items	19,547,516	19,866,085
Sale Of Property	125,015	884
Interest	228,946	37,709
Miscellaneous Sources	1,661,278	1,060,904
State Aid	30,264,622	29,164,151
Federal Aid	88,806	107,527
Total Revenues	58,329,687	55,227,871
Expenses:		
General Support	6,715,840	5,858,648
Instruction	49,999,559	46,311,942
Pupil Transportation	5,078,071	4,732,911
Community Services	75,064	79,601
Debt Service	341,746	374,529
School Lunch Program	1,333,946	1,227,283
Total Expenses	\$ 63,544,226	\$ 58,584,914

Changes in Net Position

(Continued)

	JUNE 30, 2023	JUNE 30, 2022
Decrease In Net Position	\$ (5,214,539)	\$ (3,357,043)
Net Position Beginning	(73,414,114)	(70,057,071)
Net Position Ending	\$ (78,628,635)	\$ (73,414,114)

GOVERNMENTAL FUND FINANCIAL ANALYSIS

The governmental funds of the District reported combined fund balances at June 30, 2023 of \$15,846,690, which is \$833,760 more than the June 30, 2022 ending fund balance of \$15,012,930.

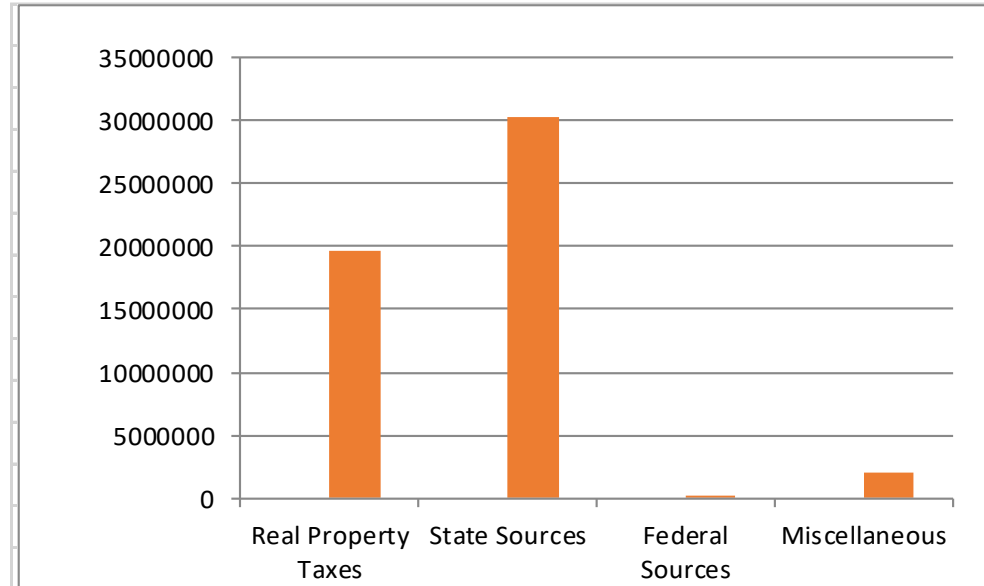
General Fund Revenue/Expenditures

The General Fund had total revenues of \$51,945,177, which primarily consisted of real property taxes and other tax items, state aid payments, federal aid payments and the refund of the previous year's BOCES expenditures. Excluding interfund transfers of \$2,926,369, the General Fund expenditures were \$48,479,013. Revenues increased by \$3,368,465 and expenditures increased by \$3,905,846 over the year ending June 30, 2022. Revenues were increased by the District's state aid allocation. Expenditures increased in the areas of instruction, cleaning and maintenance supplies, and salaries and benefits for staff.

The General Fund had an increase in fund balance of \$539,795. The District has been budgeting and spending conservatively over the past few years based on economic conditions and needs of the District. In the 2022-2023 school year, the District received additional state and federal aid which increased revenues. The General Fund has a total of \$8,183,225 restricted for future expenditures, which is made up of \$20,541 restricted for tax certiorari payments; \$107,233 restricted for unemployment insurance; \$277,037 for future employee benefit accrued liabilities; \$615,133 restricted for workers' compensation expenses; \$440,283 restricted for repairs; and \$6,722,998 restricted for a future capital project at June 30, 2023. In addition, the District has encumbered \$894,774 in budgeted expenses that will be rolled over to the 2023-2024 fiscal year.

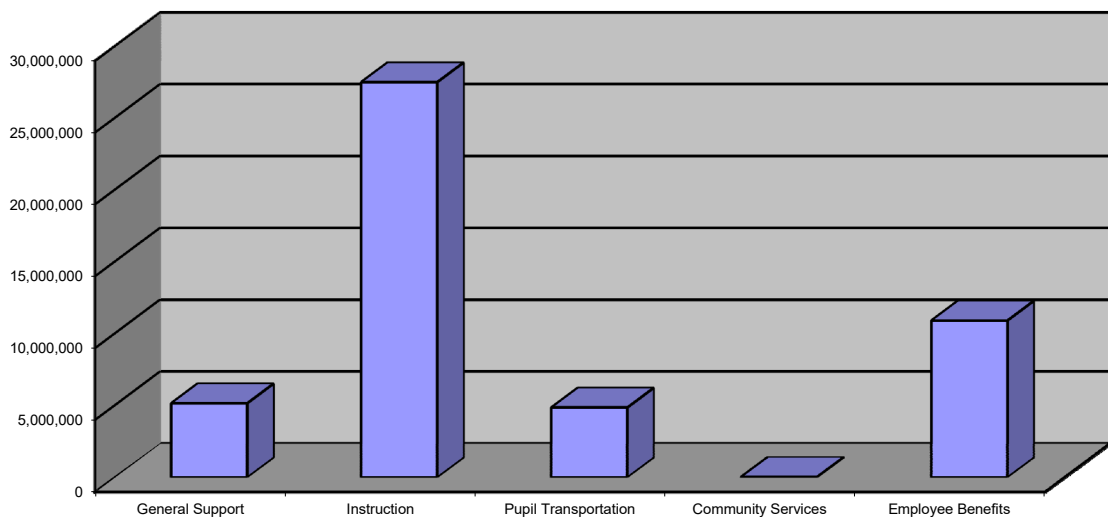
The following charts present a summary of General Fund revenues (Chart 1) and expenses (Chart 2) for the fiscal year ended June 30, 2023

Chart 1: General Fund Actual Revenues



The majority of revenue was derived from Real Property Taxes and Other Tax Items (38%), State Aid (58%), and Federal Aid (<1%). The remaining 3% was derived from local sources including interest earnings and other miscellaneous sources.

Chart 2: General Fund Actual Expenditures



Instructional costs are (57%) of the General Fund expenditures, exclusive of interfund transfers. These costs include instructional staff salaries, contractual costs and materials. Also included are expenditures for attendance, guidance counselor, health, psychological testing, speech, and hearing and vision services. The general support (10%) includes tax collection fees, superintendent, principals, secretaries, and bookkeepers and staff salaries, and office expenditures. Also included are plant operations and maintenance cost including staff salaries, utilities, property insurance, building and equipment maintenance, and supplies. Employee benefits (23%) Include retirement contributions, Social Security and Medicare contributions, health, dental, and disability insurance payments. Student transportation (10%) costs which include contractual cost for transporting students to and from school, field trips, sporting events, and late buses. Community services represent less than 1% of expenditures and include the childcare program.

Special Aid Fund Revenue/Expenditures

The majority of revenues were derived from federal sources, and the majority of expenditures were spent on instructional costs.

Food Service Revenue/Expenditures

The majority of the revenues are from federal sources (91%), state sources (4%), sales (4%), interest (1%), and miscellaneous sources (<1%). The increase in food sales and in increase in federal and state sources is due to the district participating in the Community Eligibility Provision, where every student is provided breakfast and lunch without cost and the return to in-person instruction. The expenditures in this fund include staff salaries and benefits, supplies, and food costs. The fund balance at June 30, 2023 was \$1,092,968, an increase of \$205,703 from the previous year. The increase is due to increased sales and additional revenue from the Community Eligibility Provision.

Capital Projects Fund Revenue/Expenditures

This fund is used for building projects at the Benjamin Cosor Elementary School and the Jr/Sr High School. The District transferred \$145,000 in inter-fund transfers for capital outlay projects. During the year ended June 30, 2023, \$69,945 was expended on SMART Bond Security Upgrades. The fund balance at June 30, 2023 was \$996,050, an increase in fund balance of \$75,055 from the previous year.

Non-Major Fund Revenue/Expenditures

Non-Major Funds are aggregated and reported in a single column.

BUDGETARY IMPLICATIONS

The New York State public school fiscal year is July 1-June 30; other programs, i.e. some federal, operate on a different fiscal calendar, but are reflected in the District's overall financial statements

General Fund Budget

During the fiscal year, the Board of Education authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, and is permitted by state law. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the audited financial statements.

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. Budgeted expenditures and other financing uses also increased by this same amount to compensate for the additional approved grants. Transfers between specific categories of expenditures/financing uses occur during the year to recognize changes in priorities since the original adoption of the budget.

Capital Assets

At the end of fiscal year 2023, the District had \$38,162,386 invested in land, buildings, machinery and equipment and vehicles, net of \$23,503,481 in accumulated depreciation.

Capital Assets (Net of Depreciation)

	June 30, 2023	June 30, 2022
Land	\$ 84,490	\$ 84,490
Construction in Progress	661,205	2,086,767
Building and Improvements	37,142,129	35,880,707
Machinery and Equipment	242,439	270,972
Vehicles	32,123	40,468
Total	\$ 38,162,386	\$ 38,363,404

Long Term Debt

At June 30, 2023, the School District had \$125,655,926 of outstanding long-term debt.

Outstanding Debt

	June 20, 2023	June 20, 2022
Serial Bonds	\$ 15,455,000	\$ 17,185,000
Unamortized Bond Premium	416,672	448,724
Energy Performance Contract	598,951	737,082
Compensated Absences	416,123	395,522
Total OPEB Liability	108,769,180	117,000,848
Total	\$ 125,655,926	\$ 135,767,176

ECONOMIC FACTORS AND FUTURE BUDGETS

The District's management is cautiously optimistic about the financial future of the District. New York State has enacted a two-year phase-in for the full funding of the Foundation Aid. The District received a significant increase in state aid for the 2022-23 school year, the second year of the two-year phase-in. The district expects state aid increase in future years will not be as generous. The enactment of the State Aid cap and the Property Tax Levy cap has restricted the ability of the District to increase revenues. Currently, the District has sufficient reserves to continue to operate without a dramatic impact on the educational programs for its students in the near-term future. The reserves, however, are a finite source of revenue; once they are expended, the District will have to make significant reductions in the educational programs.

New York State instituted a State Aid cap where increases in State Aid paid to school districts will be limited to the lesser of the growth in personal income or 4%. Additionally, New York State enacted a Tax Levy cap where local governments, including school districts, will have limited abilities to increase the amount levied for real property taxes. For school districts, any increase in the tax levy over the State mandated Tax Cap would have to be approved by a super-majority, a 60% margin, in an election.

The District will attempt to contain expenditures within its control; however, the majority of the costs in running the District, i.e. energy costs, transportation, insurance, employee benefits, and contractual amounts, are beyond the control of District administration.

Currently, the rate of inflation driving these cost increases is greater than the tax cap, and, if these inflationary increases continue, the District will have to reduce costs which could affect the educational programs offered.

FINANCIAL CONTACT INFORMATION

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate the School Board's accountability for the funding it receives. Questions regarding this report should be directed to Ivan J. Katz, Ed. D. Superintendent of Schools (845) 434-5884 or by mail at Fallsburg Central School District, P.O. Box 124, Fallsburg, NY 12733.

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash	\$ 7,582,504	\$ 4,663,296
Cash - Restricted	8,195,044	6,488,515
Accounts Receivable	134,989	10,311
State and Federal Aid Receivable	3,696,877	8,315,960
Due From Other Governments	1,051,886	802,142
Inventory	<u>26,196</u>	<u>40,565</u>
Total Current Assets	<u>20,687,496</u>	<u>20,320,789</u>
Non-Current Assets:		
Net Pension Asset	-	15,921,345
Capital Assets, net	<u>38,162,386</u>	<u>38,363,404</u>
Total Non-Current Assets	<u>38,162,386</u>	<u>54,284,749</u>
TOTAL ASSETS	<u>58,849,882</u>	<u>74,605,538</u>
DEFERRED OUTFLOW OF RESOURCES		
Pensions	10,918,442	10,276,104
OPEB Liability	<u>37,230,140</u>	<u>45,049,863</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>48,148,582</u>	<u>55,325,967</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

(Continued)

	<u>2023</u>	<u>2022</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 702,381	\$ 420,492
Accrued Liabilities	164,843	735,089
Due To Other Governments	1,392,362	954,290
Due To TRS	2,204,864	1,800,272
Due To ERS	96,783	79,646
Unearned Revenues	<u>293,526</u>	<u>1,333,709</u>
Total Current Liabilities	<u>4,854,759</u>	<u>5,323,498</u>
LIABILITIES		
Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	1,765,000	1,730,000
Unamortized Bond Premium	32,052	32,052
Energy Performance Contract	143,993	138,131
Total OPEB Liability	3,100,000	3,300,000
Due Beyond One Year:		
Serial Bonds	13,690,000	15,455,000
Unamortized Bond Premium	384,620	416,672
Energy Performance Contract	454,958	598,951
Total OPEB Liability	105,669,180	113,700,848
Compensated Absences	416,123	395,522
Net Pension Liability	<u>3,803,835</u>	<u>-</u>
Total Non-Current Liabilities	<u>129,459,761</u>	<u>135,767,176</u>
TOTAL LIABILITIES	<u>134,314,520</u>	<u>141,090,674</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	1,123,022	19,503,794
OPEB Liability	<u>50,189,575</u>	<u>42,751,151</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>51,312,597</u>	<u>62,254,945</u>
NET POSITION		
Net Investment in Capital Assets	22,395,835	20,696,670
Restricted	8,195,044	6,478,209
Unrestricted	<u>(109,219,532)</u>	<u>(100,588,993)</u>
TOTAL NET POSITION	<u>\$ (78,628,653)</u>	<u>\$ (73,414,114)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2022)

	<u>PROGRAM REVENUES</u>				NET (EXPENSE)	
	<u>EXPENSES</u>	<u>CHARGES FOR</u>	<u>OPERATING</u>	<u>CAPITAL</u>	REVENUE AND	
		<u>SERVICES</u>	<u>GRANTS AND</u>	<u>GRANTS AND</u>	CHANGE IN NET	<u>2022</u>
			<u>CONTRIBUTIONS</u>	<u>CONTRIBUTIONS</u>	<u>POSITION</u>	
FUNCTIONS/PROGRAMS						
General Support	\$ 6,715,840	\$ 3,047	\$ 3,338	\$ 760,287	\$ (5,949,168)	\$ (5,858,648)
Instruction	49,999,559	122,123	4,016,453	-	(45,860,983)	(42,612,195)
Pupil Transportation	5,078,071	-	172,997	-	(4,905,074)	(4,608,391)
Community Service	75,064	-	-	-	(75,064)	(79,601)
Debt Service	341,746	-	-	-	(341,746)	(374,529)
School Lunch Program	<u>1,333,946</u>	<u>47,848</u>	<u>1,287,411</u>	<u>-</u>	<u>1,313</u>	<u>(60,939)</u>
TOTAL FUNCTIONS/PROGRAMS	<u>63,544,226</u>	<u>173,018</u>	<u>5,480,199</u>	<u>760,287</u>	<u>(57,130,722)</u>	<u>(53,594,303)</u>
GENERAL REVENUES						
Real Property Tax					18,603,310	18,799,544
Other Tax Items					944,206	1,066,541
Investment Earnings					228,946	37,709
Sale Of Property and Compensation For Loss					125,015	884
Miscellaneous Local Sources					1,661,278	1,060,904
State Sources					30,264,622	29,164,151
Federal Sources					<u>88,806</u>	<u>107,527</u>
TOTAL GENERAL REVENUES					<u>51,916,183</u>	<u>50,237,260</u>
CHANGE IN NET POSITION					(5,214,539)	(3,357,043)
TOTAL NET POSITION- Beginning of Year					<u>(73,414,114)</u>	<u>(70,057,071)</u>
TOTAL NET POSITION- End of Year					<u>\$ (78,628,653)</u>	<u>\$ (73,414,114)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2022 TOTALS</u>
ASSETS							
Cash	\$ 5,324,113	\$ 838,649	\$ 808,627	\$ 150,339	\$ 460,776	\$ 7,582,504	\$ 4,663,296
Cash - Restricted	8,183,225	-	-	-	11,819	8,195,044	6,488,515
Accounts Receivable	133,389	-	1,600	-	-	134,989	10,311
Due From Other Funds	2,532,997	-	-	355,000	320,000	3,207,997	4,159,980
Due From State and Federal	675,764	1,017,964	279,460	1,723,689	-	3,696,877	8,315,960
Due From Other Governments	1,051,886	-	-	-	-	1,051,886	802,142
Inventories	-	-	26,196	-	-	26,196	40,565
TOTAL ASSETS	<u>\$ 17,901,374</u>	<u>\$ 1,856,613</u>	<u>\$ 1,115,883</u>	<u>\$ 2,229,028</u>	<u>\$ 792,595</u>	<u>\$ 23,895,493</u>	<u>\$ 24,480,769</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 443,873	\$ 190,889	\$ 2,641	\$ 64,978	\$ -	\$ 702,381	\$ 420,492
Accrued Liabilities	135,401	8,299	7,190	-	-	150,890	719,450
Due To Other Funds	675,095	1,361,113	3,789	1,168,000	-	3,207,997	4,159,980
Due To Other Governments	1,380,281	5,390	6,691	-	-	1,392,362	954,290
Due To Teachers' Retirement System	2,204,864	-	-	-	-	2,204,864	1,800,272
Due To Employees' Retirement System	96,783	-	-	-	-	96,783	79,646
Unearned Revenues	-	290,922	2,604	-	-	293,526	1,333,709
TOTAL LIABILITIES	<u>4,936,297</u>	<u>1,856,613</u>	<u>22,915</u>	<u>1,232,978</u>	<u>-</u>	<u>8,048,803</u>	<u>9,467,839</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2022 TOTALS</u>
FUND BALANCES							
Non-spendable:							
Inventory	\$ -	\$ -	\$ 26,196	\$ -	\$ -	\$ 26,196	\$ 40,565
Restricted:							
Tax Certiorari	20,541	-	-	-	-	20,541	29,970
Unemployment Insurance	107,233	-	-	-	-	107,233	105,199
Employee Benefit Accrued Liability	277,037	-	-	-	-	277,037	271,782
Workers Compensation	615,133	-	-	-	-	615,133	603,466
Repairs	440,283	-	-	-	-	440,283	431,932
Capital	6,722,998	-	-	-	-	6,722,998	5,023,085
Capital Projects	-	-	-	704,072	-	704,072	704,072
Scholarships	-	-	-	-	11,819	11,819	12,775
Assigned:							
Encumbrances	894,774	-	-	-	-	894,774	1,213,088
Appropriated	1,516,665	-	-	-	-	1,516,665	1,516,665
Unappropriated	-	-	1,066,772	291,978	780,776	2,139,526	1,903,313
Unassigned	<u>2,370,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,370,413</u>	<u>3,157,018</u>
TOTAL FUND BALANCES	<u>12,965,077</u>	<u>-</u>	<u>1,092,968</u>	<u>996,050</u>	<u>792,595</u>	<u>15,846,690</u>	<u>15,012,930</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,901,374</u>	<u>\$ 1,856,613</u>	<u>\$ 1,115,883</u>	<u>\$ 2,229,028</u>	<u>\$ 792,595</u>	<u>\$ 23,895,493</u>	<u>\$ 24,480,769</u>

SEE ACCOMPANYING NOTES AND AUDITORS OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	<u>2023</u>	<u>2022</u>
Total Governmental Fund Balances	\$ 15,846,690	\$ 15,012,930
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2023 are \$61,665,867 and \$23,503,481, respectively.	38,162,386	38,363,404
Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.		
Deferred Outflows of Resources	10,918,442	
Net Pension Asset	-	
Deferred Inflows of Resources	(1,123,022)	
Net Pension Liability	<u>(3,803,835)</u>	5,991,585
		6,693,655
The long-term asset and liability associated with the Total OPEB Liability are not current financial resources or obligations and are not reported in the governmental funds.		
Deferred Outflows of Resources	37,230,140	
Deferred Inflows of Resources	(50,189,575)	
Total OPEB Liability	<u>(108,769,180)</u>	(121,728,615)
		(114,702,136)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds Payable	(15,455,000)	
Unamortized Bond Premium	(416,672)	
Energy Performance Contract	(598,951)	
Compensated Absences	<u>(416,123)</u>	(16,886,746)
		(18,766,328)
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.	<u>(13,953)</u>	<u>(15,639)</u>
Net Position of Governmental Activities	<u>\$ (78,628,653)</u>	<u>\$ (73,414,114)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR	TOTAL GOVERNMENTAL FUNDS	2022 TOTALS
REVENUES							
Real Property Taxes	\$ 18,603,310	\$ -	\$ -	\$ -	\$ -	\$ 18,603,310	\$ 18,799,544
Other Tax Items	944,206	-	-	-	-	944,206	1,066,541
Charges For Services	122,123	-	-	-	-	122,123	106,249
Use of Money and Property	217,266	-	14,499	-	228	231,993	37,709
Sale of Property and Compensation For Loss	126,082	-	-	-	-	126,082	1,063
Miscellaneous Local Sources	1,569,487	3,113	1,790	-	95,428	1,669,818	1,077,725
State Sources	30,264,622	436,866	58,631	-	-	30,760,119	30,115,821
Federal Sources	98,081	4,498,394	1,228,780	-	-	5,825,255	3,999,048
Sales	-	-	47,848	-	-	47,848	24,350
TOTAL REVENUES	51,945,177	4,938,373	1,351,548	-	95,656	58,330,754	55,228,050
OTHER FINANCING SOURCES							
Operating Transfers In	-	537,754	-	145,000	2,243,615	2,926,369	2,829,477
TOTAL REVENUES AND OTHER FINANCING SOURCES	51,945,177	5,476,127	1,351,548	145,000	2,339,271	61,257,123	58,057,527
EXPENDITURES							
General Support	5,157,805	763,625	-	-	-	5,921,430	4,514,057
Instruction	27,507,288	3,897,100	-	-	82,449	31,486,837	27,834,619
Pupil Transportation	4,861,825	216,246	-	-	-	5,078,071	4,888,561
Community Services	37,539	-	-	-	-	37,539	39,568
Employee Benefits	10,914,556	599,156	117,179	-	-	11,630,891	11,124,678
Debt Service:							
Principal	-	-	-	-	1,868,130	1,868,130	2,152,507
Interest	-	-	-	-	375,485	375,485	410,525
Cost of Sales	-	-	1,028,666	-	-	1,028,666	952,106
Capital Outlay	-	-	-	69,945	-	69,945	2,079,592
TOTAL EXPENDITURES	48,479,013	5,476,127	1,145,845	69,945	2,326,064	57,496,994	53,996,213
OTHER USES							
Operating Transfers Out	2,926,369	-	-	-	-	2,926,369	2,829,477
TOTAL EXPENDITURES AND OTHER USES	51,405,382	5,476,127	1,145,845	69,945	2,326,064	60,423,363	56,825,690
NET CHANGE IN FUND BALANCE	539,795	-	205,703	75,055	13,207	833,760	1,231,837
FUND BALANCE - Beginning of Year	12,425,282	-	887,265	920,995	779,388	15,012,930	13,781,093
FUND BALANCE - End of Year	\$ 12,965,077	\$ -	\$ 1,092,968	\$ 996,050	\$ 792,595	\$ 15,846,690	\$ 15,012,930

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	<u>2023</u>	<u>2022</u>
Total Net Change in Fund Balances – Governmental Funds	\$ 833,760	\$ 1,231,837

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

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expenses	(1,060,268)		
Capital Outlay	<u>860,317</u>	(199,951)	1,040,096

Repayments of principal on long term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Bonds	1,730,000		
Energy Performance Contract	<u>138,131</u>	1,868,131	2,152,506

In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

Compensated Absences		(20,601)	30,130
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(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	(299,794)		
Employees' Retirement System	<u>(402,276)</u>	(702,070)	2,783,102

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

(Continued)

	<u>2023</u>	<u>2022</u>
(Increases) decreases in the total OPEB liability reported in the statement of activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Total OPEB Liability	(7,026,479)	(10,630,532)
In the governmental funds, the total amount received for the sale of assets is reported as revenue. In the statement of activities, the revenues are reduced by the net book value of the asset being sold.		
	(1,067)	(179)
Bond premiums are reported in the governmental funds as revenues in the year received. However, in the statement of activities, the premium is added to the outstanding debt and amortized as a reduction of interest expense over the life of the bond.		
Amortization Expense	32,052	33,700
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
Current Year Accrued Interest	(13,953)	
Prior Year Accrued Interest	<u>15,639</u>	<u>1,686</u>
		<u>2,297</u>
Change in Net Position of Governmental Activities	<u>\$ (5,214,539)</u>	<u>\$ (3,357,043)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	CUSTODIAL <u>FUND</u>
ASSETS	
Cash	\$ <u> -</u>
TOTAL ASSETS	<u> -</u>
NET POSITION	
Restricted for Individuals, Organizations or Other Governments	<u> -</u>
TOTAL NET POSITION	\$ <u><u> -</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023

	CUSTODIAL <u>FUND</u>
ADDITIONS	
Taxes Collected For Other Governments	\$ <u>421,184</u>
TOTAL ADDITIONS	<u>421,184</u>
DEDUCTIONS	
Taxes Paid To Other Governments	<u>421,184</u>
TOTAL DEDUCTIONS	<u>421,184</u>
Change in Net Position	-
NET POSITION - Beginning Of Year	<u>-</u>
NET POSITION - End Of Year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fallsburg Central School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Financial Reporting Entity

The Fallsburg Central School District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise School District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity includes all funds, account groups, functions and organizations over which the School District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of the financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

1. Included in the Reporting Entity

Based on the foregoing criteria and the significant factors presented below, the following organizations, functions or activities are included in the reporting entity:

a. The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Fallsburg Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The activity is reported in the Miscellaneous Special Revenue Fund of the School District. Separate audited general purpose financial statements (cash basis) of the Extraclassroom Activity Funds can be found within these financial statements.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Joint Venture

The Fallsburg Central School District is one of the eight component school districts in the Sullivan County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school district's enrollment as defined in Education Law Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component School Districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

C. Basis of Presentation

1. District-wide statements:

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Fund financial statements

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

a. General Fund

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

b. Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

1. Special Aid Fund – used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.
2. School Lunch Fund – used to account for transactions of the School District lunch, breakfast, and milk programs.

c. Capital Projects Fund

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following non-major governmental funds:

a. *Debt Service Fund*

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

b. *Miscellaneous Special Revenue Fund*

This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Additionally, the District reports the following fund type:

a. *Fiduciary Fund*

This fund is used to account for assets held by the government in a trustee or custodial capacity.

Custodial Fund – used to account for fiduciary activities that are not required to be reported in a private-purpose trust fund.

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

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

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1st, and became a lien on September 1st. Taxes are collected during the period commencing September 1st and ending November 13th.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties of Sullivan and Ulster. An amount representing uncollected real property taxes transmitted to the Counties for enforcement is paid by the Counties to the School District no later than the forthcoming April 1st.

F. Budgetary Procedures And Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:

I. General Fund

- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year.

General Support \$ 124,039

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as assigned fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

3. Budget Basis of Accounting

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

G. Cash and Cash Equivalents

For financial statement purposes, the District considers all highly liquid investments of three months or less as cash equivalents.

H. Inventory

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase.

I. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would be immaterial.

J. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by the District is \$5,000.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
School Buildings	50
Site Improvements	20
Furniture & Equipment	5-20

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

K. Unearned Revenue

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when sources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

L. Vested Employee Benefits

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

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

For the District-wide Statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance in the fund financial statements by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts.

M. **Interfund Activity**

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

N. **Equity Classifications**

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

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

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

Unrestricted – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the District and determine which classification of net position will be charged.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$26,196.

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

Tax Certiorari

Used to accumulate funds to pay judgements and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

Unemployment Insurance

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. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability

Used to reserve funds for the payment of any accrued employee benefit due to an employee upon termination. The reserve is established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Workers' Compensation

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.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

Repair

Used to pay the cost of repairs to capital improvements or equipment. The Board of Education may establish the reserve by majority vote. Voter approval is required to fund the reserve and expenditures may only be made after a public hearing. This reserve is accounted for in the General Fund.

Scholarships

Used to pay scholarships with funds stipulated by donors for that purpose. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Capital Projects

Proceeds of debt that are restricted for use per the specifics of the debt issue. This reserve is accounted for in the Capital Projects Fund.

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2023.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of \$894,774 as assigned fund balance in the General Fund as of June 30, 2023.

Unassigned – represents the residual classification for the General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the district's General Fund budget for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

O. 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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2023, the District implemented the following new standards issued by GASB:

GASB 91 – *Conduit Debt Obligations*.

GASB 93 – *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2022, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending June 30, 2023.

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

GASB 96 – *Subscription-Based Information Technology Arrangements*

GASB 99 – *Omnibus 2022*, effective for the year ending June 30, 2023, except for the portion related to financial guarantees and classification and reporting of derivative instruments within the scope of GASB Statement No. 53, which is effective for the year ending June 31, 2024.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. **Future Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standard that will become effective in future fiscal years:

GASB 100 – *Accounting Changes and Error Corrections – an amendment of GASB No. 62*, effective for the year ending June 30, 2024.

GASB 101 – *Compensated Absences*, effective for the year ending June 30, 2025.

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

R. **Deferred Outflows/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 (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reports \$10,918,442 in deferred outflows of resources related to pensions and \$37,230,140 in deferred outflows of resources related to the Total OPEB Liability as of June 30, 2023.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The District reports \$1,123,022 in deferred inflows of resources related to pensions and \$50,189,575 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2023.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$9,795,420 to unrestricted net position as of June 30, 2023.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net decrease of \$12,959,435 to unrestricted net position as of June 30, 2023.

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

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds. These differences are reconciled in the financial statements.

1. Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. The 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 sheet.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

2. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

- a. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities report revenues when earned.

Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

- b. Capital related differences:

Capital related differences include the differences 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.

- c. 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.

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds. These differences are reconciled in the financial statements.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 – PARTICIPATION IN BOCES

During the year ended June 30, 2023, the Fallsburg Central School District was billed \$9,004,168 for BOCES administrative and program costs. General purpose financial statements for Sullivan County BOCES are available from the BOCES' administrative office at 15 Sullivan Avenue, Suite 1, Liberty, NY 12754.

The School District's share of BOCES income amounted to \$2,095,573.

NOTE 4 – CASH AND INVESTMENTS

The Fallsburg Central School District investment policies are governed by State statutes. In addition the District has its own written investment policy. District monies must be deposited in FDIC-Insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and states other than New York and their municipalities and school districts.

The District's aggregate cash balances include balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the District's name.	<u>\$ 17,418,060</u>
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FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS/ RECLASSIFICATIONS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 84,490	\$ -	\$ -	\$ 84,490
Construction In Progress	<u>2,086,767</u>	<u>661,205</u>	<u>2,086,767</u>	<u>661,205</u>
Total non-depreciable historical cost	<u>2,171,257</u>	<u>661,205</u>	<u>2,086,767</u>	<u>745,695</u>
Capital assets that are depreciated:				
Building and Improvements	57,180,999	2,253,844	6,571	59,428,272
Furniture and Equipment	<u>1,471,745</u>	<u>32,035</u>	<u>11,880</u>	<u>1,491,900</u>
Total depreciable historical cost	<u>58,652,744</u>	<u>2,285,879</u>	<u>18,451</u>	<u>60,920,172</u>
Less accumulated depreciation:				
Building and Improvements	21,300,292	992,422	6,571	22,286,143
Furniture and Equipment	<u>1,160,305</u>	<u>67,846</u>	<u>10,813</u>	<u>1,217,338</u>
Total Accumulated Depreciation	<u>22,460,597</u>	<u>1,060,268</u>	<u>17,384</u>	<u>23,503,481</u>
Total historical cost, net	<u>\$ 38,363,404</u>	<u>\$ 1,886,816</u>	<u>\$ 2,087,834</u>	<u>\$ 38,162,386</u>
Depreciation expense was charged to Governmental functions as follows:				
General Support		\$ 11,158		
Instruction		1,040,824		
School Lunch		<u>8,286</u>		
		<u>\$ 1,060,268</u>		

NOTE 6 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2023 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND REVENUES</u>	<u>INTERFUND EXPENDITURES</u>
General Fund	\$ 2,532,997	\$ 675,095	\$ -	\$ 2,926,369
Special Aid Fund	-	1,361,113	537,754	-
School Lunch Fund	-	3,789	-	-
Capital Fund	355,000	1,168,000	145,000	-
Debt Service Fund	<u>320,000</u>	<u>-</u>	<u>2,243,615</u>	<u>-</u>
Total Governmental Activities	<u>3,207,997</u>	<u>3,207,997</u>	<u>2,926,369</u>	<u>2,926,369</u>
TOTALS	<u>\$ 3,207,997</u>	<u>\$ 3,207,997</u>	<u>\$ 2,926,369</u>	<u>\$ 2,926,369</u>

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – INTERFUND TRANSACTIONS (Continued)

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically transfers funds from the General Fund to the School Lunch Fund to cover the shortfall in the annual budget, to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants, and to the Debt Service Fund to make principal and interest payments on outstanding debt.

The District transfers investment income earned in the Capital Projects Fund to the Debt Service Fund for the purpose of making future debt service payments.

The District typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 7 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2023 consisted of the following:

Food and Supplies \$ 26,196

NOTE 8 – LIABILITIES

A. **Pension Plans and Post-Employment Benefits**

1. General Information

The Fallsburg Central School District participates in New York State and Local Employee's Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These Systems are cost sharing multiple employer, public employee retirement systems.

The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the NYS Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the NYS Teachers' Retirement Board. The System provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LIABILITIES (Continued)

The System 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 the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL). The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

3. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and prior to January 1, 2010, with less than ten years of service, are required to contribute 3% of their salary.

Those joining the NYSERS on or after January 1, 2010 and before April 1, 2012, contribute 3% of their salary throughout their entire working career. Those joining after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, dependent upon their salary, for their entire working career.

Those joining the NYSTRS on or after January 1, 2010 and before April 1, 2012 contribute 3.5% of their salary throughout their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on their salary, for their entire working career.

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 10.29% of the annually covered payroll for the fiscal year ended June 30, 2023. Rates applicable to the fiscal years ended June 30, 2022 and 2021, were 9.80% and 9.53%, respectively. For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LIABILITIES (Continued)

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>	<u>TRS</u>
2023	\$ 306,041	\$ 1,909,888
2022	365,858	1,587,606
2021	349,360	1,417,364

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

Interest Expense on long-term debt consisted of the following:

Interest Paid	\$ 375,485
Less: Interest Accrued in the Prior Year	(15,639)
Amortization of Bond Premium	(32,052)
Plus: Interest Accrued in the Current Year	<u>13,953</u>
Total Expense	<u>\$ 341,747</u>

b. Changes

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

	<u>BALANCE</u> <u>07/01/22</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>06/30/23</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Serial Bonds –					
General Obligations	\$ 17,185,000	\$ -	\$ 1,730,000	\$ 15,455,000	\$ 1,765,000
Unamortized Bond Premium	448,724	-	32,052	416,672	32,052
Energy Performance Contract					
Direct Borrowing	737,082	-	138,131	598,951	143,993
Compensated Absences	395,522	20,601	-	416,123	-
Total OPEB Liability	<u>117,000,848</u>	<u>9,393,863</u>	<u>17,625,531</u>	<u>108,769,180</u>	<u>3,100,000</u>
TOTAL	<u>\$ 135,767,176</u>	<u>\$ 9,414,464</u>	<u>\$ 19,525,714</u>	<u>\$ 125,655,926</u>	<u>\$ 5,041,045</u>

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LIABILITIES (Continued)

c. Maturity

The following is a summary of maturity of indebtedness:

<u>PURPOSE</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>OUTSTANDING 06/30/23</u>
Serial Bonds	2022	2036	2.00%	\$ 12,580,000
Serial Bonds	2016	2031	2.00%-2.50%	2,875,000
Energy Performance Contract	2011	2027	4.20%	<u>598,951</u>
				<u>\$ 16,053,951</u>

<u>General Obligations</u>			<u>Direct Borrowings and Direct Placements</u>	
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2024	\$ 1,765,000	\$ 311,363	\$ 143,993	\$ 23,660
2025	1,800,000	276,063	150,104	17,548
2026	1,840,000	240,062	156,474	11,178
2027	1,875,000	203,263	148,380	4,539
2028	1,320,000	165,765	-	-
2029-2033	5,265,000	443,012	-	-
2034-2036	<u>1,590,000</u>	<u>51,300</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 15,455,000</u>	<u>\$ 1,690,828</u>	<u>\$ 598,951</u>	<u>\$ 56,925</u>

2. Short-Term Debt

The School District had no short-term debt activity for the year ended June 30, 2023.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. **Risk Financing and Related Insurance**

The Fallsburg Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

B. **Other Items**

The School District has received grants that are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and request a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial.

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

The District provides post-employment coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

General Information about the OPEB Plan

Plan Description - The healthcare plan is a defined benefit OPEB plan that provides benefits for employees of the District who have reached certain levels of employment with the District. The plan is a pay as you go funding plan. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare benefits for retirees, their dependents and surviving spouses. The benefit terms and contributions required by retirees vary based on the union contract that governs the employee, and years of service with the District. The District also reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. The District will pay 100% of the coverage for most employees who retire with 20 years of service to the District. Other retiree contribution requirements vary from 25% to 65% for insurance coverage based on years of service, date of hire and bargaining unit.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

Inactive employees or beneficiaries currently receiving benefit payments	163
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>268</u>
	<u><u>431</u></u>

Total OPEB Liability

The District's total OPEB liability of \$108,769,180 was measured as of June 30, 2023, using an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Measurement Date	June 30, 2023
Inflation	2.70%
Discount Rate	4.13%
Initial Healthcare Cost Trend Rate	6.75%
Ultimate Healthcare Cost Trend Rate	4.14%

The actuarial cost method used was Entry Age Normal.

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Index.

Mortality rates were based on Pub-2010 Headcount-weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2021.

Payroll growth assumptions were based on the NYS ERS assumption adopted on April 1, 2020 and NYS TRS assumption adopted on June 30, 2021. The assumptions vary based on retirement system membership and years of service, and range from 8.8%-3.3% for ERS and 12.3%-2.2% for TRS.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2022		\$ 117,000,848
Changes for the Year -		
Service Cost	5,110,386	
Interest	4,270,037	
Changes of Benefit Terms	13,440	
Differences between expended and actual experience	(7,954,612)	
Changes in assumptions or other inputs	(6,667,331)	
Benefit Payments	<u>(3,003,588)</u>	
Net Changes		<u>(8,231,668)</u>
Balance at June 30, 2023		<u>\$ 108,769,180</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 – percentage point higher than the current discount rate:

	1% Decrease <u>(3.13%)</u>	Current Assumption <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
Total OPEB Liability	<u>\$ 129,314,494</u>	<u>\$ 108,769,180</u>	<u>\$ 92,562,049</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease <u></u>	Current Assumption <u></u>	1% Increase <u></u>
Total OPEB Liability	<u>\$ 89,575,889</u>	<u>\$ 108,769,180</u>	<u>\$ 134,276,890</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$10,030,067. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,451,388	\$ 16,153,551
Changes of assumptions or other inputs	<u>28,778,752</u>	<u>34,036,024</u>
Total	<u>\$ 37,230,140</u>	<u>\$ 50,189,575</u>

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

2024	\$ 636,204
2025	636,204
2026	636,204
2027	1,007,173
2028	(2,174,432)
Thereafter	<u>(13,700,788)</u>
TOTAL	<u>\$ (12,959,435)</u>

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) are included in Note 8-A to the financial statements.

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

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation.

The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2022	June 30, 2021
Net pension asset/(liability)	\$ (2,049,069)	\$ (1,754,766)
District's portion of the Plan's total net pension asset/(liability)	0.009554%	0.091447%

For the year ended June 30, 2023, the District recognized pension expense of \$707,839 for ERS and \$2,208,915 for TRS. At June 30, 2023, the 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>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 218,242	\$ 1,838,773	\$ 57,546	\$ 35,162
Changes of assumptions	995,160	3,403,950	10,998	706,869
Net difference between projected and actual earnings on pension plan investments	-	2,267,324	12,038	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	46,773	141,549	56,689	243,720
District's contributions subsequent to the measurement date	<u>96,783</u>	<u>1,909,888</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,356,958</u>	<u>\$ 9,561,484</u>	<u>\$ 137,271</u>	<u>\$ 985,751</u>

District contributions subsequent to the measurement date of \$96,783 for ERS and \$1,909,888 for TRS will be recognized as a reduction of the net pension liability in the year June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
2023	\$ -	\$ 1,310,178
2024	260,017	663,257
2025	(106,563)	(309,684)
2026	411,505	4,445,964
2027	557,945	550,869
2028	-	-
Thereafter	<u>-</u>	<u>5,261</u>
TOTAL	<u>\$ 1,122,904</u>	<u>\$ 6,665,845</u>

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Actuarial Assumptions

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

	<u>ERS</u>		<u>TRS</u>	
	<u>Current Year</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Prior Year</u>
Measurement date	March 31, 2023	March 31, 2022	June 30, 2022	June 30, 2021
Actuarial valuation date	April 1, 2022	April 1, 2021	June 30, 2021	June 30, 2020
Interest rate	5.9%	5.9%	6.95%	6.95%
Salary scale	4.4%	4.4%	1.95%-5.18%	1.95%-5.18%
Cost of Living Adjustments	1.5%	1.4%	1.3%	1.3%
Inflation rate	2.9%	2.7%	2.40%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015-March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015-March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015-June 30, 2020.

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

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

	<u>ERS</u> March 31, 2023	<u>TRS</u> June 30, 2022
Measurement date		
Asset Type:		
Domestic Equity	4.30%	6.5%
International Equity	6.85	7.2
Real Estate	4.60	6.2
Opportunistic/ARS Portfolio	5.38	-
Domestic fixed income securities	-	1.1
Global Bonds	-	0.6
Global Equities	-	6.9
Private Debt	-	5.3
Private Equities	7.50	9.9
High Yield Bonds	-	3.3
Real Estate Debt	-	2.4
Cash Equivalents	0.00	(0.3)
Credit	5.43	-
Real Assets	5.84	-
Fixed Income	1.50	-

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employees will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share for the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset / (liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90% for ERS and 5.95% for TRS) or 1-percentagepoint higher (6.90% for ERS and 7.95% for TRS) than the current rate:

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

ERS	1% Decrease (<u>4.90%</u>)	Current Assumption (<u>5.90%</u>)	1% Increase (<u>6.90%</u>)
Employer's proportionate share of the net pension asset (liability)	\$ (4,951,720)	\$ (2,049,069)	\$ 376,434
TRS	1% Decrease (<u>5.95%</u>)	Current Assumption (<u>6.95%</u>)	1% Increase (<u>7.95%</u>)
Employer's proportionate share of the net pension asset (liability)	\$ (16,179,767)	\$ (1,754,766)	\$ 10,376,565

Pension Plan Fiduciary Net Position

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

	<u>ERS (in thousands)</u> April 1, 2023	<u>TRS</u> June 30, 2022
Valuation date		
Employers' total pension liability	\$ 232,627,259	\$ 133,883,473,797
Plan Net Position	<u>211,183,223</u>	<u>131,964,582,107</u>
Employer's net pension asset/(liability)	<u>\$ (21,444,036)</u>	<u>\$ (1,918,891,690)</u>
Ration of plan net position to the Employer's total pension asset/(liability)	90.78%	98.6%

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions represent the projected employer contribution for the period of April 1 through June 30 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$96,783.

For TRS, employer and employee contributions for the fiscal year ended June 30 are paid to the System in September, October, and November through a state aid intercept. Accrued retirement contributions represent employee and employer contributions for the fiscal year ended June 30 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$2,204,864

NOTE 12 – TAX ABATEMENTS

The District is subject to tax abatement agreements entered into by the County of Sullivan Industrial Development Agency pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2023, the District received \$53,461 in tax abatement payments, which resulted in abated property taxes totaling \$36,398.

NOTE 13 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2023 and October 3, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, OTHER USES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2022)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2022 ACTUAL
REVENUES					
Local Sources:					
Real Property Taxes	\$ 18,464,026	\$ 18,464,026	\$ 18,603,310	\$ 139,284	\$ 18,799,544
Other Tax Items	1,140,401	1,140,401	944,206	(196,195)	1,066,541
Charges For Services	9,000	9,000	122,123	113,123	106,249
Use of Money and Property	32,000	32,000	217,266	185,266	36,606
Sale of Property and Compensation					
For Loss	-	124,039	126,082	2,043	1,063
Miscellaneous Local Sources	806,139	806,139	1,569,487	763,348	977,183
State Sources:					
Basic Formula	26,783,779	26,783,779	24,227,530	(2,556,249)	22,757,781
Lottery Aid	-	-	3,798,327	3,798,327	2,561,023
BOCES	2,174,849	2,174,849	2,095,573	(79,276)	1,595,801
Other	1,325,095	1,325,095	143,192	(1,181,903)	353,736
Federal Sources	100,000	100,000	98,081	(1,919)	321,185
TOTAL REVENUES	50,835,289	50,959,328	51,945,177	985,849	48,576,712
OTHER FINANCING SOURCES					
Operating Transfers In	155,000	155,000	-	(155,000)	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	50,990,289	51,114,328	51,945,177	\$ 830,849	48,576,712
FUND BALANCE					
Appropriated Fund Balance	1,516,665	1,516,665			
Appropriated Reserves	-	-			
Prior Year Encumbrances	-	1,213,088			
TOTAL FUND BALANCE	1,516,665	2,729,753			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	\$ 52,506,954	\$ 53,844,081			

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES, OTHER USES AND CHANGES IN FUND BALANCE - BUDGET TO
ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2022)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	ENCUMBRANCES	VARIANCE FAVORABLE (UNFAVORABLE)	2022 ACTUAL
EXPENDITURES						
General Support:						
Board of Education	\$ 70,262	\$ 91,294	\$ 68,872	\$ 5,164	17,258	\$ 32,193
Central Administration	297,789	328,398	306,248	19,319	2,831	288,036
Finance	599,854	554,748	536,940	16,840	968	602,517
Staff	183,561	393,735	391,762	455	1,518	266,101
Central Services	2,176,992	3,381,589	2,994,249	218,838	168,502	2,460,191
Special Items	885,322	865,184	859,734	-	5,450	865,019
Instructional:						
Instruction, Administration and Improvement	1,859,535	1,756,854	1,676,786	46,456	33,612	1,682,948
Teaching:						
Regular School	12,367,347	11,541,687	11,160,878	92,655	288,154	9,918,424
Programs For Children With Handicapped Conditions	8,584,890	10,456,510	10,075,028	230,456	151,026	8,471,403
Occupational Education	635,312	701,000	661,794	38,206	1,000	700,994
Special Schools	831,675	61,138	49,462	-	11,676	158,303
Instructional Media	1,610,860	1,741,971	1,570,752	134,214	37,005	1,738,225
Pupil Services	2,446,968	2,482,208	2,312,588	39,205	130,415	1,990,300
Pupil Transportation	4,111,116	4,926,581	4,861,825	52,966	11,790	4,732,911
Community Services	45,459	45,459	37,539	-	7,920	39,568
Employee Benefits	13,351,397	11,589,355	10,914,556	-	674,799	10,626,034
TOTAL EXPENDITURES	50,058,339	50,917,711	48,479,013	894,774	1,543,924	44,573,167
OTHER USES						
Operating Transfers Out	2,448,615	2,926,370	2,926,369	-	1	2,829,477
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 52,506,954</u>	<u>\$ 53,844,081</u>	<u>51,405,382</u>	<u>\$ 894,774</u>	<u>\$ 1,543,925</u>	<u>47,402,644</u>
NET CHANGE IN FUND BALANCE			539,795			1,174,068
FUND BALANCE - Beginning of Year			12,425,282			11,251,214
FUND BALANCE - End of Year			<u>\$ 12,965,077</u>			<u>\$ 12,425,282</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 5,110,386	\$ 8,152,153	\$ 7,241,006	\$ 4,664,382	\$ 3,192,585	\$ 2,236,251
Interest	4,270,037	3,475,225	3,111,793	3,662,088	2,759,460	2,497,405
Changes of Benefit Terms	13,440		-	-	(81,108)	-
Differences Between Expected and Actual Experience	(7,954,612)	(11,127,884)	3,907,213	(769,977)	13,154,805	-
Changes of Assumptions	(6,667,331)	(34,598,959)	8,105,180	29,536,520	15,673,779	(3,554,471)
Benefit Payments	<u>(3,003,588)</u>	<u>(3,257,711)</u>	<u>(3,125,512)</u>	<u>(3,258,476)</u>	<u>(3,025,301)</u>	<u>(2,659,017)</u>
Net Change in Total OPEB Liability	(8,231,668)	(37,357,176)	19,239,680	33,834,537	31,674,220	(1,479,832)
Beginning Total OPEB Liability	<u>117,000,848</u>	<u>154,358,024</u>	<u>135,118,344</u>	<u>101,283,807</u>	<u>69,609,587</u>	<u>71,089,419</u>
Ending Total OPEB Liability	<u>\$ 108,769,180</u>	<u>\$ 117,000,848</u>	<u>\$ 154,358,024</u>	<u>\$ 135,118,344</u>	<u>\$ 101,283,807</u>	<u>\$ 69,609,587</u>
Covered Employee Payroll	<u>\$ 22,727,967</u>	<u>\$ 17,948,742</u>	<u>\$ 18,744,245</u>	<u>\$ 19,505,773</u>	<u>\$ 16,134,228</u>	<u>\$ 18,035,296</u>
Total OPEB Liability as a Percentage of Covered Payroll	478.6%	651.9%	823.5%	692.70%	627.80%	385.96%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Changes of Benefit Terms

Teachers hired after 7/1/22 are limited to the EPO plan option and the District subsidy is 85% for single and family coverages. This resulted in a slight increase in the total liability.

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

June 30, 2023 Measurement Date:	4.13%
June 30, 2022 Measurement Date:	3.54%

Mortality improvement scale has been updated from MP-2020 to MP-2021, which caused a small increase in liability.

Health care trend rates and costs have been updated as follows, which caused a decrease in liability.

- a. Medical and prescription drug trend rates have been updated from 2020 Getzen to 2022 Getzen model, with an initial trend rate of 6.75% for 2023, decreasing gradually to an ultimate rate of 4.14% in 2076.
- b. Medicare Part B trend rates have been updated to -3.06% in 2022 followed by projected Part B premium increase shown in the 2022 Medicare Trustees report and decreasing to an ultimate rate of 4.14% by 2076.

Salary scale, termination, and retirement rates have been updated based on NYS TRS assumptions first adopted on June 30, 2021. The net impact of this change is an increase in liability.

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
YEAR ENDED JUNE 30, 2023

TRS System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.091447%	0.087624%	0.090945%	0.091280%	0.090213%	0.090773%	0.093962%	0.091406%	0.090658%
The District's proportionate share of the net pension asset (liability)	\$ (1,754,766)	\$ 15,184,454	\$ (2,513,059)	\$ 2,371,450	\$ 1,631,293	\$ 689,964	\$ (1,006,368)	\$ 9,494,164	\$ 10,098,699
The District's covered employee payroll	16,200,061	14,872,655	15,436,267	15,221,718	14,384,509	14,373,293	14,499,215	13,730,412	13,665,072
The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll	10.83%	102.10%	16.29%	15.58%	11.34%	4.80%	6.94%	69.15%	73.90%
Plan Fiduciary net position as a percentage of the total pension liability	98.6%	113.20%	97.80%	102.2%	101.53%	100.66%	99.01%	110.46%	111.48%

ERS System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.0095554%	0.0090144%	0.0090586%	0.0085364%	0.0093111%	0.0091891%	0.0094453%	0.0095913%	0.0092165%
The District's proportionate share of the net pension asset (liability)	\$ (2,049,069)	\$ 736,891	\$ (9,020)	\$ (2,260,483)	\$ (659,719)	\$ (296,574)	\$ (887,499)	\$ (1,539,424)	\$ (311,357)
The District's covered employee payroll	2,756,575	2,545,304	2,655,763	2,488,729	2,548,607	2,749,051	2,662,238	2,487,871	2,598,965
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	74.33%	28.95%	0.34%	90.83%	25.89%	10.79%	33.34%	61.88%	11.98%
Plan Fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2023

TRS System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$1,909,888	\$ 1,587,606	\$ 1,417,364	\$ 1,367,653	\$ 1,618,069	\$ 1,440,082	\$ 1,684,550	\$ 1,922,596	\$ 2,406,941	\$ 2,220,547
Contribution in relation to the contractually required contribution	<u>1,909,888</u>	<u>1,587,606</u>	<u>1,417,364</u>	<u>1,367,653</u>	<u>1,618,069</u>	<u>1,440,082</u>	<u>1,684,550</u>	<u>1,922,596</u>	<u>2,406,941</u>	<u>2,220,547</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

ERS System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 306,041	\$ 365,858	\$ 349,360	\$ 313,041	\$ 367,453	\$ 385,085	\$ 380,613	\$ 392,583	\$ 425,866	\$ 504,323
Contribution in relation to the contractually required contribution	<u>306,041</u>	<u>365,858</u>	<u>349,360</u>	<u>313,041</u>	<u>367,453</u>	<u>385,085</u>	<u>380,613</u>	<u>392,583</u>	<u>425,866</u>	<u>504,323</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution as a percentage of covered employee payroll	11.10%	14.37%	13.15%	12.58%	14.42%	14.01%	14.30%	15.78%	16.39%	18.88%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	MISCELLANEOUS SPECIAL <u>REVENUE</u>	DEBT <u>SERVICE</u>	TOTAL NON-MAJOR GOVERNMENTAL <u>FUNDS</u>
ASSETS			
Cash	\$ 110,091	\$ 350,685	\$ 460,776
Cash - Restricted	11,819	-	11,819
Due From Other Funds	<u>-</u>	<u>320,000</u>	<u>320,000</u>
TOTAL ASSETS	<u>\$ 121,910</u>	<u>\$ 670,685</u>	<u>\$ 792,595</u>
FUND BALANCES			
Restricted:			
Reserve for Scholarships	\$ 11,819	\$ -	\$ 11,819
Assigned:			
Unappropriated	<u>110,091</u>	<u>670,685</u>	<u>780,776</u>
TOTAL FUND BALANCES	<u>121,910</u>	<u>670,685</u>	<u>792,595</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 121,910</u>	<u>\$ 670,685</u>	<u>\$ 792,595</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2023

	MISCELLANEOUS <u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	TOTAL NON-MAJOR GOVERNMENTAL <u>FUNDS</u>
REVENUES			
Use of Money and Property	\$ 228	\$ -	\$ 228
Miscellaneous Local Sources	<u>95,428</u>	<u>-</u>	<u>95,428</u>
TOTAL REVENUES	95,656	-	95,656
OTHER FINANCING SOURCES			
Operating Transfers In	<u>-</u>	<u>2,243,615</u>	<u>2,243,615</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>95,656</u>	<u>2,243,615</u>	<u>2,339,271</u>
EXPENDITURES			
Instruction	82,449	-	82,449
Debt Service:			
Principal	-	1,868,130	1,868,130
Interest	<u>-</u>	<u>375,485</u>	<u>375,485</u>
TOTAL EXPENDITURES	<u>82,449</u>	<u>2,243,615</u>	<u>2,326,064</u>
NET CHANGE IN FUND BALANCE	13,207	-	13,207
FUND BALANCE - Beginning of Year	<u>108,703</u>	<u>670,685</u>	<u>779,388</u>
FUND BALANCE - End of Year	<u>\$ 121,910</u>	<u>\$ 670,685</u>	<u>\$ 792,595</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2023

ADOPTED BUDGET	\$ 52,506,954
ADDITIONS:	
Encumbrances From Prior Year	1,213,088
Supplemental Appropriation	124,039
Appropriated Reserve	<u>-</u>
FINAL BUDGET	<u>\$ 53,844,081</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
REAL PROPERTY TAX LIMIT
YEAR ENDED JUNE 30, 2023

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

Subsequent Year's Voter Approved Expenditure Budget		<u>\$ 59,260,373</u>
Maximum allowed (4% of Budget)		<u>\$ 2,370,415</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	2,411,439	
Unassigned Fund Balance	<u>2,370,413</u>	
Total Unrestricted Fund Balance		4,781,852
Less:		
Appropriated Fund Balance	1,516,665	
Encumbrances included in Assigned Fund Balance	<u>894,774</u>	
Total Adjustments		<u>2,411,439</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		<u>\$ 2,370,413</u>
Actual Percentage		4.00%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
 SCHEDULE OF PROJECT EXPENDITURES
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2023

<u>PROJECT TITLE</u>	<u>ORIGINAL APPROPRIATIONS</u>	<u>REVISED APPROPRIATIONS</u>	<u>I EXPENDITURES I</u>			<u>UNEXPENDED BALANCE</u>	<u>I METHODS OF FINANCING I</u>				<u>FUND BALANCE JUNE 30, 2023</u>
			<u>PRIOR YEARS</u>	<u>CURRENT YEARS</u>	<u>TOTAL</u>		<u>PROCEEDS OBLIGATION</u>	<u>LOCAL SOURCES</u>	<u>STATE AID</u>	<u>TOTAL</u>	
Improvements	\$ 15,993,934	\$ 17,841,612	\$ 16,643,606	\$ -	\$ 16,643,606	\$ 1,198,006	\$ 15,500,000	\$ 1,612,286	\$ 235,392	\$ 17,347,678	\$ 704,072
Smart Schools Bond Act	1,772,454	2,158,689	2,086,766	69,945	2,156,711	1,978	-	435,000	1,723,689	2,158,689	1,978
Small Projects	290,000	290,000	-	<u>-</u>	-	290,000	-	290,000	-	290,000	<u>290,000</u>
				<u>\$ 69,945</u>							<u>\$ 996,050</u>

SEE ACCOMPANYING NOTES AND AUDITORS’ OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2023

Capital Assets, Net	\$ 38,162,386
Less: Outstanding Bonds	(15,455,000)
Outstanding Energy Performance Contract	(598,951)
Unamortized Bond Premium	(416,672)
Plus: Unspent Debt Proceeds	<u>704,072</u>
Net Investment in Capital Assets	<u>\$ 22,395,835</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

<u>GRANTOR AGENCY</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>EXPENDITURES CURRENT YEAR</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through State Dept. of Education:			
School Lunch Program	10.555	N/A	\$ 683,677
School Breakfast Program	10.553	N/A	380,285
Summer Food Service Program	10.559	N/A	21,810
COVID-19 – Supply Chain	10.555	N/A	50,321
Fresh Fruit & Vegetables	10.582	N/A	<u>51,360</u>
Total Child Nutrition Cluster			1,187,453
COVID-19 - Pandemic EBT Food Benefits	10.452	N/A	1,256
Passed Through State Dept. of Health and Human Services:			
Commodity Supplement Food Program (Non-Cash)	10.565	N/A	<u>40,071</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>1,228,780</u>
Passed Through State Department of Education			
Title I	84.010A	021-23-3290	1,083,023
Title I	84.010A	021-22-3290	89,715
Title I – School Improvement	84.010A	011-22-2064	49,500
Title I – School Improvement	84.010A	011-23-2064	233,102
Title I – School Improvement	84.010A	011-22-4048	2
IDEA, Part B	84.027A	032-23-0963	424,427
COVID-19 - ARP-IDEA Part B	84.027X	5532-22-0963	47,147
IDEA, Pre-School	84.173A	033-23-0963	12,631
COVID 19-ARP-IDEA Pre-School	84.173X	5533-22-0963	<u>4,471</u>
Total Special Education Cluster			<u>488,676</u>
Title IIA	84.367A	147-23-3290	107,073
Title IIA	84.367A	147-22-3290	10,148
Title IIIA, LEP	84.365A	293-23-3290	44,317
Title IIIA, LEP	84.365A	293-22-3290	1
Title III, Immigrant Education	84.365A	149-23-3290	41,766
Title III, Immigrant Education	84.365A	149-22-3290	1,153
Title IV, SSAE	84.424A	204-23-3290	70,107
Title IV SSAE	84.424A	204-22-3290	688
Title V-B	84.358B	006-23-3290	37,325
21 st Century Community Learning	84.287C	187-23-8007	532,648
COVID-19 - Cares Act - GEER I	84.425C	5895-21-3290	41,703
COVID-19 - CRRSA -ESSER II	84.425D	5891-21-3290	901,471
COVID-19 - ARP-Full Day Universal Park	84.425W	5870-23-9092	299,455
COVID-19 - ARP-ESSER III	84.425U	5880-21-3290	<u>513,335</u>
TOTAL DEPARTMENT OF EDUCATION			<u>4,507,669</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE EXPENDITURES			5,773,988
Disallowed from previous years:			
Title V-B	84.358B	006-22-3290	(5,111)
COVID-19-Cares Act ESSER 1	84.425D	5890-21-3290	<u>(32,428)</u>
TOTAL REVENUES RECOGNIZED			<u>\$ 5,736,449</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Fallsburg Central School District. The Fallsburg Central School District's reporting entity is defined in Note 1 to the District's financial statements. All federal financial assistance passed through other governmental agencies are included on the schedule.

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements.

3. RELATIONSHIP TO GENERAL PUPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the District's financial statements as follows:

Governmental Funds:	
General Fund	\$ 9,275
Special Aid Fund	4,498,394
School Lunch Fund	<u>1,228,780</u>
 TOTAL	 <u>\$ 5,736,449</u>

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

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

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fallsburg Central School District, New York as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fallsburg Central School District, New York's basic financial statements and have issued our report thereon dated October 3, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fallsburg Central School District, New York'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 Fallsburg Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fallsburg Central School District, New York's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Cooper Arias, LLP

Mongaup Valley, New York
October 3, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Fallsburg Central School District, New York's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Fallsburg Central School District, New York's major federal programs for the year ended June 30, 2023. The Fallsburg Central School District, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Cooper Arias, LLP

Mongaup Valley, New York
October 3, 2023

FALLSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of the Fallsburg Central School District.
2. There were no significant deficiencies disclosed during the audit of the financial statements of the Fallsburg Central School District.
3. No instances of non-compliance material to the financial statements of the Fallsburg Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for the Fallsburg Central School District expresses an unmodified opinion on all major federal programs.
5. There were no significant deficiencies disclosed during the audit of internal control over major federal award programs for the Fallsburg Central School District.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516 (a) are reported on this schedule.
7. The programs tested as major programs included:

COVID-19 - Cares Act – ESSER	84.425D
COVID-19 - Cares Act – GEER	84.425C
COVID-19 – CRRSA – ESSER II	84.425D
COVID-19 - ARP-ESSER	84.425U
COVID-19 - ARP-Full Day Universal Pre-K	84.425U
21 st Century Community Learning	84.287C
School Lunch Program	10.555
School Breakfast Program	10.553
Summer Food Service Program	10.559
COVID-19-Supply Chain Assistance	10.555
Fresh Fruit and Vegetables	10.582

FALLSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Fallsburg Central School District was determined to be a low-risk auditee.

Findings – Financial Statements Audit
None

Findings and Questioned Costs – Major Federal Awards Program Audit
None

FALLSBURG CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2023

There were no findings in the prior year.

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Fallsburg Central School District as of June 30, 2023, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Fallsburg Central School District as listed in the table of contents.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the Fallsburg Central School District as of June 30, 2023, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

Basis for Opinion

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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, 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 Extraclassroom Activity Funds of the Fallsburg Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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.

This report is intended solely for the information and use of the school board governing body and management of the Extraclassroom Activity Funds of Fallsburg Central School District, and for filing with the various offices and agencies of the State of New York. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Cooper Arias, LLP

Mongaup Valley, New York
October 3, 2023

FALLSBURG CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
YEAR ENDED JUNE 30, 2023

ASSETS	
Cash	\$ 102,932
TOTAL ASSETS	<u>102,932</u>
FUND BALANCE	<u><u>\$ 102,932</u></u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE- CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

<u>ACTIVITY</u>	<u>CASH & FUND BALANCE 7/1/22</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH & FUND BALANCE 6/30/23</u>
Class of 2022	\$ 94.00	\$ -	\$ 94	\$ -
Class of 2023	872	13,645	13,731	786
Class of 2024	8,330	20,846	20,925	8,251
Class of 2025	12,112	6,826	4,954	13,984
Class of 2026	2,821	6,601	4,729	4,693
Class of 2027	1,364	1,296	557	2,103
Class of 2028	-	3,439	1,564	1,875
Leo Club	338	300	-	638
BCES SGA	2,473	1,512	2,151	1,834
Band Club	885	2,002	2,000	887
Band Club Scholarship	26,244	1,582	2,000	25,826
Drama Club	6,806	5,440	4,554	7,692
Key Club	670	-	118	552
Music Club	836	-	-	836
Students Against Drunk Driving	1,819	-	-	1,819
Student Government Assn-High School	6,865	11,702	10,681	7,886
Yearbook-High School	7,739	11,161	6,797	12,103
Robotics Club	342	1,260	891	711
Young Entrepreneur's Club	22	2,205	1,716	511
PBIS	192	-	191	1
Environmental Club	817	1,160	856	1,121
Builders Club	480	-	-	480
Interact Club	1,188	1,513	1,166	1,535
Cheer Club	2,214	1,403	757	2,860
Skills for Life	1,482	-	-	1,482
Art Club	323	463	-	786
NYS Sales Tax	1,497	2,298	2,115	1,680
TOTALS	<u>\$ 88,825</u>	<u>\$ 96,654</u>	<u>\$ 82,547</u>	<u>\$ 102,932</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

FALLSBURG CENTRAL SCHOOL DISTRICT
HIGH SCHOOL EXTRACLASSROOM ACTIVITY FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - DESCRIPTION OF OPERATIONS

Student activity funds are defined by the New York State Education Department as “funds raised other than by taxation, or through charges of a Board of Education, for, by or in the name of a school, student body or any subdivision thereof.”

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school activity funds in accordance with established policies and rules of the District’s Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The books and records of the High School Extraclassroom Activity Fund of the Fallsburg Central School District are maintained on the cash basis of accounting. Consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.

Interest Income

Interest earned from the investment of the activity fund is distributed pro-rata to all activities having a cash balance.

Bank Charges

All bank service charges have been charged to the respective activity fund.

Inactive Accounts

The District’s policy is to transfer account balance of inactive clubs to the Student Council Fund.