HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022
INCLUDING REPORTS ON FEDERAL AWARDS
AND EXTRACLASSROOM ACTIVITY FUNDS

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
JUNE 30, 2022
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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of
Highland Falls-Fort Montgomery Central School District
Highland Falls, New York 10928

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Highland Falls-Fort Montgomery Central School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 and each major fund of the Highland Falls-Fort Montgomery Central School District, as of June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, management has adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. 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 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 Highland Falls-Fort Montgomery Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Highland Falls-Fort Montgomery 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Highland Falls-Fort Montgomery Central School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 4-14 and 61-65 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 Highland Falls-Fort Montgomery Central School District's basic financial statements. The supplemental schedules on pages 67-69 are required by the New York State Education Department and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 67-69 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2022, on our consideration of the Highland Falls-Fort Montgomery Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Highland Falls-Fort Montgomery Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Highland Falls-Fort Montgomery Central School District's internal control over financial reporting and compliance.

Nugent + Haeussler, P.C.

Montgomery, New York
October 15, 2022

Management Discussion and Analysis

Introductory Section

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

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2022 are as follows:

- District tax levy increase was 0% which was below the computed property tax cap limit for 2021-2022 school taxes.
- The District received additional Aid through the Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act in the amount of $803,542.

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements (Continued)

The following table summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements		
	District-Wide Statements	Governmental Funds Financial Statements
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/out flow 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

District-Wide Financial Statements

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

The two district-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

District-Wide Financial Statements (Continued)

Fund Financial Statements

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

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

All of the District's funds are governmental funds. The governmental funds include all of the District's basic services. Governmental funds generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information provided in the notes to the financial statements explains the relationship (or differences) between them.

Financial Analysis of the District as a Whole

For the year ended June 30, 2022, the District restated it's beginning of the year net position as a requirement of implementing GASB Statement No. 87. The beginning of the year net position was increased by $519,907 from ($16,177,590) to ($15,657,683). For more information, see Note 17. For the year ended June 30, 2022, the District's net position is $(15,343,620). This is a $314,063 increase from last year's net position as restated. The following table provides a summary of the District's net position:

Summary of Net Position

	School District Activities			
		As Restated		
	June 30, 2022	June 30, 2021	$ Change	% Change
Current Assets	$ 22,083,477	$ 19,932,569	$ 2,150,908	10.79%
Non-Current Assets	44,327,693	34,202,504	10,125,189	29.60%
Total Assets	66,411,170	54,135,073	12,276,097	22.68%
Deferred Outflows of Resources	16,281,424	15,027,988	1,253,436	8.34%
Current Liabilities	5,663,283	4,174,746	1,488,537	35.66%
Non-Current Liabilities	74,334,912	72,068,882	2,266,030	3.14%
Total Liabilities	79,998,195	76,243,628	3,754,567	4.92%
Deferred Inflows of Resources	18,038,019	8,577,116	9,460,903	110.30%
Net Position:				
Net Investment in Capital Assets	18,372,196	17,912,626	459,570	2.57%
Restricted	14,164,369	12,076,377	2,087,992	17.29%
Unrestricted	(47,880,185)	(45,646,686)	(2,233,499)	-4.89%
Total Net Position	$(15,343,620)	$ (15,657,683)	$ 314,063	-2.01%

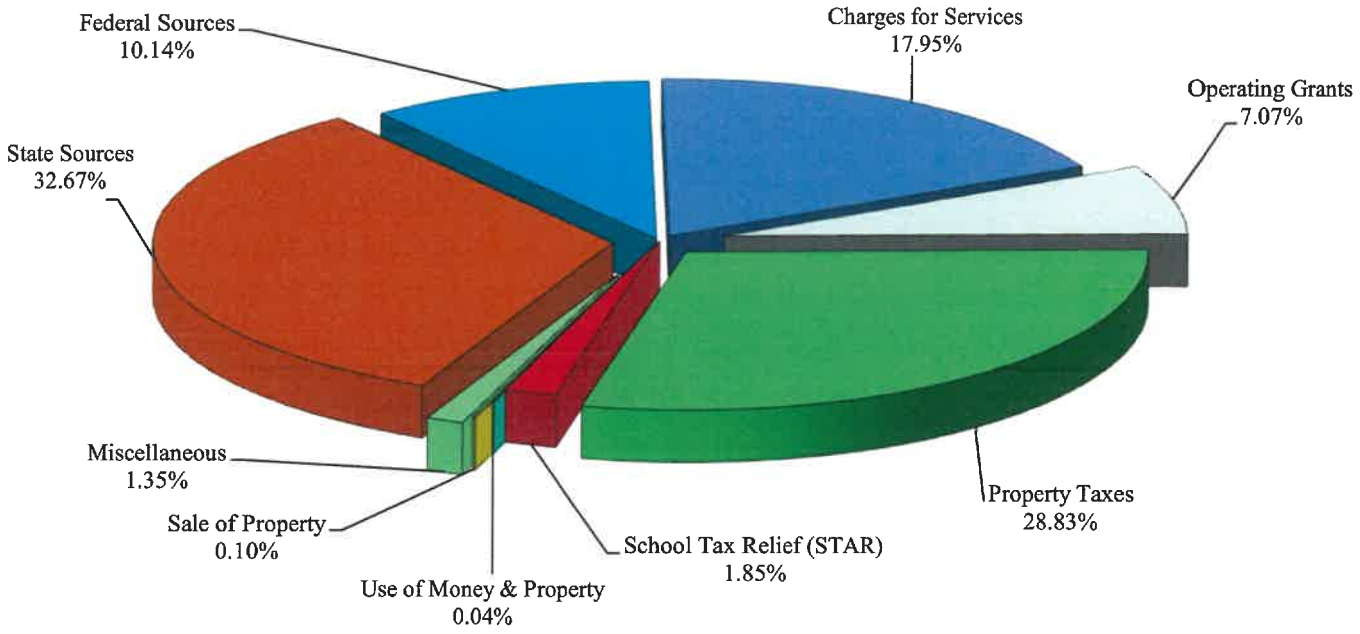
The prior year information provided above has been adjusted to include the restatement of net position to provide a more meaningful comparison of net position.

The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the years ended June 30 2022 and 2021:

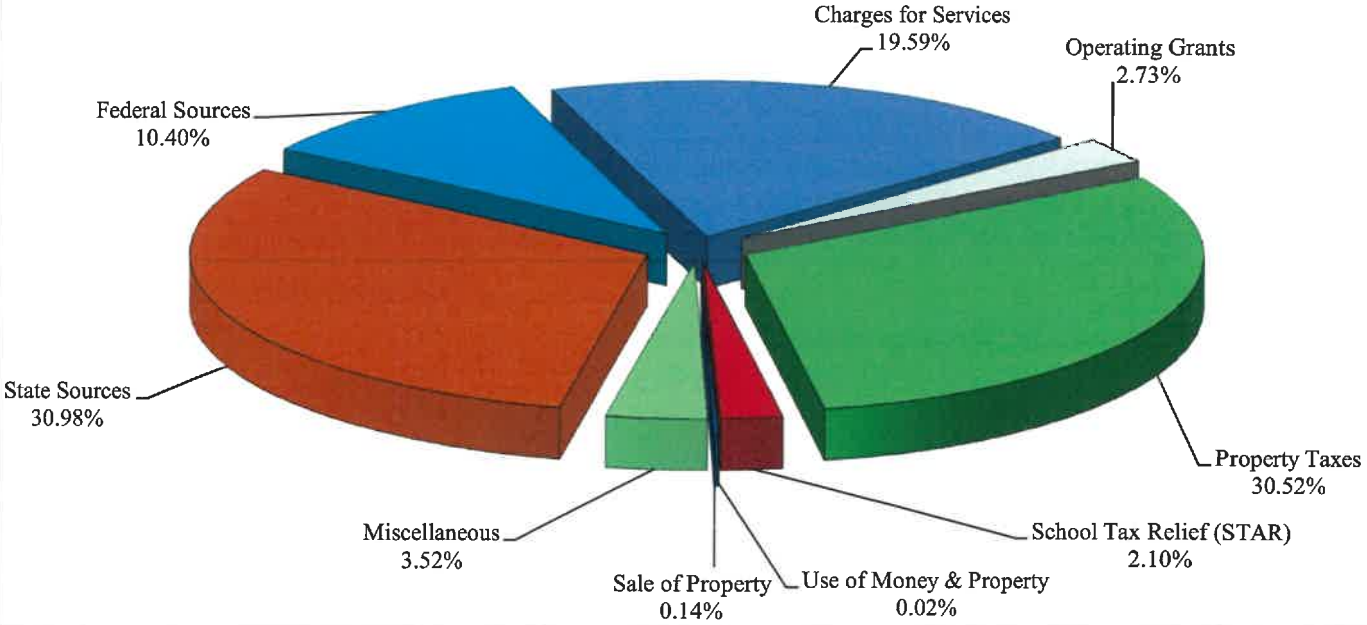
HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION

	FOR THE YEAR ENDED JUNE 30, 2022	%	FOR THE YEAR ENDED JUNE 30, 2021	%	$ Change	%
REVENUES						
PROGRAM REVENUES:						
Charges for Services	$ 6,615,179	17.95%	$ 6,790,176	19.59%	$ (174,997)	-2.58%
Operating Grants	2,605,692	7.07%	945,866	2.73%	1,659,826	175.48%
GENERAL REVENUES:						
Property Taxes	10,626,532	28.83%	10,582,219	30.52%	44,313	0.42%
School Tax Relief (STAR)	682,445	1.85%	726,940	2.10%	(44,495)	-6.12%
Use of Money & Property	14,856	0.04%	8,364	0.02%	6,492	77.62%
Sale of Property	36,927	0.10%	48,156	0.14%	(11,229)	100.00%
Miscellaneous	496,817	1.35%	1,220,362	3.52%	(723,545)	-59.29%
State Sources	12,043,812	32.67%	10,736,984	30.98%	1,306,828	12.17%
Federal Sources	3,738,920	10.14%	3,603,553	10.40%	135,367	3.76%
TOTAL REVENUES	36,861,180	100.00%	34,662,620	100.00%	2,198,560	6.34%
EXPENSES						
General Support	3,870,260	10.59%	4,717,979	13.47%	(847,719)	-17.97%
Instruction	20,743,626	56.77%	17,837,964	50.93%	2,905,662	16.29%
Pupil Transportation	2,606,079	7.13%	1,706,423	4.87%	899,656	52.72%
Employee Benefits	7,153,847	19.57%	9,277,966	26.49%	(2,124,119)	-22.89%
Debt Service Interest	341,124	0.93%	245,259	0.70%	95,865	39.09%
Depreciation and Amortization	1,176,674	3.22%	916,316	2.62%	260,358	28.41%
School Lunch Program	655,507	1.79%	320,924	0.92%	334,583	104.26%
TOTAL EXPENSES	36,547,117	100.00%	35,022,831	100.00%	1,524,286	4.35%
CHANGE IN NET POSITION	$ 314,063		$ (360,211)		$ 674,274	

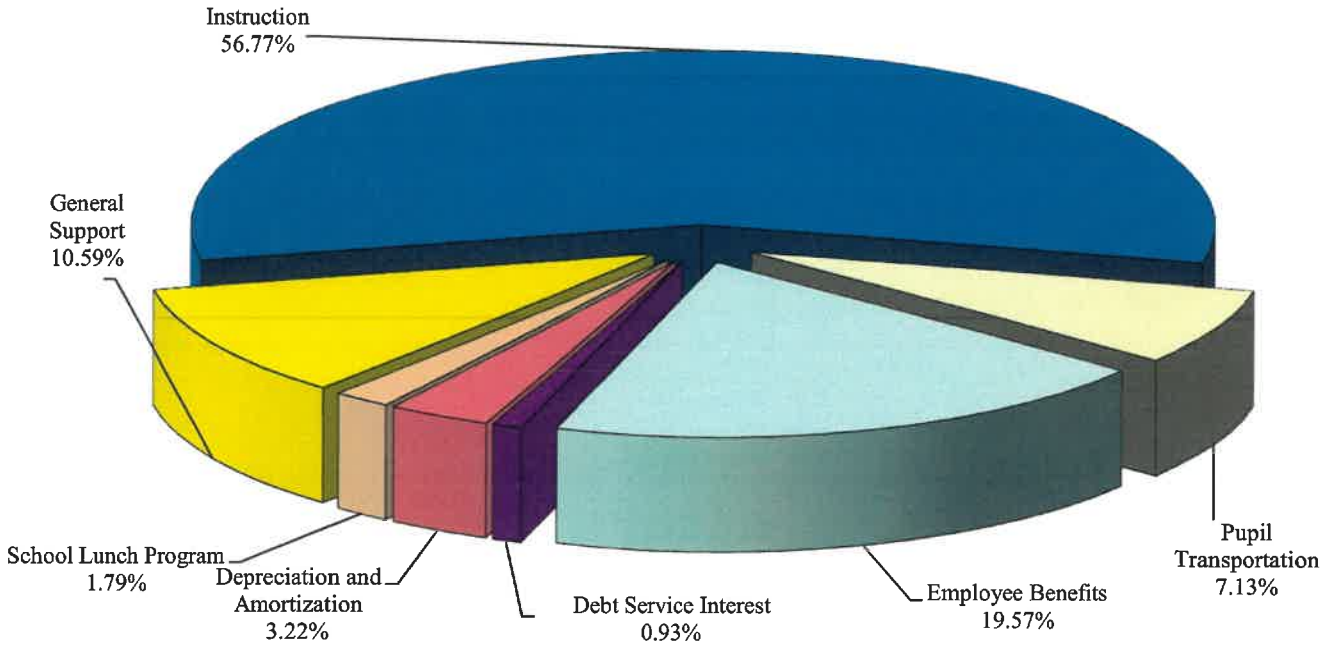
SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



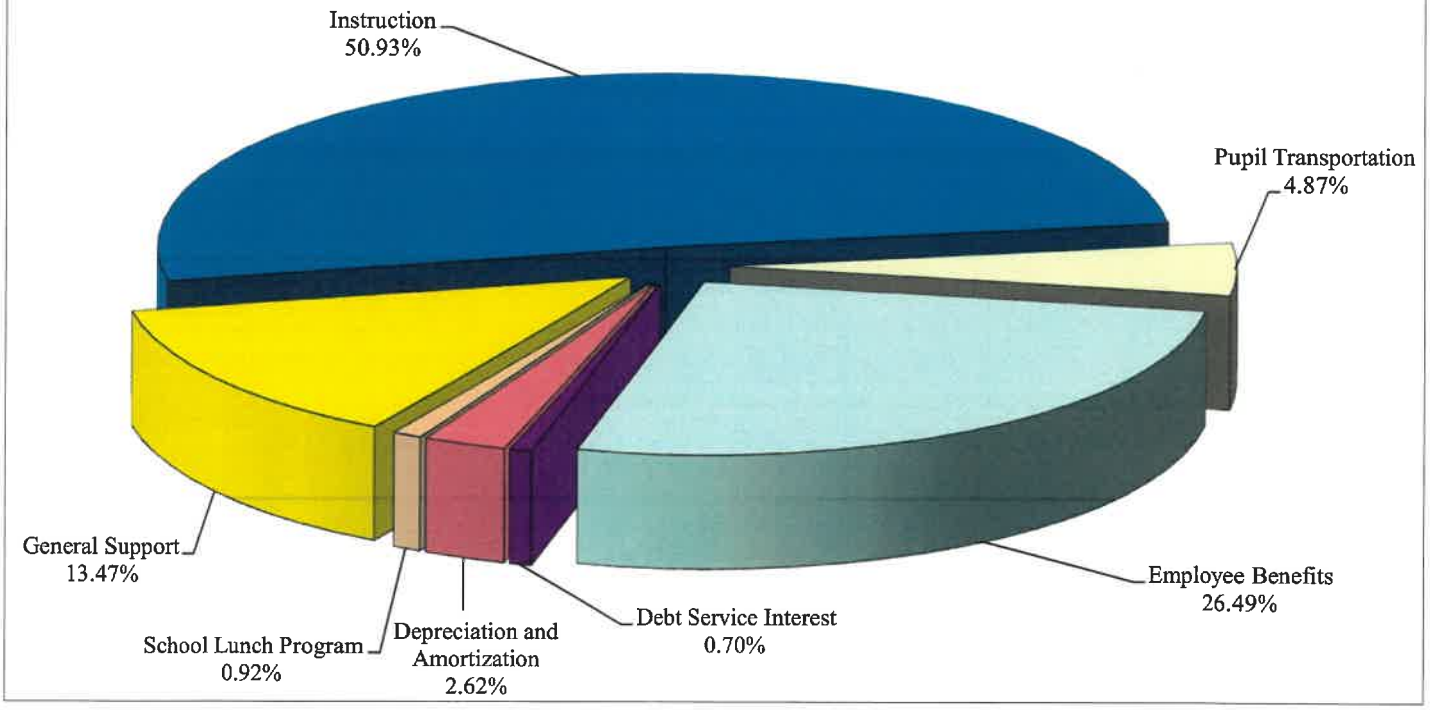
SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021



EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2022



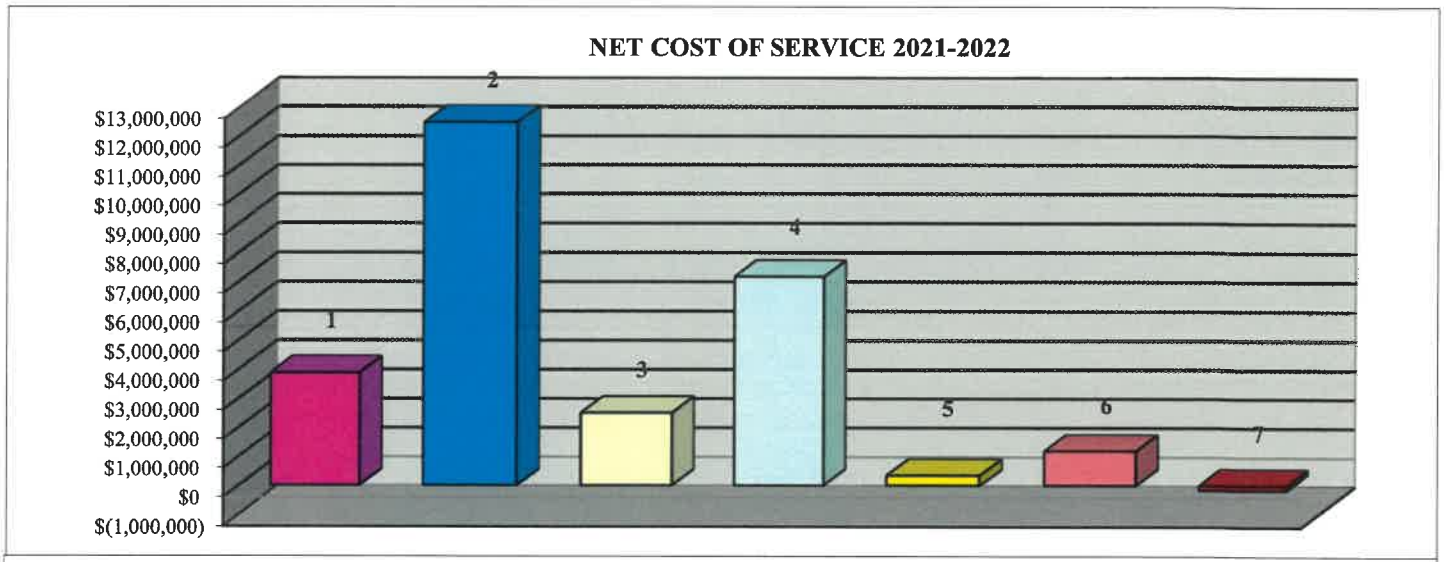
EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

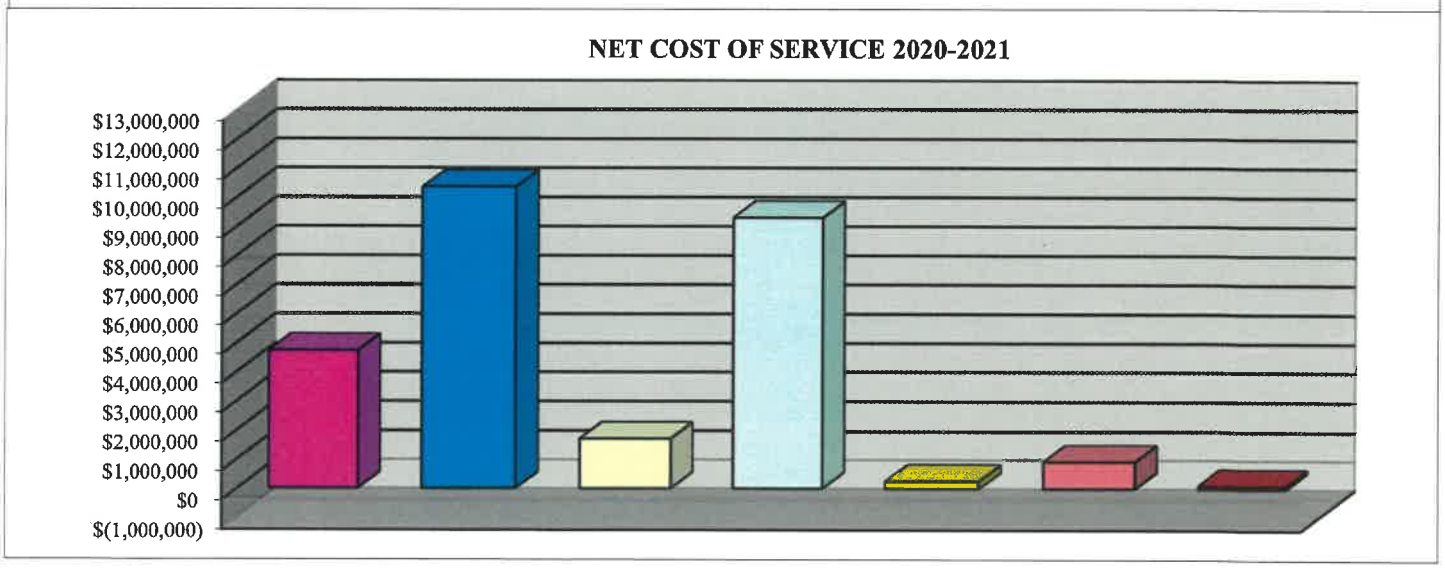


HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2021-2022	NET COST OF SERVICES 2021-2022	TOTAL COST OF SERVICES 2020-2021	NET COST OF SERVICES 2020-2021
General Support	1	$ 3,870,260	$ 3,868,289	$ 4,717,979	$ 4,713,705
Instruction	2	20,743,626	12,452,469	17,837,964	10,331,960
Pupil Transportation	3	2,606,079	2,491,253	1,706,423	1,699,623
Employee Benefits	4	7,153,847	7,153,847	9,277,966	9,277,966
Debt Service - Interest	5	341,124	341,124	245,259	245,259
Depreciation & Amortization	6	1,176,674	1,176,674	916,316	916,316
School Lunch Program	7	655,507	(157,410)	320,924	101,960
		$ 36,547,117	$ 27,326,246	$ 35,022,831	$ 27,286,789





Management Discussion and Analysis
(Continued)

Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Lunch Fund, Miscellaneous Special Revenue, Debt Service Fund and Capital Projects Fund. The total fund balances allocated between nonspendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

	June 30, 2022				
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	$ 0	$ 8,087,125	$ 126,040	$ 8,393,611	$ 16,606,776
Special Aid	0	12,839	0	0	12,839
School Lunch	13,032	212,508	0	0	225,540
Special Revenue	0	134,558	0	0	134,558
Capital Projects	0	580,141	0	0	580,141
Debt Service	0	565,981	0	0	565,981
	$ 13,032	$ 9,593,152	$ 126,040	$ 8,393,611	$ 18,125,835

	June 30, 2021				
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	$ 0	$ 8,083,734	$ 367,304	$ 7,463,456	$ 15,914,494
Special Aid	0	12,839	0	0	12,839
School Lunch	10,257	57,873	0	0	68,130
Special Revenue	0	115,321	0	0	115,321
Capital Projects	0	727,243	0	0	727,243
Debt Service	0	565,848	0	0	565,848
	$ 10,257	$ 9,562,858	$ 367,304	$ 7,463,456	$ 17,403,875

General Fund Budgetary Highlights

The original budget for the General Fund was revised by $15,927 during the year. The supplemental appropriations consisted of Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act.

In the General Fund for the fiscal year ended June 30, 2022, actual revenues were less than the final budgeted revenues by $313,308 (.91%). Revenue sources significantly less than budget were from expected charges for services.

Actual expenditures and encumbrances were less than the final budgeted expenditures by $1,246,854 (3.57%). The District monitored expenses and looked for ways to reduce cost.

Management Discussion and Analysis
(Continued)

General Fund Budgetary Highlights (Continued)

Factors that continue to affect the budget process are as follows:

- Property Tax Cap – The Property Tax Cap continues to put constraints on the budgeting process as we are limited to the revenues that can be raised; limiting the increases to the expenditure budget.

- Employees Retirement Contributions and Teachers Retirement Contribution have been fluctuating during the past few budget seasons. These fluctuations will be monitored in future years as it can affect other areas in the budget in a negative way.

- Affordable Care Act – The District continues to anticipate expenses and fees that will increase District health care costs as well as increases in the administration of soft costs related to managing the program. Calendar year 2015 was the first year that the District reported detailed health insurance information to the IRS for the employees of the District.

Management believes that the budget adopted for 2022-2023 is reasonably adaptable to any adverse changes that may arise based on the above factors.

Other Fund Highlights

The Special Aid Fund ended the year with a fund balance of $12,839.

The School Lunch Program Fund ended the year with a fund balance of $225,540. Revenue and other sources exceeded expenditures by $157,410.

The Capital Projects Fund ended the year with a fund balance of $580,141. The District continued capital projects at the High School during the year.

Debt Service Fund ended the year with a fund balance of $565,981. This fund balance will be appropriated in future years to offset principal and interest payments.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2022, was $33,177,947. The total decrease in net investment was 3.00% for the District as a whole (see schedule below). The District's investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2021 was $34,202,503. The District expended $147,102 to acquire equipment and construct capital assets during the fiscal year end. Depreciation expense for the year was $954,760.

CAPITAL ASSETS
Net of Accumulated Depreciation and Amortization

	School District Activities		
	June 30, 2022	June 30, 2021	% Change
Non-Depreciable Assets:			
Land	$ 152,475	$ 152,475	0.00%
Construction in Progress	23,385,802	23,238,700	0.63%
Depreciable Assets:			
Land Improvements	168,759	201,773	-16.36%
Building and Improvements	8,878,966	9,687,477	-8.35%
Furniture and Equipment	132,112	236,759	-44.20%
Vehicles	14,704	23,292	-36.87%
Amortizable Assets:			
Furniture and Equipment	445,129	662,027	-32.76%
TOTALS	$ 33,177,947	$ 34,202,503	-3.00%

Long-Term Debt

At the end of the year, the District had total bonded debt outstanding of $15,290,000. This amount is backed by the full faith and credit of the Highland Falls-Fort Montgomery Central School District with debt service fully funded by voter approved property taxes. Activity in bonded debt outstanding during the fiscal year was as follows:

	Beginning Balance	Issued	Paid	Ending Balance
Total Bonded Debt Outstanding	$ 16,875,000	$ 0	$ 1,585,000	$ 15,290,000

Bond Ratings

Moody's Investors Service ("Moody's") has assigned a rating of "A1" to outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investors Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Christopher Carballo, Assistant Superintendent for Business, at the District's business offices at 21 Morgan Road, Highland Falls, New York 10928.

SCHEDULE #1

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

ASSETS		
Unrestricted Cash	$	6,143,362
Restricted Cash		9,593,152
State & Federal Aid Receivable		2,535,913
Due from Other Governments		3,794,258
Other Receivables, Net		3,760
Inventories		13,032
Net Pension Asset-Proportionate Share		11,149,746
Right to Use Asset, Net		445,129
Non Depreciable Capital Assets		23,538,277
Depreciable Capital Assets, Net		9,194,541
TOTAL ASSETS		66,411,170
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits		8,933,284
Pensions		7,348,140
TOTAL DEFERRED OUTFLOWS OF RESOURCES		16,281,424
LIABILITIES		
Accounts Payable		2,077,263
Accrued Liabilities		57,423
Due to Other Governments		1
Due to Teachers' Retirement System		1,346,741
Due to Employees' Retirement System		91,681
Other Liabilities		5,726
Unearned Revenue		19,022
Deferred Revenues		373,062
Long-term Liabilities:		
Due and Payable Within One Year:		
Bonds Payable		1,645,000
Lease Liability		47,364
Due and Payable In More Than One Year:		
Bonds Payable		13,645,000
Lease Liability		48,528
Compensated Absences		1,290,715
Other Postemployment Benefits		59,350,669
TOTAL LIABILITIES		79,998,195
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits		4,111,350
Pensions		13,926,669
TOTAL DEFERRED INFLOWS OF RESOURCES		18,038,019
NET POSITION		
Net Investment in Capital Assets		18,372,196
Restricted		14,164,369
Unrestricted (Deficit)		(47,880,185)
TOTAL NET POSITION	$	(15,343,620)

See notes to financial statement.

SCHEDULE #2

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		PROGRAM REVENUES		
FUNCTIONS & PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE & CHANGES IN NET POSITION
General Support	$ (5,000,596)	$ 1,971	$ 0	$ (4,998,625)
Instruction	(27,239,705)	6,597,967	1,693,190	(18,948,548)
Pupil Transportation	(3,291,131)	0	114,826	(3,176,305)
Debt Service - Interest	(341,124)	0	0	(341,124)
School Lunch Program	(674,561)	15,241	797,676	138,356
TOTAL FUNCTIONS & PROGRAMS	$ (36,547,117)	$ 6,615,179	$ 2,605,692	(27,326,246)
GENERAL REVENUES				
Real Property Taxes				10,626,532
Other Tax Items				682,445
Use of Money & Property				14,856
Sale of Property & Compensation for Loss				36,927
Miscellaneous				496,817
State Sources				12,043,812
Federal Sources				3,738,920
TOTAL GENERAL REVENUES				27,640,309
CHANGE IN NET POSITION				314,063
NET POSITION, BEGINNING OF YEAR, AS RESTATED				(15,657,683)
NET POSITION, END OF YEAR				$ (15,343,620)

See notes to financial statement.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	GENERAL	SPECIAL AID	SCHOOL LUNCH	MISCELLANEOUS SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Unrestricted Cash	$ 6,143,362	$ 0	$ 0	$ 0	$ 0	$ 0	$ 6,143,362
Restricted Cash	8,740,096	6,005	81,375	134,558	148,984	482,134	9,593,152
State & Federal Aid Receivable	1,101,543	1,297,510	136,860	0	0	0	2,535,913
Due from Other Governments	3,794,258	0	0	0	0	0	3,794,258
Due from Other Funds	1,154,791	22,392	0	0	431,376	83,847	1,692,406
Other Receivables, Net	3,760	0	0	0	0	0	3,760
Inventories	0	0	13,032	0	0	0	13,032
TOTAL ASSETS	$ 20,937,810	$ 1,325,907	$ 231,267	$ 134,558	$ 580,360	$ 565,981	$ 23,775,883
LIABILITIES & FUND BALANCES							
LIABILITIES							
Accounts Payable	$ 2,063,826	$ 13,437	$ 0	$ 0	$ 0	$ 0	$ 2,077,263
Accrued Liabilities	44,146	0	0	0	0	0	44,146
Due to Other Governments	0	0	1	0	0	0	1
Due to Other Funds	515,097	1,177,090	0	0	219	0	1,692,406
Due to Teachers' Retirement System	1,346,741	0	0	0	0	0	1,346,741
Due to Employees' Retirement System	91,681	0	0	0	0	0	91,681
Other Liabilities	0	0	5,726	0	0	0	5,726
Unearned Revenue	19,022	0	0	0	0	0	19,022
Deferred Revenues	250,521	122,541	0	0	0	0	373,062
TOTAL LIABILITIES	4,331,034	1,313,068	5,727	0	219	0	5,650,048
FUND BALANCES							
Nonspendable	0	0	13,032	0	0	0	13,032
Restricted	8,087,125	12,839	212,508	134,558	580,141	565,981	9,593,152
Assigned	126,040	0	0	0	0	0	126,040
Unassigned	8,393,611	0	0	0	0	0	8,393,611
TOTAL FUND BALANCES	16,606,776	12,839	225,540	134,558	580,141	565,981	18,125,835
TOTAL LIABILITIES & FUND BALANCES	$ 20,937,810	$ 1,325,907	$ 231,267	$ 134,558	$ 580,360	$ 565,981	$ 23,775,883

See notes to financial statement.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
ASSETS & DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Unrestricted Cash	$ 6,143,362	$ 0	$ 0	$ 6,143,362
Restricted Cash	9,593,152	0	0	9,593,152
State & Federal Aid Receivable	2,535,913	0	0	2,535,913
Due from Other Governments	3,794,258	0	0	3,794,258
Due from Other Funds	1,692,406	0	(1,692,406)	0
Other Receivables, Net	3,760	0	0	3,760
Inventories	13,032	0	0	13,032
Net Pension Asset-Proportionate Share	0	11,149,746	0	11,149,746
Pright to Use Asset, Net		445,129	0	445,129
Non Depreciable Capital Assets	0	23,538,277	0	23,538,277
Depreciable Capital Assets, Net	0	9,194,541	0	9,194,541
TOTAL ASSETS	23,775,883	44,327,693	(1,692,406)	66,411,170
DEFERRED OUTLFOWS OF RESOURCES				
Other Postemployment Benefits	0	8,933,284	0	8,933,284
Pensions	0	7,348,140	0	7,348,140
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$ 23,775,883	$ 60,609,117	$ (1,692,406)	$ 82,692,594
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES / NET POSITION				
LIABILITIES				
Accounts Payable	$ 2,077,263	$ 0	$ 0	$ 2,077,263
Accrued Liabilities	44,146	13,277	0	57,423
Due to Other Governments	1	0	0	1
Due to Other Funds	1,692,406	0	(1,692,406)	0
Due to Teachers' Retirement System	1,346,741	0	0	1,346,741
Due to Employees' Retirement System	91,681	0	0	91,681
Other Liabilities	5,726	0	0	5,726
Unearned Revenue	19,022	0	0	19,022
Deferred Revenue	373,062	0	0	373,062
Bonds Payable	0	15,290,000	0	15,290,000
Compensated Absences	0	1,290,715	0	1,290,715
Other Postemployment Benefits	0	59,350,669	0	59,350,669
Lease Liability	0	95,892	0	95,892
TOTAL LIABILITIES	5,650,048	76,040,553	(1,692,406)	79,998,195
DEFERRED INFLOWS OF RESOURCES				
Other Postemployment Benefits	0	4,111,350	0	4,111,350
Pensions	0	13,926,669	0	13,926,669
TOTAL DEFERRED INFLOWS OF RESOURCES	0	18,038,019	0	18,038,019
FUND BALANCES / NET POSITION	18,125,835	(33,469,455)	0	(15,343,620)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES / NET POSITION	$ 23,775,883	$ 60,609,117	$ (1,692,406)	$ 82,692,594

See notes to financial statement.

SCHEDULE #5

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL	SPECIAL AID	SCHOOL LUNCH	MISCELLANEOUS SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Real Property Taxes	$ 10,626,532	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,626,532
Other Tax Items	682,445	0	0	0	0	0	682,445
Charges for Services	6,599,938	0	0	0	0	0	6,599,938
Use of Money & Property	14,565	0	0	158	0	133	14,856
Sale of Property & Compensation for Loss	36,927	0	0	0	0	0	36,927
Miscellaneous	395,938	0	1,803	100,879	0	0	498,620
State Sources	12,180,821	401,232	13,816	0	0	0	12,595,869
Federal Sources	3,738,920	1,269,775	783,860	0	0	0	5,792,555
Sales	0	0	13,438	0	0	0	13,438
TOTAL REVENUES	34,276,086	1,671,007	812,917	101,037	0	133	36,861,180
EXPENDITURES							
General Support	3,800,076	70,184	5,309	0	0	0	3,875,569
Instruction	19,143,382	1,513,185	0	81,800	0	0	20,738,367
Pupil Transportation	2,462,547	143,532	0	0	0	0	2,606,079
Employee Benefits	6,122,891	25,115	0	0	0	0	6,148,006
Debt Service:							
Principal	1,631,229	0	0	0	0	0	1,631,229
Interest	342,670	0	0	0	0	0	342,670
Cost of Sales	0	0	650,198	0	0	0	650,198
Capital Outlay	0	0	0	0	147,102	0	147,102
TOTAL EXPENDITURES	33,502,795	1,752,016	655,507	81,800	147,102	0	36,139,220
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	773,291	(81,009)	157,410	19,237	(147,102)	133	721,960
OTHER SOURCES & USES							
Operating Transfers In	0	81,009	0	0	0	0	81,009
Operating Transfers Out	(81,009)	0	0	0	0	0	(81,009)
TOTAL OTHER SOURCES & USES	(81,009)	81,009	0	0	0	0	0
NET CHANGE IN FUND BALANCES	692,282	0	157,410	19,237	(147,102)	133	721,960
FUND BALANCES, BEGINNING OF YEAR	15,914,494	12,839	68,130	115,321	727,243	565,848	17,403,875
FUND BALANCES, END OF YEAR	$ 16,606,776	$ 12,839	$ 225,540	$ 134,558	$ 580,141	$ 565,981	$ 18,125,835

See notes to financial statement.

SCHEDULE #6

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
REVENUES						
Real Property Taxes	$ 10,626,532	$ 0	$ 0	$ 0	$ 0	$ 10,626,532
Other Tax Items	682,445	0	0	0	0	682,445
Charges for Services	6,599,938	0	0	0	0	6,599,938
Use of Money & Property	14,856	0	0	0	0	14,856
Sale of Property & Compensation for Loss	36,927	0	0	0	0	36,927
Miscellaneous	498,620	0	0	0	0	498,620
State Sources	12,595,869	0	0	0	0	12,595,869
Federal Sources	5,792,555	0	0	0	0	5,792,555
Sales	13,438	0	0	0	0	13,438
TOTAL REVENUES	36,861,180	0	0	0	0	36,861,180
EXPENDITURES						
General Support	3,875,569	0	112,973	0	1,012,054	5,000,596
Instruction	20,738,367	10,274	1,039,632	0	5,451,432	27,239,705
Pupil Transportation	2,606,079	0	0	0	685,052	3,291,131
Employee Benefits	6,148,006	1,005,841	0	0	(7,153,847)	0
Debt Service:						
Principal	1,631,229	0	(46,229)	(1,585,000)	0	0
Interest	342,670	(1,546)	0	0	0	341,124
Cost of Sales	650,198	0	19,054	0	5,309	674,561
Capital Outlay	147,102	0	(147,102)	0	0	0
TOTAL EXPENDITURES	36,139,220	1,014,569	978,328	(1,585,000)	0	36,547,117
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	721,960	(1,014,569)	(978,328)	1,585,000	0	314,063
OTHER SOURCES & USES						
Operating Transfers In	81,009	0	0	0	(81,009)	0
Operating Transfers Out	(81,009)	0	0	0	81,009	0
TOTAL OTHER SOURCES & USES	0	0	0	0	0	0
NET CHANGE FOR THE YEAR	$ 721,960	$ (1,014,569)	$ (978,328)	$ 1,585,000	$ 0	$ 314,063

See notes to financial statement.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of the Highland Falls-Fort Montgomery Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight and administrative involvement over these funds. The Extraclassroom Activity Funds have designated student management that is overseen by faculty advisors. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds have been included in this report. The District accounts for extraclassroom activities in its Miscellaneous Special Revenue Fund.

B. Joint Venture

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Joint Venture (Continued)

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

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

During the year ended June 30, 2022, the Highland Falls-Fort Montgomery Central School District was billed $5,965,759 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $910,075. Financial statements for BOCES are available from the BOCES administrative office at Gibson Road, Goshen, New York 10924.

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. 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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Net Position presents the financial position of the District at year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended in those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Basis of Presentation (Continued)

2. Funds Statements

The fund statements provide information about the District's governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue funds include the following:

Special Aid Fund: Used to account for proceeds received from State and Federal grants that are restricted for specific educational programs.

School Lunch Fund: This fund is used to account for the school lunch operations. The school lunch operation is supported by federal and state grants and charges participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for other proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes and the specific revenue sources continue to make up a substantial portion of the inflows reported in the fund. Revenue reported in this fund includes gifts and donations that are restricted for scholarships and revenue generated by students through extraclassroom activities that are restricted for extraclassroom activities. Other resources, such as investment earnings and transfers, may also be reported in the fund.

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

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

D. Measurement Focus and Basis of Accounting

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

The District-wide 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.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and became a lien on August 26, 2021. Taxes were collected by the Town of Highlands during the period September 1, 2021 through November 5, 2021.

Uncollected real property taxes are subsequently enforced by Orange County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

G. Interfund Transactions

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types. Eliminations have been made for all interfund receivables and payables between the funds.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

G. Interfund Transactions (Continued)

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and Investments

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

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

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

J. Accounts Receivable

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

K. Leases Receivable

Leases receivable are recorded at the net present value of the lease, with a corresponding deferred inflow of resources.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

L. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. A reserve for these non-liquid assets has been recognized in the School Lunch Fund to signify that a portion of fund balance is not available for other subsequent expenditures.

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

M. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants

N. Capital Assets

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$ 5,000	Straight Line	50 years
Land Improvements	5,000	Straight Line	15 - 25 years
Furniture and Equipment	5,000	Straight Line	5 - 20 years
Vehicles	5,000	Straight Line	5 - 20 years

O. Right to Use Assets

A right to use asset is a lessee's right to use an asset over the life of the lease. Right to use assets are reported at present value.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

P. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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. For additional information on pensions, see Note10. The second relates to OPEB reporting in the district wide Statement of Net Position. For additional information on other postemployment benefits, see Note 12.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(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 is related to pensions reported in the district-wide Statement of Net Position. For additional information on deferred inflows related to pensions, see Note 10. The second is related to OPEB reported in the district wide Statement of Net Position. For additional information on deferred inflows related to other postemployment benefits, see Note 12.

Q. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

R. Vested Employee Benefits

1. Compensated Absences

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 in varying time periods.

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

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Vested Employee Benefits (Continued)

2. Other Benefits

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

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District.

Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

S. Short-Term Debt

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

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

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

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

T. Accrued Liabilities and Long-Term Obligations

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

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

U. Equity Classifications

1. District-wide Statements

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

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

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

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

2. Funds Statements

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

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance includes inventory in the School Lunch Fund of $13,032.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation. All encumbrances of funds other than General Fund are classified as restricted fund balance. The District has established the following reserves that have been included in restricted fund balance:

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Funds Statements (Continued)

Capital Reserve

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

Unemployment Insurance Reserve

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

Tax Certiorari Reserve

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

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

Retirement Contribution Reserve

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Funds Statements (Continued)

Teachers Retirement Contribution Reserve

According to amendments to General Municipal Law §6-r, this reserve must be used to finance retirement contributions to the New York State Teachers Retirement System ("TRS") and/or offset all or some of the amount deducted from the moneys apportioned to the District from the state under Education Law § 521. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. The amount of moneys contributed to the TRS Sub-fund annually cannot exceed 2% of the total salaries of all teachers employed by the District paid during the previous fiscal year. In addition, the total balance of the TRS Sub-fund cannot exceed 10% of the total salaries of all teachers employed by the District paid during the previous fiscal year.

Restricted fund balance at June 30, 2022 consisted of:

General Fund:		
Capital Reserve	$ 6,251,855	
Unemployment Insurance Reserve	100,000	
Tax Certiorari Reserve	303,293	
Employee Benefit Accrued Liability Reserve	425,936	
Teacher Retirement System Reserve	606,041	
Retirement Contribution Reserve	400,000	
General Fund Total		$ 8,087,125
Special Aid Fund		12,839
School Lunch Fund		212,508
Miscellaneous Special Revenue:		
Scholarships		18,725
Extraroom Activities		115,833
Capital Fund		580,141
Debt Service Fund		565,981
Total Restricted Fund Balance		$ 9,593,152

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The District did not classify any of its fund balances as committed as of June 30, 2022.

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

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Funds Statements (Continued)

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

Order of Use of Fund Balance:

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

Limitation on Unexpended Surplus Funds:

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

V. New Accounting Standards

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

- GASB Statement 87, *Leases,* effective for the year ending June 30, 2022.
- GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,,* effective for the year ending June 30, 2022.
- GASB Statement 92, *Omnibus 2020,* effective for the year ending June 30, 2022.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, ,* effective for the year ending June 30, 2022.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

V. New Accounting Standards (Continued)

GASB has issued Statement 87, *Leases*, which will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were not classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under, this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has implemented Statement 87 as required.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The District has implemented Statement 89 as required.

GASB has issued Statement 92, *Omnibus 2020*, which will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The District has implemented Statement 92 as required.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The District has implemented Statement 97 as required.

W. Future Changes in Accounting Standards

GASB has issued Statement 91, *Conduit Debt Obligations*, which will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

W. Future Changes in Accounting Standards (Continued)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will improve financial reporting by establishing the definitions of public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* which will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB has issued Statement 98, *The Annual Comprehensive Financial Report*, this Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB has issued Statement 99, *Omnibus 2022*, the objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 and/or 2024 financial statements, as applicable.

GASB has issued Statement 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*, the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District is currently studying the Statement and plans to adopt it when required,

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

W. Future Changes in Accounting Standards (Continued)

which will be for the June 30, 2024 financial statements.

GASB has issued Statement 101, *Compensated Absences*, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2025 financial statements.

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

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2022 were as follows:

Original Cost of Capital Assets	$ 58,355,851
Accumulated Depreciation	(25,623,033)
	$ 32,732,818

2. The cost of right to use assets (equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those right to use assets among the assets of the District as a whole, with the present value capitalized and amortization expensed annually over the period of use. The balances at June 30, 2022 are as follows:

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities: (Continued)

Original Cost of Right of Use Assets	$ 1,001,576
Accumulated Amortization	(556,447)
	$ 445,129

4. In the Statement of Net Position, a liability is recognized for the District's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the District participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the District's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at June 30, 2022 were as follows:

Net Pension Asset - Proportionate Share	$ 11,149,746
Deferred Outflows of Resources - Pensions	7,348,140
Deferred Inflows of Resources - Pensions	(13,926,669)
	$ 4,571,217

5. Interest is accrued in the Statement of Net Position, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expended when it is due, and thus requires the use of current financial resources. This liability at June 30, 2022 was as follows:

Accrued Interest	$ 13,277

6. Long-term liabilities and related deferred inflows and outflows are reported in the Statement of Net Position, but not in the Balance Sheet, because the liabilities are not due and payable in the current period. The balances at June 30, 2022 were as follows:

Bonds Payable	$ 15,290,000
Compensated Absences	1,290,715
Deferred Outflow of Resources - OPEB	(8,933,284)
Lease Liability	95,892
Other Postemployment Benefits	59,350,669
Deferred Inflows of Resources - OPEB	4,111,350
	$ 71,205,342

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

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities and Changes in Net Position fall into one of five broad categories. The amounts shown below represent:

1. 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 and Changes in Net Position reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

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

3. 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.

4. Pension Plan Transaction Differences
   Pension plan transactions differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. Other Postemployment Benefit (OPEB) Related Differences
   OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

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

Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds (Schedule 5)	$ 36,861,180
Differences	0
Total revenues in the Statement of Activities (Schedule 2)	$ 36,861,180

Total Expenditures & Other Uses/Expenses

Total expenditures reported in governmental funds (Schedule 5)	$ 36,139,220
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of $147,102 were less than depreciation of $954,760 in the current year.	807,658
When the lease of right to use assets are financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are paid for. However, in the statement of Activities, the present value of those assets is capitalized and the expense is allocated over the period of use and reported as amortization expense. This is the amount by which amortization of $221,914 was more than the present value of the right to use assets of $5,015 purchased in the current year.	216,899
In the Statement of Activities, certain operating expenses (judgments and claims, compensated absences, and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). The amount by which compensated absences earned exceeded the amount paid during the year	10,274

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

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

Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities (Continued)

Total Expenditures & Other Uses/Expenses (Continued)

In the entity wide statements, interest payable is recognized as an accrued liability under full accrual accounting whereas it is not under governmental fund accounting. This is the amount that interest payable last year exceeds the interest payable this. year.	(1,546)
In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost and change in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. However, in the governmental funds, OPEB expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which the OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year.	3,063,539
In the Statement of Activities, pension expense related to ERS and TRS defined benefit pension plans is measured as the change in the District's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) the amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was more than the amount of financial resources expended during the year.	(2,057,698)
Payment of lease principal is an expenditure in the governmental funds, but reduce liabilities in the Statement of Net Position, and does not affect the Statement of Activities.	(46,229)
Repayments of bond and installment debt principal are expenditures in the governmental funds, when they are due and paid but reduce liabilities in the Statement of Net Position, and do not affect the Statement of Activities.	(1,585,000)
Total expenses in the Statement of Activities (Schedule 2)	$ 36,547,117

NOTE 3. CHANGE IN ACCOUNTING PRINCIPLES.

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of the statement establishes criteria for identifying lease activities for accounting and financial reporting purposes. See note 17 for the financial statement impact of the implementation of the statement.

NOTE 4. STEWARDSHIP AND COMPLIANCE.

A. Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5.

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2022.

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

B. Encumbrances

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

NOTE 4. STEWARDSHIP AND COMPLIANCE. (Continued)

C. Other Stewardship and Compliance Matters

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include appropriating sufficient fund balance in the 20221-2023 budget to ensure that the District is compliant with the §1318 limit in the future and potentially adding to underfunded reserves.

NOTE 5. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL.

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

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

Uncollateralized	$ 0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	$ 9,288,884

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $9,593,152 within the governmental funds.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the NYCLASS cooperative as of year-end are $4,221,756,185, which consisted of $1,151,932,926 in repurchase agreements, $2,138,028,618 in U.S. Treasury Bills, $90,053,060 in U. S. Treasury Securities and $841,741,581 in collateralized bank deposits all with various interest rate and due dates.

The following amounts are included as unrestricted and restricted cash:

Fund	Bank Balance	Carrying Amount
General Fund	$ 6,386,625	$ 6,386,625
Capital Projects Fund	19	19
Debt Service Fund	22,400	22,400

NOTE 5. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL. (Continued)

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of Cooperative Liquid Assets Securities System – New York (CLASS).

NOTE 6. CAPITAL ASSETS.

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 152,475	$ 0	$ 0	$ 152,475
Construction in Progress	24,854,617	147,102	(1,615,917)	23,385,802
Total Nondepreciable Assets	25,007,092	147,102	(1,615,917)	23,538,277
Capital assets that are depreciated:				
Land Improvements	777,395	0	116,925	894,320
Buildings and Improvements	31,394,219	0	1,363,672	32,757,891
Furniture & Equipment	818,928	0	111,701	930,629
Vehicles	234,734	0	0	234,734
Total Depreciable Assets	33,225,276	0	1,592,298	34,817,574
Less: Accumulated Depreciation	(24,691,892)	(954,760)	23,619	(25,623,033)
Capital Assets, Net	$ 33,540,476	$ (807,658)	$ 0	$ 32,732,818

Depreciation expense was charged to governmental function as follows:

General Support	$ 112,973
Instruction	822,733
Cost of Sales	19,054
Total Depreciation	$ 954,760

NOTE 7. RIGHT TO USE ASSETS.

Right to use asset balances and activity for the year ended June 30, 2022 were as follows.

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities				
Right to use assets that are amortized:				
Equipment	$1,074,619	$ 5,015	$ (78,058)	$ 1,001,576
Less: Accumulated Amortization	(412,591)	(221,914)	78,058	(556,447)
Right To Use Assets, Net	$ 662,028	$ (216,899)	$ 0	$ 445,129

Amortization expense was charged to governmental functions as follows:

Instruction	$ 221,914
Total Amortization	$ 221,914

NOTE 8. LEASES.

District as Lessee

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance June 30, 2022
Installment Purchase Agreement #2	3/5/2021	4 years	$ 49,721	2.43%	$ 190,553	$ 95,892

The District, as a lessee, has entered into lease agreements with Orange – Ulster BOCES, for Network Printers.

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

	Leases Payable	
For the Year Ended June 30,	Principal	Interest
2023	$ 47,365	$ 2,356
2024	48,527	1,193
Total	$ 95,892	$ 3,549

NOTE 9. LONG-TERM LIABILITIES.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds Payable	$ 16,875,000	$ 0	$ 1,585,000	$ 15,290,000	$ 1,645,000
Total Bonds and Notes Payable	16,875,000	0	1,585,000	15,290,000	1,645,000
Other Liabilities:					
Compensated Absences	1,280,441	239,108	228,834	1,290,715	0
Net Pension Liability-Proportionate Share	1,696,674	(365,507)	1,331,167	0	0
Other Postemployment Benefits	53,705,875	6,814,945	1,170,151	59,350,669	0
Lease Liability	142,121	0	46,229	95,892	47,364
Total Other Liabilities	56,825,111	6,688,546	2,776,381	60,737,276	47,364
Total Long-Term Liabilities	$ 73,700,111	$ 6,688,546	$ 4,361,381	$ 76,027,276	$ 1,692,364

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Existing serial bond and installment purchase obligations are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Balance
Serial Bond	06/16/21	06/15/36	2.0%	$ 14,910,000
Serial Bond	11/14/13	11/01/24	1.5% - 3%	380,000
				$ 15,290,000

	Bonds and Notes Payable	
For the Year Ended June 30,	Principal	Interest
2023	$ 1,645,000	$ 307,569
2024	1,100,000	273,575
2025	1,125,000	248,450
2026	1,060,000	228,400
2027	1,045,000	207,200
2028 - 2036	9,315,000	895,100
TOTAL	$ 15,290,000	$ 2,160,294

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

Interest paid	$ 342,670
Less: Interest accrued in the prior year	(14,823)
Plus: Interest accrued in the current year	13,277
Total interest expense	$ 341,124

NOTE 10. PENSION PLANS.

Employees' Retirement System Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). ERS and the New York State and Local Police and Fire Retirement System (PFRS) are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. Separately issued financial statements for the System can be accessed on the Comptroller's website at www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Teachers' Retirement System Plan Description

The New York State Teachers Retirement System (the TRS System) was created and exists pursuant to Article 11 of the New York State Education Law. The System is the administrator of a cost-sharing, multiple-employer public employee retirement system (PERS), administered by a 10-member Board to

provide pension and ancillary benefits to teachers employed by participating employers in the State of New York, excluding New York City. For additional Plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the System s website located at www.nystrs.org.

ERS Benefits Provided

The ERS System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2

NOTE 10 .PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

NOTE 10. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Special Plans
The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Disability Retirement Benefits
Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits
Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases
A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

TRS Benefits Provided

The benefits provided to members of the TRS System are established by New York State and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

NOTE 10. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credit service times final average salary.

Under Article 19 of the RSSL, eligible Tiers 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of two additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or a reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at ages 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55 through 62 regardless of service credit.

Vested Benefits

Retirement benefits after 5 years of credited service except for Tiers 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations noted for service requirements above.

NOTE 10. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

Prior Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tiers 1 and 2 members may, under certain conditions, claim out of state service.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

Permanent Cost of Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index not to exceed 3% nor be lower than 1%. It is applied to the $18,000 of the annual benefit. The applicable percentage payable beginning September 2019 is 1.0%.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier 6 vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. The District paid 100% of

NOTE 10. PENSION PLANS. (Continued)

Contributions (Continued)

the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. These contributions were as follows:

Year	NYSTRS	NYSERS
2021 - 2022	$ 1,102,235	$ 322,808
2020 - 2021	977,373	349,335
2019 - 2020	1,000,484	309,685

The District chose to prepay the required contributions to ERS by December 15th each year and received a discount.

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

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

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of June 30, 2021 for TRS and March 31, 2022 for ERS. 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 TRS and ERS Systems in reports provided to the District.

At March 31, 2022, the District's proportion of the ERS net pension liability/(asset) was 0.0075761%, which was a decrease of .0000426% from its proportion measured as March 31, 2021.

At June 30, 2021, the District's proportion of the TRS net pension liability/(asset) was 0.060768%, which was a decrease of .0003580% from its proportion measured as June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of ($2,057,698) for ERS and TRS. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 10. PENSION PLANS. (Continued)

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	ERS	TRS	Total	ERS	TRS	Total
Differences between expected and actual experience	$ 46,902	$ 1,451,508	$1,498,410	$ 60,834	$ 54,710	$ 115,544
Changes of Assumptions	1,033,569	3,463,679	4,497,248	17,440	613,366	630,806
Net difference between projected and actual earnings on pension plan investments	0	0	0	2,028,000	11,021,185	13,049,185
Changes in proportion and difference between the District's contributions and proportionate share of contributions	51,482	66,494	117,976	6,547	124,587	131,134
District's contributions subsequent to the measurement date	91,681	1,142,825	1,234,506	0	0	0
Total	$1,223,634	$ 6,124,506	$7,348,140	$2,112,821	$11,813,848	$13,926,669

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

Year Ended:	ERS	TRS
2022	$ 0	$ 1,393,713
2023	138,867	1,612,316
2024	213,690	2,016,269
2025	518,217	2,653,907
2026	110,094	(492,683)
Thereafter	0	(351,355)

Actuarial Assumptions

The total ERS pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The total TRS pension liability at June 30, 2021 was determined by using an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. These actuarial valuations used the following actuarial assumptions.

NOTE 10. PENSION PLANS. (Continued)

Actuarial Assumptions (Continued)

Significant actuarial assumptions used in the actuarial valuations referred to above were as follows:

	ERS	TRS	
Inflation Rate	2.7%	2.40%	
Projected Salary Increases	4.4%	1.95% - 5.18% Rates of increase differ based on age and gender. Calculations have been based upon recent NYSTRS member experience	
		Service	Rate
		5	5.18%
		15	3.64%
		25	2.50%
		35	1.95%
Projected Cost of Living Adjustments	1.4%	1.3% Compounded annually	
Investment Rate of Return	5.90% compounded annually, net of pension plan investment expense including inflation	6.95% compounded annually, net of pension plan investment expense including inflation	
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience	
Mortality Improvement	Society of Actuaries Scale MP-2020	Society of Actuaries Scale MP-2020	

NOTE 10. PENSION PLANS. (Continued)

Actuarial Assumptions (Continued)

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:

	ERS	
Measurement Date	March 31, 2022	
	Target Allocation	Long-term expected real rate of return
Asset Class:		
Domestic Equity	32%	3.30%
International Equity	15%	5.85%
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Opportunistic/ ARF Portfolio	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.80%
Fixed Income	23%	0.00%
Cash	1%	-0.01%
Total	100%	

The real rate of return is net of the long-term inflation assumption of 2.5%.

	TRS	
Measurement Date	June 30, 2021	
	Target Allocation	Long-term expected real rate of return*
Asset Class:		
Domestic Equities	33%	6.80%
International Equities	16%	7.60%
Global Equity	4%	7.10%
Real Estate Equity	11%	6.50%
Private Equity	8%	10.00%
Domestic Fixed Income	16%	1.30%
Global Bonds	2%	0.80%
High Yield Bonds	1%	5.90%
Private Debt	1%	3.30%
Real Estate Debt	7%	3.80%
Cash Equivalents	1%	-0.02%
	100%	

* Real rates of return are net of a long-term inflation assumption of 2.4%.

Discount Rate

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

NOTE 10. PENSION PLANS. (Continued)

Discount Rate (Continued)

The following presents the District's proportionate share of the ERS & TRS net pension liabilities calculated using the discount rates referred to above, as well as what the District's proportionate share of the net pension 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 rates referred to above:

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	$ (1,594,112)	$ 619,316	$ 2,470,742

TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	$ 1,105,015	$ 10,530,430	$ 18,452,807

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the measurement dates indicated below were as follows:

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Employers' total pension asset/(liability)	$ (223,874,888)	$ (130,819,415)
Plan net position	232,049,473	148,148,457
Employer's net pension asset/(liability)	$ 8,174,585	$ 17,329,042
Ratio of plan net position to the employers' total pension asset/(liability)	103.65%	113.25%

Payables to the Pension Plan

For ERS, employer contributions are paid annually in December based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contributions for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to $91,681 of employer contributions. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022. Employer contributions are based on paid TRS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to $1,346,741.

NOTE 11. INTERFUND BALANCES AND ACTIVITY.

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 1,154,791	$ 515,097	$ 0	$ 81,009
Special Aid Fund	22,392	1,177,090	81,009	0
School Lunch Fund	0	0	0	0
Capital Fund	431,376	219	0	0
Debt Service Fund	83,847	0	0	0
Totals	$ 1,692,406	$ 1,692,406	$ 81,009	$ 81,009

Interfund receivables and payables are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

The District typically transfers from the General Fund to the Special Aid Fund to fund the portion of the Summer Handicapped Program not funded by aid from New York State.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS.

General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan ("the District's OPEB plan"), provides OPEB for eligible retired employees, their spouses and their dependent children. The District's OPEB plan is a single-employer defined benefit OPEB plan administered by the District based on employment contracts. As these contracts are renegotiated, eligibility and benefits may change over time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District's OPEB plan subsidizes the cost of healthcare for eligible retired employees, their spouses and their dependent children. Minimum eligibility requirements for postemployment benefits are as follows:

- Employees are eligible for postretirement benefits if he/she has met the following requirements specific to their bargaining unit:

  - Contractual — Age 55 with 5 Years of Service
  - School Related Personnel — Age 55 with 15 Years of Service
  - Teachers — Age 55 with 15 Years of Service
  - Transportation — Age 55 with 5 Years of Service

- The School District reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. Surviving spouses are not eligible for Medicare Part B reimbursement. The duration of the benefits is lifetime for both the retiree and their spouse.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

General Information about the OPEB Plan (Continued)

The retiree is required to make a contribution towards the cost of coverage based upon their cost sharing agreement with the School District. Arrangements are written to identify the percentage that the District pays for the Retiree, then the percentage the District pays for the Spouse. Contribution amounts are the participant's share of the cost multiplied by the blended premium.

	Blended Premium	
Age	Retiree	Spouse
50	$ 12,564	$ 15,780
55	12,564	15,780
60	12,564	15,780
65	7,344	7,992
70	7,344	7,992
75	7,344	7,992
80	7,344	7,992
85	7,344	7,992
90	7,344	7,992

Upon the death of the retiree, surviving spouses will contribute 100% of the cost of the Blended Premium.

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	137
Active employees	142
Total Employees Covered by Benefit Terms	279

Total OPEB Liability

The District's total OPEB liability of $59,350,669 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

Total OPEB Liability (Continued)

Discount Rate	2.16%
Healthcare Cost Trend Rates	Pre-65: 7.35% for 2021, decreasing to an ultimate rate of 4.5% for 2029 and later years
	Post-65: 8.24% for 2021, decreasing to an ultimate rate of 4.5% for 2029 and later years
Current Retirees' Share of Benefit Related Costs	Retirees pay 0% - 50% of the cost of single coverage and 50% - 65% for the spouse/family based on years of service with the District.
Future Retirees' Share of Benefit Related Costs	Retirees pay 0% - 50% of the cost of single coverage and 50% - 65% for the spouse/family based on years of service with the District.

The discount rate was based on a review of the yield derived from the Bond Buyer 20 GO Bond Index.

Mortality rates were based on the SOA Pub-2010 Headcount Weighted Mortality Table, Teacher Classification for Teachers Bargaining Units and General Classification for All Other Bargaining Units.

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

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2021	$53,705,875
Changes for the Year:	
Service cost	2,982,473
Interest	1,239,953
Differences between expected and actual experience	16,954
Changes in assumptions or other inputs	2,575,565
Benefit payments	(1,170,151)
Net Changes	5,644,794
Balance at June 30, 2022	$59,350,669

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 (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	$ 71,400,500	$ 59,350,669	$ 49,931,859

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

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Total OPEB Liability	$ 48,059,018	$ 59,350,669	$ 74,616,595

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

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

For the year ended June 30, 2022, the District recognized OPEB expense of$3,063,539. At June 30, 2022, the District reported the following deferred outflows of resources and deferred inflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,027	$ 1,969,327
Changes of assumptions or other inputs	7,749,835	2,142,023
District's contributions subsequent to the measurement date	1,168,422	0
Total	$ 8,933,284	$ 4,111,350

District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2023	$ 9,535
2024	9,535
2025	183,365
2026	848,746
2027	1,128,038
Thereafter	1,474,293

NOTE 13. RISK MANAGEMENT.

General Information

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

Consortium

The District participates in Orange/Ulster BOCES School District Health Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain limits and the District has essentially transferred all related risk to the pool.

NOTE 14. COMMITMENTS AND CONTINGENCIES.

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

NOTE 15. ENCUMBRANCES.

Encumbrances represent contracts, purchase orders, payroll commitments, tax payables, or legal penalties that are chargeable to an account. They cease to be encumbrances when paid or when the actual liability amount is determined and recorded as an expenditure. As discussed in Note 1, Encumbrances of appropriations of budgets for the year ended June 30, 2022 have been included in the assigned fund balances of the following funds as of June 30, 2022:

General Fund	$ 126,040

NOTE 16. SUBSEQUENT EVENTS.

The District has evaluated subsequent events through October 15, 2022 the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

NOTE 17. RESTATEMENT OF NET POSITION AND FUND BALANCE.

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 Establishes criteria for the recognition of certain lease assets and liabilities that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

The implementation of this statement has resulted in changing the presentation of Lessee and Lessor transactions in the financial statements. Under this Statement, Lessee transactions will now recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Right-to-use lease assets are amortized over the lease term.

Governmental Activities

Net Position Beginning of Year, as Previous Stated	$ (16,177,590)
Plus : Change in Accounting Principle, Right to Use Assets, Net - June 30, 2021	662,028
Less: Change in Accounting Principle, Lease Liability - June 30, 2021	(142,121)
Net Position Beginning of Year, as Restated	$ (15,657,683)

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability					
Service cost	$ 2,982,473	$ 2,161,351	$ 1,874,338	$ 1,689,780	2,050,973
Interest	1,239,953	1,705,042	1,671,126	1,558,482	1,351,506
Changes of benefit terms	0	(249,404)	0	0	0
Differences between expected and actual experience	16,954	(773,854)	(104,682)	(2,718,364)	0
Changes in assumptions or other inputs	2,575,565	4,984,831	2,694,522	(99,982)	(5,872,418)
Benefit payments	(1,170,151)	(1,065,667)	(988,521)	(944,434)	(1,169,827)
Net change in total OPEB liability	5,644,794	6,762,299	5,146,783	(514,518)	(3,639,766)
Total OPEB liability-beginning	53,705,875	46,943,576	41,796,793	42,311,311	45,951,077
Total OPEB liability-ending	$ 59,350,669	$ 53,705,875	$ 46,943,576	$ 41,796,793	42,311,311
Covered-employee payroll	$ 13,774,419	$ 11,798,385	$ 12,433,818	$ 10,754,307	$ 10,373,328
Total OPEB liability as a percentage of covered-employee payroll	430.88%	455.20%	377.55%	388.65%	407.89%

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

* GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2018, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

See paragraph on supplementary schedules included in auditor's report.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) REVISED BUDGET
REVENUES				
LOCAL SOURCES:				
Real Property Taxes	$ 10,623,507	$ 10,623,507	$ 10,626,532	$ 3,025
Other Tax Items	682,445	682,445	682,445	0
Charges for Services	7,400,923	7,400,923	6,599,938	(800,985)
Use of Money & Property	20,000	20,000	14,565	(5,435)
Sale of Property & Compensation for Loss	2,000	2,000	36,927	34,927
Miscellaneous	325,615	325,615	395,938	70,323
STATE SOURCES	12,037,283	12,037,283	12,180,821	143,538
FEDERAL SOURCES	3,481,694	3,497,621	3,738,920	241,299
TOTAL REVENUES	34,573,467	34,589,394	$ 34,276,086	$ (313,308)
APPROPRIATED FUND BALANCE	367,304	367,304		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	$ 34,940,771	$ 34,956,698		

See paragraph on supplementary schedules included in auditor's report.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

EXPENDITURES	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
GENERAL SUPPORT:					
Board of Education	$ 83,811	$ 83,283	$ 71,393	$ 0	$ 11,890
Central Administration	281,735	290,143	284,245	0	5,898
Finance	480,789	512,260	473,243	32,800	6,217
Staff	141,760	174,193	170,603	0	3,590
Central Services	2,577,163	2,678,862	2,384,030	8,337	286,495
Special Items	364,192	361,207	416,562	0	(55,355)
INSTRUCTIONAL:					
Instruction, Administration & Improvement	1,064,905	1,066,715	1,032,851	1,708	32,156
Teaching - Regular School	8,239,952	8,103,243	8,014,096	443	88,704
Programs for Children with Handicapping Conditions	6,531,088	6,817,296	6,646,715	95	170,486
Occupational Education	476,840	476,840	476,840	0	0
Teaching - Special Schools	3,500	3,500	69	0	3,431
Instructional Media	1,309,181	1,475,610	1,328,554	55,267	91,789
Pupil Services	1,820,310	1,815,107	1,644,257	27,390	143,460
PUPIL TRANSPORTATION	2,700,582	2,700,581	2,462,547	0	238,034
EMPLOYEE BENEFITS	6,880,175	6,411,679	6,122,891	0	288,788
DEBT SERVICE:					
Debt Service - Principal	1,235,000	1,585,000	1,631,229	0	(46,229)
Debt Service - Interest	687,788	339,179	342,670	0	(3,491)
TOTAL EXPENDITURES	34,878,771	34,894,698	33,502,795	126,040	1,265,863
OTHER USES:					
Operating Transfers Out	62,000	62,000	81,009	0	(19,009)
TOTAL EXPENDITURES & OTHER USES	$ 34,940,771	$ 34,956,698	33,583,804	$ 126,040	$ 1,246,854
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES			$ 692,282		

See paragraph on supplementary schedules included in auditor's report.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2022

NYSERS Pension Plan
Last 10 Fiscal Years*

	3/31/2022	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
District's proportion of the net pension asset/(liability)	0.0075761%	0.0076187%	0.0073394%	0.0072717%	0.0075748%	0.0077075%	0.0075474%	0.0076673%	0.0076673%
District's proportionate share of the net pension asset/(liability)	$ 619,316	$ (7,586)	$ (1,943,506)	$ (515,221)	$ (244,473)	$ (724,213)	$ (1,211,379)	$ (259,021)	$ (346,476)
District's covered-employee payroll	$ 2,338,082	$ 2,455,984	$ 2,304,800	$ 2,163,435	$ 2,305,416	$ 1,961,614	$ 1,971,916	$ 1,971,916	$ 1,897,530
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	26.49%	-0.31%	-84.32%	-23.81%	-10.60%	-36.92%	-61.43%	-13.14%	-18.26%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.15%

NYSTRS Pension Plan
Last 10 Fiscal Years*

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
District's proportion of the net pension asset/(liability)	0.060768%	0.061126%	0.0599810%	0.060868%	0.060202%	0.058919%	0.056317%	0.058346%	0.058739%
District's proportionate share of the net pension asset/(liability)	$ 10,530,430	$ (1,689,088)	$ 1,558,302	$ 1,100,652	$ 457,595	$ (631,047)	$ 5,849,561	$ 6,499,350	$ 386,653
District's covered-employee payroll	$ 10,314,198	$ 10,375,089	$ 10,462,332	$ 10,193,936	$ 9,932,139	$ 9,537,527	$ 8,459,606	$ 8,618,572	$ 8,632,407
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	102.10%	-16.28%	14.89%	10.80%	4.61%	-6.62%	69.15%	75.41%	4.48%
Plan fiduciary net position as a percentage of the total pension liability	113.25%	97.76%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2015, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022

NYSERS Pension Plan
Last 10 Fiscal Years*

	3/31/2022	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
Contractually required contribution	$ 348,224	$ 328,504	$ 310,594	$ 313,812	$ 330,477	$ 312,093	$ 333,615	$ 376,327	$ 406,205
Contributions in relation to the contractually required contribution	348,224	328,504	310,594	313,812	330,477	312,093	333,615	376,327	406,205
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Employee Payroll	$ 2,338,082	$ 2,455,984	$ 2,278,137	$ 2,304,800	$ 2,163,435	$ 2,305,416	$ 1,961,614	$ 1,971,916	$ 1,897,530
Contributions as a percentage of its covered-employee payroll	14.89%	13.38%	13.63%	13.62%	15.28%	13.54%	17.01%	19.08%	21.41%

NYSTRS Pension Plan
Last 10 Fiscal Years*

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Contractually required contribution	$ 982,943	$ 919,233	$ 1,063,248	$ 971,640	$ 1,153,421	$ 1,205,572	$ 1,482,969	$ 1,400,518	$ 1,022,077
Contributions in relation to the contractually required contribution	982,943	919,233	1,063,248	971,640	1,153,421	1,205,572	1,482,969	1,400,518	1,022,077
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Employee Payroll	$ 10,314,198	$ 10,375,089	$ 10,462,332	$ 10,193,936	$ 9,932,139	$ 9,537,527	$ 8,459,606	$ 8,459,606	$ 8,632,407
Contributions as a percentage of its covered-employee payroll	9.53%	8.86%	10.16%	9.53%	11.61%	12.64%	17.53%	16.56%	11.84%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2015, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

CHANGE FROM ADOPTED TO FINAL BUDGET

ADOPTED BUDGET	$ 34,573,467
ADDITIONS:	
Encumbrances from Prior Year	367,304
ORIGINAL BUDGET	34,940,771
BUDGET REVISIONS:	
Budget Amendments for Education Stabilization Fund	15,927
FINAL BUDGET	$ 34,956,698

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 Voter-Approved Expenditure Budget Maximum Allowed (4% of 2022-2023 budget of $35,953,900)		$ 1,438,156
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted Fund Balance:		
Assigned Fund Balance	$ 126,040	
Unassigned Fund Balance	8,393,611	
Total Unrestricted Fund Balance	8,519,651	
Less:		
Appropriated Fund Balance	-	
Encumbrances Included in Committed and Assigned Fund Balance	126,040	
Total Adjustments	126,040	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 8,393,611
Actual Percentage		23.35%

See paragraph on supplementary schedules included in auditor's report.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2022

			EXPENDITURES & TRANSFERS TO DATE			
	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	PRIOR YEARS	CURRENT YEAR	TOTAL	UNEXPENDED BALANCE
James O'Neill High School	$ 21,475,612	$ 22,221,965	$ 21,622,782	$ 147,102	$ 21,769,884	$ 452,081
Concession Building	376,919	668,483	593,709	0	593,709	74,774
Pole Barn	239,259	311,596	273,305	0	273,305	38,291
Pressbox	99,759	197,956	182,961	0	182,961	14,995
	$ 22,191,549	$ 23,400,000	$ 22,672,757	$ 147,102	$ 22,819,859	$ 580,141

	METHODS OF FINANCING				FUND BALANCE
	PROCEEDS FROM DEBT	STATE AID	LOCAL SOURCES	TOTAL	JUNE 30, 2022
James O'Neill High School	15,279,892	0	7,025,000	22,304,892	535,008
Concession Building	621,426	0	0	621,426	27,717
Pole Barn	289,661	0	0	289,661	16,356
Pressbox	184,021	0	0	184,021	1,060
	$ 16,375,000	$ 0	$ 7,025,000	$ 23,400,000	$ 580,141

See paragraph on supplementary schedules included in auditor's report.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

CAPITAL ASSETS, NET		$ 32,732,818
RIGHT TO USE ASSETS, NET		445,129
Total Capital Assets		33,177,947
DEDUCTIONS:		
Short-term Portion of Bonds Payable	$ 1,645,000	
Long-term Portion of Bonds Payable	13,645,000	
Short -term Portion of Leases Payable	47,364	
Long-term Portion of Leases Payable	48,528	
Total Related Debt	15,385,892	
Less: Unspent Bond Proceeds	(580,141)	
TOTAL DEDUCTIONS		14,805,751
NET INVESTMENT IN CAPITAL ASSETS		$ 18,372,196

See paragraph on supplementary schedules included in auditor's report.

Nugent & Haeussler, P.C.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTINGAND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the President and Members
of the Board of Education of the
Highland Falls-Fort Montgomery Central School District
Highland Falls, New York 10928

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Highland Falls-Fort Montgomery Central School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Highland Falls-Fort Montgomery Central School District's basic financial statements and have issued our report thereon dated October 15, 2022.

Report on Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Nugent + Haeussler, P.C.

Montgomery, New York
October 15, 2022

Nugent & Haeussler, P.C.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the President and Members
of the Board of Education of the
Highland Falls-Fort Montgomery Central School District
Highland Falls, New York 10928

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Highland Falls-Fort Montgomery Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Highland Falls-Fort Montgomery Central School District's major federal programs for the year ended June 30, 2022. Highland Falls-Fort Montgomery Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Highland Falls-Fort Montgomery Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Highland Falls-Fort Montgomery Central School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Highland Falls-Fort Montgomery Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Highland Falls-Fort Montgomery Central School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Highland Falls-Fort Montgomery Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Highland Falls-Fort Montgomery Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Highland Falls-Fort Montgomery Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

Nugent + Haeussler, P.C.

Montgomery, New York
October 15, 2022

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Cash Assistance				
National School Breakfast Program	10.553	N/A		$ 158,861
National School Lunch Program	10.555	N/A		582,732
Cash Assistance Subtotal				741,593
Non-Cash Assistance (food distribution)				
National School Lunch Program	10.555	N/A		42,267
TOTAL U.S. DEPT. OF AGRICULTURE, CHILD NUTRITION CLUSTER				783,860
U.S. DEPARTMENT OF EDUCATION				
Passed-through NYS Education Department:				
Special Education Cluster:				
IDEA - Part B, Section 611	84.027	0032-22-0682	$ 6,590	273,704
IDEA - Part B, Section 619	84.173	0033-22-0682	766	4,461
Total Special Education Cluster			$ 7,356	278,165
Title I Parts A&D, Basic Program	84.010	0021-22-2250		168,627
Title I Parts A&D, Basic Program	84.010	0021-21-2250		1,100
Title II Part A, Teacher & Principal Training & Recruiting	84.367	0147-22-2250		22,152
Title IV A SSAE	84.424	0204-22-2250		10,535
Title IV A SSAE	84.424	0204-21-2250		1,581
Total Passed-through NYS Education Department				482,160
Education Stabilization Funds				
Governor's Emergency Education Relief (GEER) Fund	84.425C	5895-21-2250		74,536
Elementary and Secondary School Emergency Relief (ESSER) Fund II	84.425D	5891-21-2250		297,880
Elementary and Secondary School Emergency Relief (ESSER) Fund III	84.425U	5880-21-2250		227,657
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	5884-21-2250		21,727
American Rescue Plan Elementary and Secondary School Emergency Relief (UPK) Fund	84.425U	5870-22-9134		165,815
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5890-21-2250		15,927
Total Education Stabilization Funds				803,542
Direct Program:				
Impact Aid	84.041	N/A		3,711,699
TOTAL U.S. DEPARTMENT OF EDUCATION				4,997,401
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 5,781,261

The accompanying notes are an integral part of the schedule.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION.

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

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2. NON-CASH ASSISTANCE.

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted $42,267 of commodities under the Commodity Supplemental Food Program (Federal Assistance Listing Number 10.555).

NOTE 3. OTHER DISCLOSURES.

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Report the Auditor Issued on Whether the Financial Statements Audited Were Presented in Accordance with GAAP: Unmodified

Internal Control over Financial Reporting:

Material weakness(es) identified? _____ Yes _X_ No

Significant deficiencies identified? _____ Yes _X_ None Reported

Noncompliance material to financial statements noted? _____ Yes _X_ No

FEDERAL AWARDS

Internal Control over Major Programs:

Material weakness(es) identified? _____ Yes _X_ No

Significant deficiencies identified? _____ Yes _X_ None Reported

Type of Auditor's Opinion Issued on Compliance for Major Federal Programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR-200.516(a)? _____ Yes _X_ No

IDENTIFICATION OF MAJOR PROGRAMS:

FEDERAL ASSISTANCE LISTING NUMBER	NAME OF FEDERAL PROGRAM OR CLUSTER
84.041	Impact Aid
84.425	Education Stabilization Funds

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000.00

Auditee qualified as low-risk auditee? _X_ Yes _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings relating to the financial statements which were required to be reported.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Significant Deficiencies in Internal Control

There were no findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR-200.516(a).

B. Compliance Findings

There were no findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR-200.516(a).

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Highland Falls-Fort Montgomery Central School District
Highland Falls, New York 10928

Opinion

We have audited the accompanying financial statements of the extraclassroom activities funds of Highland Falls-Fort Montgomery Central School District, which comprise the statement of assets, liabilities, and fund balance-cash basis as of June 30, 2022 and the related statement of receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the extraclassroom activities funds of Highland Falls-Fort Montgomery Central School District as of June 30, 2022, and its receipts and disbursements-cash basis for the year then ended, in accordance with the cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Highland Falls-Fort Montgomery Central School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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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 opinion. 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 Highland Falls-Fort Montgomery 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Highland Falls-Fort Montgomery Central School District's ability to continue as a going concern for a reasonable period of time.

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

Nugent + Haeussler, P.C.

Montgomery, New York
October 15, 2022

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2022

ASSETS

Cash	$ 115,833

FUND BALANCE

Fund Balance, Beginning of Year:		
High School Extraclassroom Activities	$ 85,580	
Middle School Extraclassroom Activities	11,174	
Total Fund Balance, Beginning of Year		$ 96,754
Excess of Receipts over Disbursements		
High School Extraclassroom Activities	$ 16,575	
Middle School Extraclassroom Activities	2,504	
Total Excess of Receipts over Disbursements		19,079
Fund Balance, End of Year:		
High School Extraclassroom Activities	$ 102,155	
Middle School Extraclassroom Activities	13,678	
Total Fund Balance, End of Year		$ 115,833

See notes to financial statement.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
EXTRACLASSROOM ACTIVITY FUND - HIGH SCHOOL
STATEMENT OF RECEIPTS & DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	CASH BALANCE JUNE 30, 2021	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2022
Class of 2018	$ 1,485	$ 0	$ 1,485	$ 0
Class of 2019	141	0	141	0
Class of 2021	2,666	1,000	3,666	0
Class of 2022	750	7,893	3,306	5,337
Class of 2023	0	15,594	13,405	2,189
Class of 2024	0	4,005	2,683	1,322
Class of 2025	0	347	0	347
Anime Club	1,287	0	34	1,253
Band / Auditorium	2,350	179	0	2,529
Chorus	1,351	1,880	300	2,931
Crew Team	1,983	0	0	1,983
Drama	13,426	21,719	17,403	17,742
Environmental Science	1,304	0	0	1,304
Gay Straight Alliance	512	0	0	512
Girls Basketball	267	0	0	267
Girls Lacrosse	141	1,470	0	1,611
Interact	2,185	0	0	2,185
J.R.O.T.C.	11,899	17,829	13,870	15,858
Literacy Magazine	476	589	221	844
National Honor Society	1,584	725	545	1,764
Reading Buddies Club	430	0	183	247
Red Cross	409	1,192	621	980
Science	115	0	0	115
Science Buddies	162	0	0	162
Soccer (Boys)	190	0	0	190
Soccer (Varsity Girls)	2,134	0	0	2,134
Student Council	12,570	4,729	5,879	11,420
Student-to-Student	1,963	387	260	2,090
Track and Field	966	410	1,021	355
Varsity Baseball	1,028	661	324	1,365
Varsity Basketball	3,927	3,100	2,600	4,427
Volleyball	1,461	0	932	529
Yearbook	16,418	1,745	0	18,163
	$ 85,580	$ 85,454	$ 68,879	$ 102,155

See notes to financial statement.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
EXTRACLASSROOM ACTIVITY FUND - MIDDLE SCHOOL
STATEMENT OF RECEIPTS & DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	CASH BALANCE JUNE 30, 2021	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2022
Grade 7	$ 0	$ 3,797	$ 2,126	$ 1,671
Grade 8	600	10,089	9,396	1,293
Drama Club	1,760	0	0	1,760
Junior Honor Society	462	0	0	462
Memory Book	4,940	580	30	5,490
Music Club	2,497	0	0	2,497
Student Council	915	959	1,369	505
	$ 11,174	$ 15,425	$ 12,921	$ 13,678

See notes to financial statement.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT
HIGHLAND FALLS, NEW YORK
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

(a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Highland Falls-Fort Montgomery Central School District. We have included the Extraclassroom Activity Fund balances within the Miscellaneous Special Revenue Fund of the financial statements. The separate audit report of the Extraclassroom Activity Funds is required due to the fact that the transactions of this fund are controlled by student management.

(b) The books and records of the Highland Falls-Fort Montgomery Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

(c) The Extraclassroom Activity Funds are used to record the activity of all student-related activities within the District. These funds are under the control of an appointed central treasurer who maintains cash receipts and cash disbursement books. All receipts are collected by the student activity treasurer and disbursements must be approved by the student management.