

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

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2023  
AND EXTRACLASROOM ACTIVITY FUNDS

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT

HIGHLAND FALLS, NEW YORK

JUNE 30, 2023

TABLE OF CONTENTS

| <u>SCHEDULE<br/>NUMBER</u> | <u>SCHEDULES</u>                                                                                                                                                                                                             | <u>PAGE</u> |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|                            | <b>Independent Auditor's Report</b>                                                                                                                                                                                          | 1 – 3       |
|                            | <b>Management Discussion and Analysis</b>                                                                                                                                                                                    | 4 – 14      |
|                            | <b>Basic Financial Statements</b>                                                                                                                                                                                            |             |
| 1                          | Statement of Net Position                                                                                                                                                                                                    | 15          |
| 2                          | Statement of Activities                                                                                                                                                                                                      | 16          |
| 3                          | Balance Sheet - Governmental Funds                                                                                                                                                                                           | 17          |
| 4                          | Reconciliation of Governmental Funds Balance Sheet to the Statement<br>of Net Position                                                                                                                                       | 18          |
| 5                          | Statement of Revenues, Expenditures and Changes in Fund Balances -<br>Governmental Funds                                                                                                                                     | 19          |
| 6                          | Reconciliation of Governmental Funds Statement of Revenues, Expenditures<br>and Changes in Fund Balances to the Statement of Activities                                                                                      | 20          |
|                            | Notes to Financial Statements                                                                                                                                                                                                | 21 – 60     |
|                            | <b>Required Supplementary Information</b>                                                                                                                                                                                    |             |
| SS-1                       | Schedule of Changes in the District's Total OPEB Liability and Related Ratios                                                                                                                                                | 61          |
| SS-2                       | Schedule of Revenues, Expenditures and Changes in Fund Balance -<br>Budget and Actual - General Fund                                                                                                                         | 62 – 63     |
| SS-3                       | Schedule of the District's Proportionate Share of the Net<br>Pension Liability                                                                                                                                               | 64          |
| SS-4                       | Schedule of District Contributions                                                                                                                                                                                           | 65          |
|                            | <b>Supplementary Information</b>                                                                                                                                                                                             |             |
| SS-5                       | Schedule of Change from Adopted Budget to Final Budget and the Real<br>Property Tax Limit - General Fund                                                                                                                     | 66          |
| SS-6                       | Schedule of Capital Projects Fund - Project Expenditures and Financing<br>Resources                                                                                                                                          | 67          |
| SS-7                       | Net Investment in Capital Assets                                                                                                                                                                                             | 68          |
|                            | Independent Auditor's Report on Internal Control over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of the Financial<br>Statements Performed in Accordance with Government Auditing Standards | 69 – 70     |
|                            | Schedule of Findings and Responses                                                                                                                                                                                           | 71 - 75     |
|                            | <b>Extraclassroom Activity Fund</b>                                                                                                                                                                                          |             |
|                            | Independent Auditor's Report                                                                                                                                                                                                 | 76 – 77     |
|                            | Statement of Assets, Liabilities and Fund Balance - Cash Basis                                                                                                                                                               | 78          |
|                            | Statement of Receipts and Disbursements - Cash Basis - High School                                                                                                                                                           | 79          |
|                            | Statement of Receipts and Disbursements - Cash Basis - Middle School                                                                                                                                                         | 80          |
|                            | Notes to Financial Statements                                                                                                                                                                                                | 81          |



**Nugent & Haeussler, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
ESTABLISHED 1925

101 Bracken Road  
Montgomery, New York 12549  
Tel (845) 457-1100  
Fax (845) 457-1160  
e-mail: nh@nhcpas.com

## 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

Peter J. Bullis, CPA, FACFEI, DABFA  
Christopher E. Melley, CPA  
Gary C. Theodore, CPA  
Julia R. Fraino, CPA  
William T. Trainor, CPA  
Mark M. Levy, CPA, CFP  
Thomas R. Busse, Jr., CPA  
Brent T. Napoleon, CPA  
Jennifer L. Capicchioni, CPA  
Patrick M. Bullis, CPA  
Justin B. Wood, CPA  
Richard P. Capicchioni, CPA

---

Norman M. Sassi, CPA  
Walter J. Jung, CPA

### ***Report on the Financial Statements***

#### ***Opinions***

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Highland Falls-Fort Montgomery Central School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

#### ***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 through 14 and 61 through 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 66 through 68 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. 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 66 through 68 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 June 3, 2024, 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.



Montgomery, New York  
June 3, 2024

# HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT

## **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, 2023. 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, 2023 are as follows:

- District tax levy increase was 1.41% which was below the computed property tax cap limit for 2022-2023 school taxes.
- The District received additional Aid through the Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act.

### **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.

# HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT

## **Management Discussion and Analysis (Continued)**

### **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                                                                     | <ul style="list-style-type: none"><li>• Statement of Net Position</li><li>• Statement of Activities</li></ul>                                   | <ul style="list-style-type: none"><li>• Balance Sheet</li><li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li></ul>                                                                                         |
| 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/outflow information                                                                | All revenues and expenses during year, regardless of when cash is received or paid                                                              | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable                                                   |

### **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, deferred outflows of resources, and liabilities and deferred inflows of resources, 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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT

**Management Discussion and Analysis**

**(Continued)**

**District-Wide Financial Statements (Continued)**

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.

**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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT

**Management Discussion and Analysis  
(Continued)**

**Financial Analysis of the District as a Whole**

For the year ended June 30, 2023, the District's net position is \$(16,152,216). This is a \$995,844 decrease from last year's net position. The following table provides a summary of the District's net position:

Summary of Net Position

|                                  | School District Activities |                        |                     |          |
|----------------------------------|----------------------------|------------------------|---------------------|----------|
|                                  | June 30, 2023              | June 30, 2022          | \$ Change           | % Change |
| Current Assets                   | \$ 20,977,375              | \$ 22,083,477          | \$ (1,106,102)      | -5.01%   |
| Non-Current Assets               | 33,504,505                 | 44,327,693             | (10,823,188)        | -24.42%  |
| Total Assets                     | 54,481,880                 | 66,411,170             | (11,929,290)        | -17.96%  |
| Deferred Outflows of Resources   | 15,580,321                 | 16,281,424             | (701,103)           | -4.31%   |
| Current Liabilities              | 4,543,249                  | 5,663,283              | (1,120,034)         | -19.78%  |
| Non-Current Liabilities          | 64,247,428                 | 74,334,912             | (10,087,484)        | -13.57%  |
| Total Liabilities                | 68,790,677                 | 79,998,195             | (11,207,518)        | -14.01%  |
| Deferred Inflows of Resources    | 17,610,988                 | 18,038,019             | (427,031)           | -2.37%   |
| Net Position:                    |                            |                        |                     |          |
| Net Investment in Capital Assets | 19,813,077                 | 18,372,196             | 1,440,881           | 7.84%    |
| Restricted                       | 15,483,468                 | 14,164,369             | 1,319,099           | 9.31%    |
| Unrestricted                     | (51,636,009)               | (47,880,185)           | (3,755,824)         | -7.84%   |
| Total Net Position               | <u>\$(16,339,464)</u>      | <u>\$ (15,343,620)</u> | <u>\$ (995,844)</u> | 6.49%    |

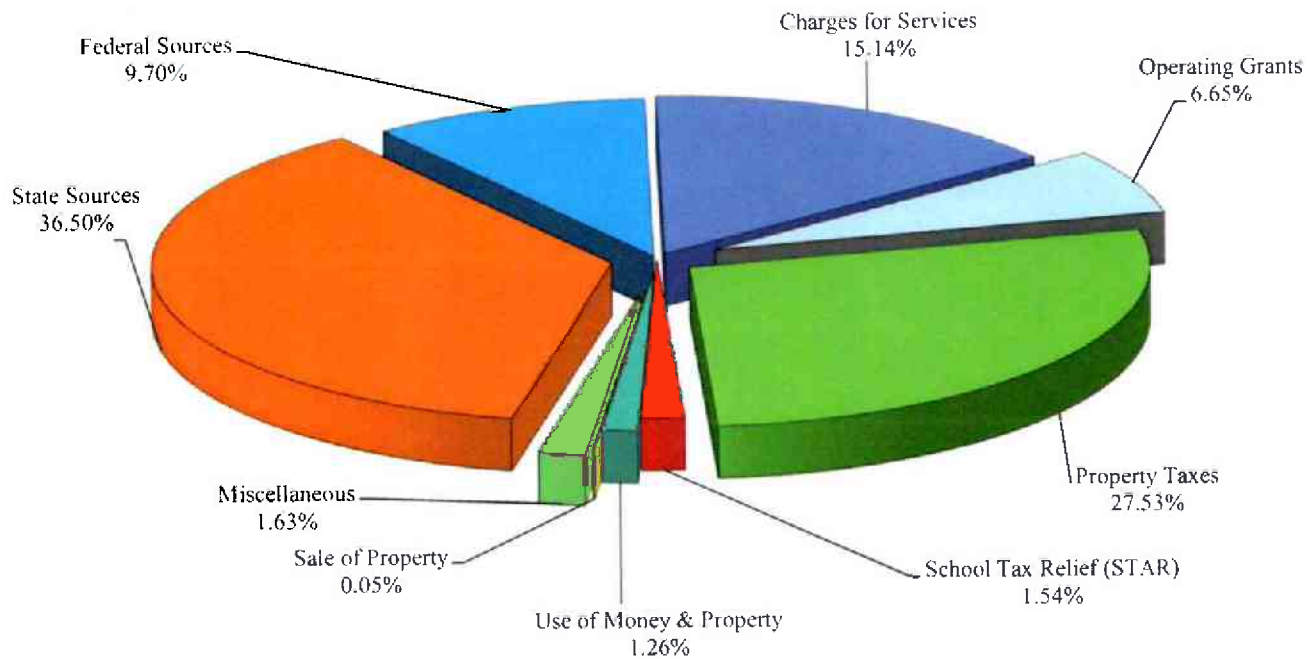
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the years ended June 30 2023 and 2022:

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

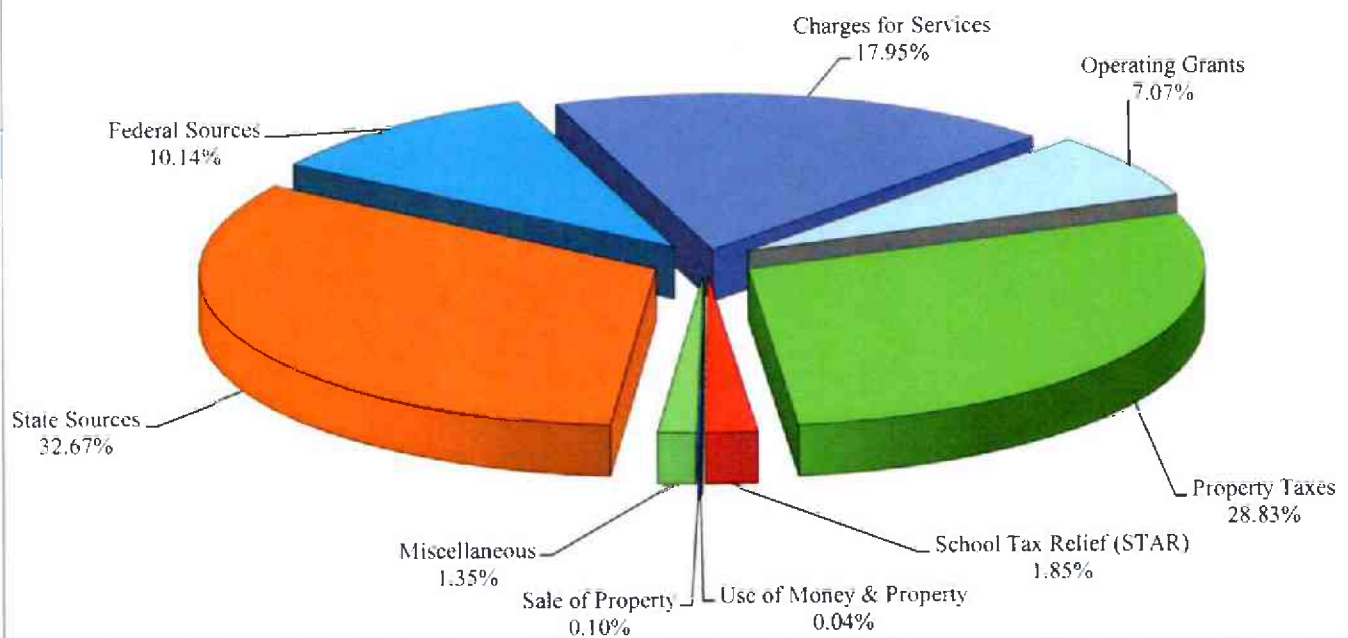
|                               | FOR THE<br>YEAR ENDED<br>JUNE 30, 2023 |         | FOR THE<br>YEAR ENDED<br>JUNE 30, 2022 |         | \$ Change      | %        |
|-------------------------------|----------------------------------------|---------|----------------------------------------|---------|----------------|----------|
|                               |                                        | %       |                                        | %       |                |          |
| <u>REVENUES</u>               |                                        |         |                                        |         |                |          |
| PROGRAM REVENUES:             |                                        |         |                                        |         |                |          |
| Charges for Services          | \$ 5,883,467                           | 15.14%  | \$ 6,615,179                           | 17.95%  | \$ (731,712)   | -11.06%  |
| Operating Grants              | 2,583,158                              | 6.65%   | 2,605,692                              | 7.07%   | (22,534)       | -0.86%   |
| GENERAL REVENUES:             |                                        |         |                                        |         |                |          |
| Property Taxes                | 10,711,644                             | 27.53%  | 10,626,532                             | 28.83%  | 85,112         | 0.80%    |
| School Tax Relief (STAR)      | 596,930                                | 1.54%   | 682,445                                | 1.85%   | (85,515)       | -12.53%  |
| Use of Money & Property       | 488,903                                | 1.26%   | 14,856                                 | 0.04%   | 474,047        | 3190.95% |
| Sale of Property              | 18,200                                 | 0.05%   | 36,927                                 | 0.10%   | (18,727)       | 100.00%  |
| Miscellaneous                 | 633,098                                | 1.63%   | 496,817                                | 1.35%   | 136,281        | 27.43%   |
| State Sources                 | 14,186,546                             | 36.50%  | 12,043,812                             | 32.67%  | 2,142,734      | 17.79%   |
| Federal Sources               | 3,770,239                              | 9.70%   | 3,738,920                              | 10.14%  | 31,319         | 0.84%    |
| TOTAL REVENUES                | 38,872,185                             | 100.00% | 36,861,180                             | 100.00% | 2,011,005      | 5.46%    |
| <u>EXPENSES</u>               |                                        |         |                                        |         |                |          |
| General Support               | 3,951,785                              | 9.91%   | 3,870,260                              | 10.59%  | 81,525         | 2.11%    |
| Instruction                   | 22,128,783                             | 55.50%  | 20,743,626                             | 56.77%  | 1,385,157      | 6.68%    |
| Pupil Transportation          | 2,888,499                              | 7.25%   | 2,606,079                              | 7.13%   | 282,420        | 10.84%   |
| Employee Benefits             | 8,957,519                              | 22.47%  | 7,153,847                              | 19.57%  | 1,803,672      | 25.21%   |
| Debt Service Interest         | 311,233                                | 0.78%   | 341,124                                | 0.93%   | (29,891)       | -8.76%   |
| Depreciation and Amortization | 1,140,430                              | 2.86%   | 1,176,674                              | 3.22%   | (36,244)       | -3.08%   |
| School Lunch Program          | 489,780                                | 1.23%   | 655,507                                | 1.79%   | (165,727)      | -25.28%  |
| TOTAL EXPENSES                | 39,868,029                             | 100.00% | 36,547,117                             | 100.00% | 3,320,912      | 9.09%    |
| CHANGE IN NET POSITION        | \$ (995,844)                           |         | \$ 314,063                             |         | \$ (1,309,907) |          |

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

**SOURCES OF REVENUES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

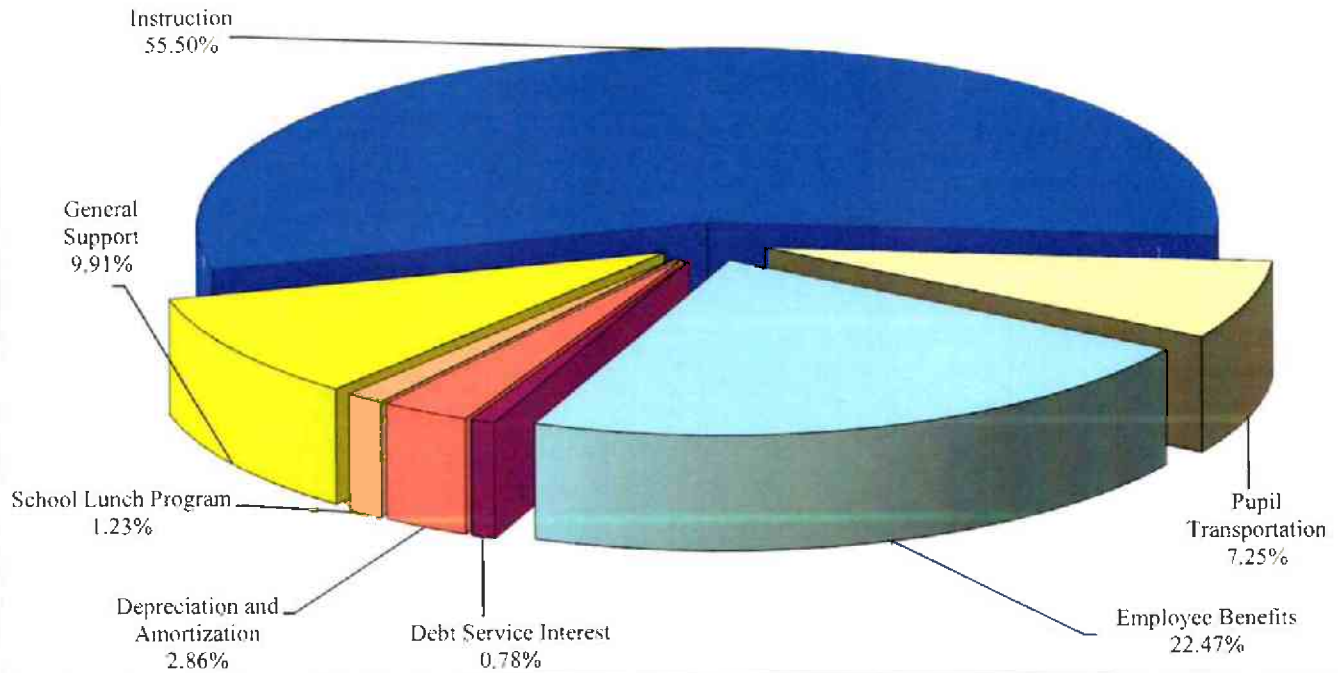


**SOURCES OF REVENUES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

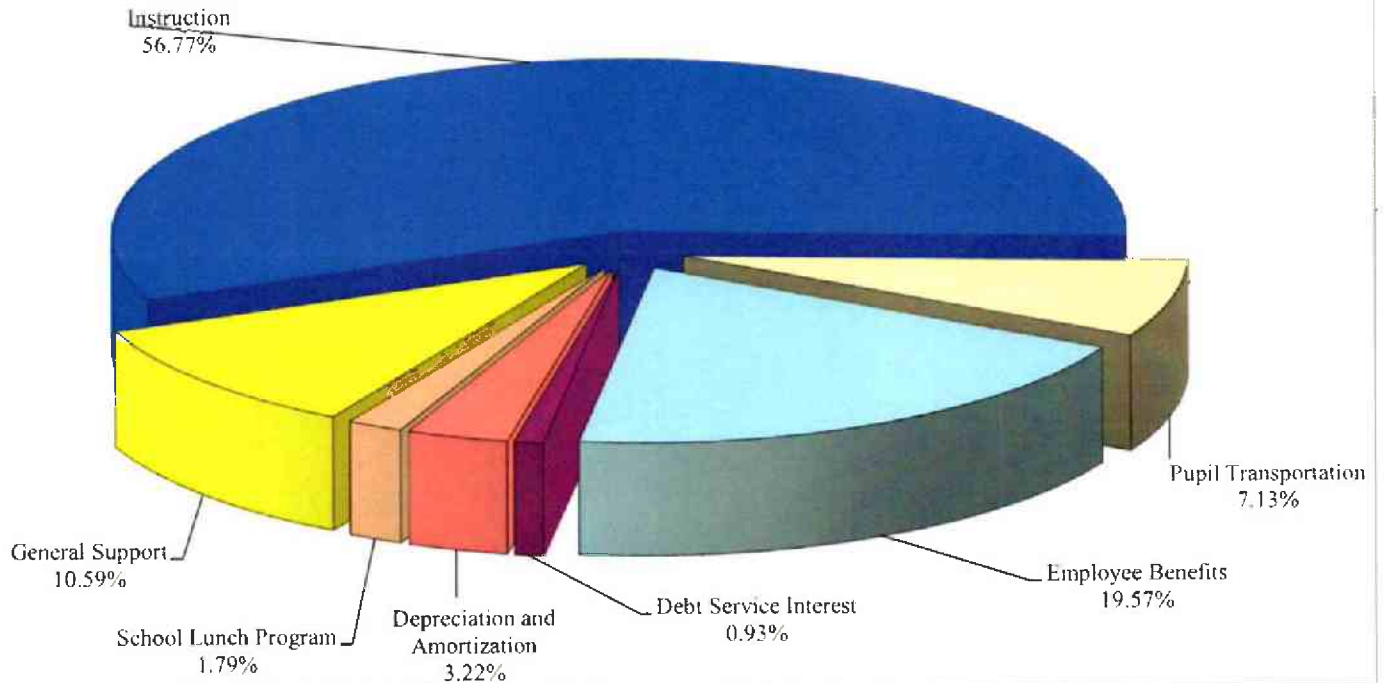


HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK

**EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2023**



**EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

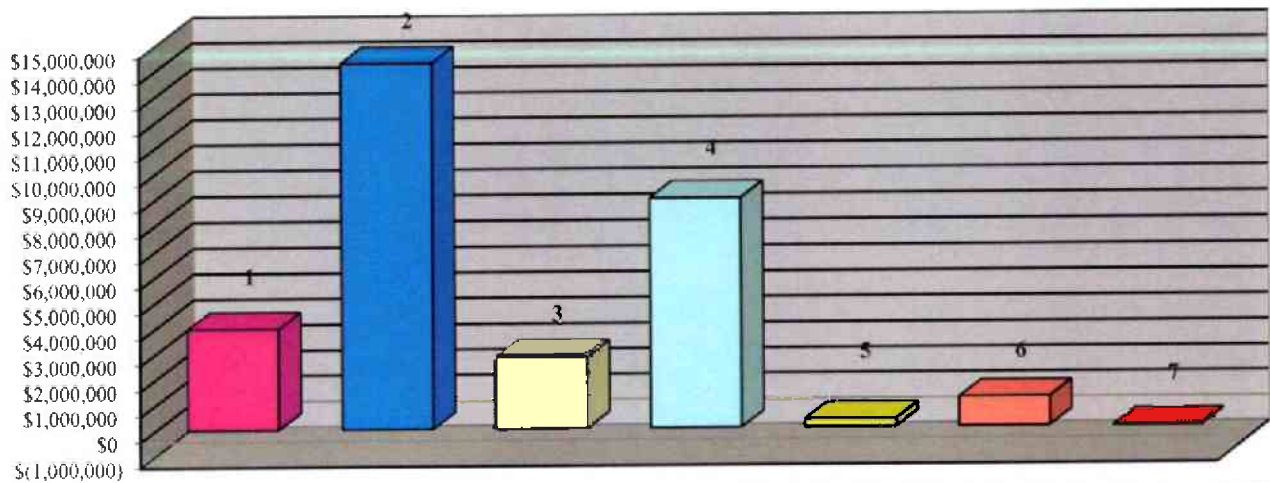


HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
STATEMENT OF ACTIVITIES  
NET COSTS

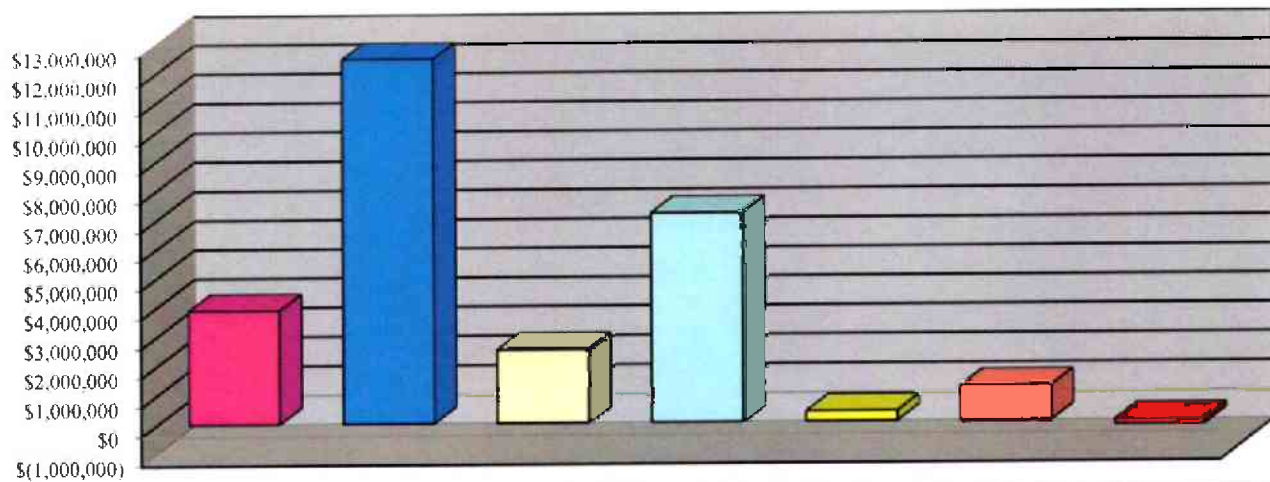
The following information is provided to disclose the net cost of governmental activities:

|                             | TOTAL COST<br>OF SERVICES<br>2022-2023 | NET COST<br>OF SERVICES<br>2022-2023 | TOTAL COST<br>OF SERVICES<br>2021-2022 | NET COST<br>OF SERVICES<br>2021-2022 |
|-----------------------------|----------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------|
| General Support             | <b>1</b> \$ 3,951,785                  | \$ 3,948,723                         | \$ 3,870,260                           | \$ 3,868,289                         |
| Instruction                 | <b>2</b> 22,128,783                    | 14,264,659                           | 20,743,626                             | 12,452,469                           |
| Pupil Transportation        | <b>3</b> 2,888,499                     | 2,793,126                            | 2,606,079                              | 2,491,253                            |
| Employee Benefits           | <b>4</b> 8,957,519                     | 8,957,519                            | 7,153,847                              | 7,153,847                            |
| Debt Service - Interest     | <b>5</b> 311,233                       | 311,233                              | 341,124                                | 341,124                              |
| Depreciation & Amortization | <b>6</b> 1,140,430                     | 1,140,430                            | 1,176,674                              | 1,176,674                            |
| School Lunch Program        | <b>7</b> 489,780                       | (14,286)                             | 655,507                                | (157,410)                            |
|                             | <u>\$ 39,868,029</u>                   | <u>\$ 31,401,404</u>                 | <u>\$ 36,547,117</u>                   | <u>\$ 27,326,246</u>                 |

**NET COST OF SERVICE 2022-2023**



**NET COST OF SERVICE 2021-2022**



HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT

**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, 2023    |                  |                      |                   |                     |                      |
|------------------|------------------|----------------------|-------------------|---------------------|----------------------|
|                  | Nonspendable     | Restricted           | Assigned          | Unassigned          | Total                |
| General          | \$ 0             | \$ 10,614,736        | \$ 296,623        | \$ 6,211,754        | \$ 17,123,113        |
| Special Aid      | 0                | 12,839               | 0                 | 0                   | 12,839               |
| School Lunch     | 19,789           | 215,930              | 0                 | 0                   | 235,719              |
| Special Revenue  | 0                | 145,661              | 0                 | 0                   | 145,661              |
| Capital Projects | 0                | 0                    | 0                 | (486,565)           | (486,565)            |
| Debt Service     | 0                | 571,834              | 0                 | 0                   | 571,834              |
|                  | <u>\$ 19,789</u> | <u>\$ 11,561,000</u> | <u>\$ 296,623</u> | <u>\$ 5,725,189</u> | <u>\$ 17,602,601</u> |

| 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              |
|                  | <u>\$ 13,032</u> | <u>\$ 9,593,152</u> | <u>\$ 126,040</u> | <u>\$ 8,393,611</u> | <u>\$ 18,125,835</u> |

General Fund Budgetary Highlights

The original budget for the General Fund was revised by \$4,500 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, 2023, actual revenues were greater than the final budgeted revenues by \$386,919 (1.08%). Revenue sources significantly over budget were state and federal aid and interest earned.

Actual expenditures and encumbrances were less than the final budgeted expenditures by \$135,762 (.38%). The District monitored expenses and looked for ways to reduce cost, however rising utility costs presented challenges to expenditures being further below budget.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT

**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 2023-2024 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 \$235,719. Revenue and other sources exceeded expenditures by \$10,179.

The Capital Projects Fund ended the year with a fund balance of (\$486,565). The District continued capital projects at the High School during the year.

Debt Service Fund ended the year with a fund balance of \$571,834. This fund balance will be appropriated in future years to offset principal and interest payments.

# HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT

## **Management Discussion and Analysis (Continued)**

### Capital Asset and Debt Administration

#### Capital Assets

The District's investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2023, was \$33,504,505. The total increase in net investment was .98% 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, 2022 was \$33,177,947. The District expended \$1,416,677 to acquire equipment and construct capital assets during the fiscal year end. Depreciation expense for the year was \$924,516. Amortization was \$215,914.

#### CAPITAL ASSETS

##### Net of Accumulated Depreciation and Amortization

|                                | <u>School District Activities</u> |                      | <u>% Change</u> |
|--------------------------------|-----------------------------------|----------------------|-----------------|
|                                | <u>June 30, 2023</u>              | <u>June 30, 2022</u> |                 |
| <u>Non-Depreciable Assets:</u> |                                   |                      |                 |
| Land                           | \$ 152,475                        | \$ 152,475           | 0.00%           |
| Construction in Progress       | 88,413                            | 23,385,802           | -99.62%         |
| <u>Depreciable Assets:</u>     |                                   |                      |                 |
| Land Improvements              | 253,801                           | 168,759              | 50.39%          |
| Building and Improvements      | 31,573,354                        | 8,878,966            | 255.60%         |
| Furniture and Equipment        | 966,767                           | 132,112              | 631.78%         |
| Vehicles                       | 188,669                           | 14,704               | 1183.11%        |
| <u>Amortizable Assets:</u>     |                                   |                      |                 |
| Furniture and Equipment        | 281,026                           | 445,129              | -36.87%         |
| <b>TOTALS</b>                  | <u>\$33,504,505</u>               | <u>\$33,177,947</u>  | 0.98%           |

#### Long-Term Debt

At the end of the year, the District had total bonded debt outstanding of \$13,645,000. 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:

|                               | <u>Beginning</u>     | <u>Issued</u> | <u>Paid</u>         | <u>Ending</u>        |
|-------------------------------|----------------------|---------------|---------------------|----------------------|
|                               | <u>Balance</u>       |               |                     | <u>Balance</u>       |
| Total Bonded Debt Outstanding | <u>\$ 15,290,000</u> | <u>\$ 0</u>   | <u>\$ 1,645,000</u> | <u>\$ 13,645,000</u> |

#### 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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2023

ASSETS

|                                 |                       |
|---------------------------------|-----------------------|
| Unrestricted Cash               | \$ 3,711,250          |
| Restricted Cash                 | 12,612,663            |
| State & Federal Aid Receivable  | 3,433,190             |
| Due from Other Governments      | 1,166,757             |
| Other Receivables, Net          | 33,726                |
| Inventories                     | 19,789                |
| Right to Use Asset, Net         | 281,026               |
| Non Depreciable Capital Assets  | 240,888               |
| Depreciable Capital Assets, Net | <u>32,982,591</u>     |
| <br>TOTAL ASSETS                | <br><u>54,481,880</u> |

DEFERRED OUTFLOWS OF RESOURCES

|                                      |                   |
|--------------------------------------|-------------------|
| Other Postemployment Benefits        | 7,728,642         |
| Pensions                             | <u>7,851,679</u>  |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>15,580,321</u> |

LIABILITIES

|                                           |                   |
|-------------------------------------------|-------------------|
| Accounts Payable                          | 1,379,312         |
| Accrued Liabilities                       | 44,225            |
| Due to Other Governments                  | 6                 |
| Due to Teachers' Retirement System        | 1,471,055         |
| Due to Employees' Retirement System       | 89,418            |
| Other Liabilities                         | 11,475            |
| Unearned Revenue                          | 27,775            |
| Deferred Revenues                         | 364,225           |
| Long-term Liabilities:                    |                   |
| Due and Payable Within One Year:          |                   |
| Bonds Payable                             | 1,100,000         |
| Installment Purchase Debt                 | 7,231             |
| Lease Liability                           | 48,527            |
| Due and Payable In More Than One Year:    |                   |
| Bonds Payable                             | 12,545,000        |
| Installment Purchase Debt                 | 35,803            |
| Compensated Absences                      | 1,265,904         |
| Net Pension Liability-Proportionate Share | 2,988,215         |
| Other Postemployment Benefits             | <u>47,412,506</u> |
| Judgments and Claims                      | 0                 |
| TOTAL LIABILITIES                         | <u>68,790,677</u> |

DEFERRED INFLOWS OF RESOURCES

|                                     |                   |
|-------------------------------------|-------------------|
| Other Postemployment Benefits       | 16,669,992        |
| Pensions                            | <u>940,996</u>    |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>17,610,988</u> |

NET POSITION

|                                  |                            |
|----------------------------------|----------------------------|
| Net Investment in Capital Assets | 19,813,077                 |
| Restricted                       | 15,483,468                 |
| Unrestricted (Deficit)           | <u>(51,636,009)</u>        |
| <br>TOTAL NET POSITION           | <br><u>\$ (16,339,464)</u> |

See notes to financial statement.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICTHIGHLAND FALLS, NEW YORKSTATEMENT OF ACTIVITIESGOVERNMENTAL ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2023

|                                          |                        | PROGRAM REVENUES           |                     | NET (EXPENSE)<br>REVENUE &<br>CHANGES IN<br>NET POSITION |
|------------------------------------------|------------------------|----------------------------|---------------------|----------------------------------------------------------|
|                                          |                        | CHARGES<br>FOR<br>SERVICES | OPERATING<br>GRANTS |                                                          |
| <u>FUNCTIONS &amp; PROGRAMS</u>          | <u>EXPENSES</u>        |                            |                     |                                                          |
| General Support                          | \$ (5,278,348)         | \$ 3,062                   | \$ 0                | \$ (5,275,286)                                           |
| Instruction                              | (29,980,977)           | 5,715,559                  | 2,148,565           | (22,116,853)                                             |
| Pupil Transportation                     | (3,792,226)            | 0                          | 95,373              | (3,696,853)                                              |
| Debt Service - Interest                  | (311,233)              | 0                          | 0                   | (311,233)                                                |
| School Lunch Program                     | (505,245)              | 164,846                    | 339,220             | (1,179)                                                  |
| TOTAL FUNCTIONS<br>& PROGRAMS            | <u>\$ (39,868,029)</u> | <u>\$ 5,883,467</u>        | <u>\$ 2,583,158</u> | <u>(31,401,404)</u>                                      |
| <u>GENERAL REVENUES</u>                  |                        |                            |                     |                                                          |
| Real Property Taxes                      |                        |                            |                     | 10,711,644                                               |
| Other Tax Items                          |                        |                            |                     | 596,930                                                  |
| Use of Money & Property                  |                        |                            |                     | 488,903                                                  |
| Sale of Property & Compensation for Loss |                        |                            |                     | 18,200                                                   |
| Miscellaneous                            |                        |                            |                     | 633,098                                                  |
| State Sources                            |                        |                            |                     | 14,186,546                                               |
| Federal Sources                          |                        |                            |                     | 3,770,239                                                |
| TOTAL GENERAL REVENUES                   |                        |                            |                     | <u>30,405,560</u>                                        |
| CHANGE IN NET POSITION                   |                        |                            |                     | (995,844)                                                |
| NET POSITION, BEGINNING OF YEAR          |                        |                            |                     | <u>(15,343,620)</u>                                      |
| NET POSITION, END OF YEAR                |                        |                            |                     | <u>\$ (16,339,464)</u>                                   |

See notes to financial statement.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

|                                              | GENERAL              | SPECIAL<br>AID      | SCHOOL<br>LUNCH   | MISCELLANEOUS<br>SPECIAL<br>REVENUE | CAPITAL<br>PROJECTS | DEBT<br>SERVICE   | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|----------------------------------------------|----------------------|---------------------|-------------------|-------------------------------------|---------------------|-------------------|--------------------------------|
| <u>ASSETS</u>                                |                      |                     |                   |                                     |                     |                   |                                |
| Unrestricted Cash                            | \$ 3,711,250         | \$ 0                | \$ 0              | \$ 0                                | \$ 0                | \$ 0              | \$ 3,711,250                   |
| Restricted Cash                              | 10,614,736           | 1,089,157           | 182,696           | 145,661                             | 92,426              | 487,987           | 12,612,663                     |
| State & Federal Aid Receivable               | 2,298,219            | 1,112,119           | 22,852            | 0                                   | 0                   | 0                 | 3,433,190                      |
| Due from Other Governments                   | 1,166,757            | 0                   | 0                 | 0                                   | 0                   | 0                 | 1,166,757                      |
| Due from Other Funds                         | 2,064,928            | 111,976             | 17,190            | 0                                   | 0                   | 83,847            | 2,277,941                      |
| Other Receivables, Net                       | 6,062                | 27,664              | 0                 | 0                                   | 0                   | 0                 | 33,726                         |
| Inventories                                  | 0                    | 0                   | 19,789            | 0                                   | 0                   | 0                 | 19,789                         |
| <b>TOTAL ASSETS</b>                          | <b>\$ 19,861,952</b> | <b>\$ 2,340,916</b> | <b>\$ 242,527</b> | <b>\$ 145,661</b>                   | <b>\$ 92,426</b>    | <b>\$ 571,834</b> | <b>\$ 23,255,316</b>           |
| <u>LIABILITIES &amp; FUND BALANCES</u>       |                      |                     |                   |                                     |                     |                   |                                |
| <u>LIABILITIES</u>                           |                      |                     |                   |                                     |                     |                   |                                |
| Accounts Payable                             | \$ 719,677           | \$ 659,635          | \$ 0              | \$ 0                                | \$ 0                | \$ 0              | \$ 1,379,312                   |
| Accrued Liabilities                          | 25,049               | 6,459               | 0                 | 0                                   | 0                   | 0                 | 31,508                         |
| Due to Other Governments                     | 0                    | 0                   | 6                 | 0                                   | 0                   | 0                 | 6                              |
| Due to Other Funds                           | 101,037              | 1,597,913           | 0                 | 0                                   | 578,991             | 0                 | 2,277,941                      |
| Due to Teachers' Retirement System           | 1,471,055            | 0                   | 0                 | 0                                   | 0                   | 0                 | 1,471,055                      |
| Due to Employees' Retirement System          | 89,418               | 0                   | 0                 | 0                                   | 0                   | 0                 | 89,418                         |
| Other Liabilities                            | 4,673                | 0                   | 6,802             | 0                                   | 0                   | 0                 | 11,475                         |
| Unearned Revenue                             | 27,775               | 0                   | 0                 | 0                                   | 0                   | 0                 | 27,775                         |
| Deferred Revenues                            | 300,155              | 64,070              | 0                 | 0                                   | 0                   | 0                 | 364,225                        |
| <b>TOTAL LIABILITIES</b>                     | <b>2,738,839</b>     | <b>2,328,077</b>    | <b>6,808</b>      | <b>0</b>                            | <b>578,991</b>      | <b>0</b>          | <b>5,652,715</b>               |
| <u>FUND BALANCES</u>                         |                      |                     |                   |                                     |                     |                   |                                |
| Nonspendable                                 | 0                    | 0                   | 19,789            | 0                                   | 0                   | 0                 | 19,789                         |
| Restricted                                   | 10,614,736           | 12,839              | 215,930           | 145,661                             | 0                   | 571,834           | 11,561,000                     |
| Assigned                                     | 296,623              | 0                   | 0                 | 0                                   | 0                   | 0                 | 296,623                        |
| Unassigned                                   | 6,211,754            | 0                   | 0                 | 0                                   | (486,565)           | 0                 | 5,725,189                      |
| <b>TOTAL FUND BALANCES</b>                   | <b>17,123,113</b>    | <b>12,839</b>       | <b>235,719</b>    | <b>145,661</b>                      | <b>(486,565)</b>    | <b>571,834</b>    | <b>17,602,601</b>              |
| <b>TOTAL LIABILITIES &amp; FUND BALANCES</b> | <b>\$ 19,861,952</b> | <b>\$ 2,340,916</b> | <b>\$ 242,527</b> | <b>\$ 145,661</b>                   | <b>\$ 92,426</b>    | <b>\$ 571,834</b> | <b>\$ 23,255,316</b>           |

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, 2023

|                                                                                          | TOTAL<br>GOVERNMENTAL<br>FUNDS | LONG-TERM<br>ASSETS &<br>LIABILITIES | RECLASSIFICATIONS<br>& ELIMINATIONS | STATEMENT OF<br>NET POSITION |
|------------------------------------------------------------------------------------------|--------------------------------|--------------------------------------|-------------------------------------|------------------------------|
| <u>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</u>                                       |                                |                                      |                                     |                              |
| <u>ASSETS</u>                                                                            |                                |                                      |                                     |                              |
| Unrestricted Cash                                                                        | \$ 3,711,250                   | \$ 0                                 | \$ 0                                | \$ 3,711,250                 |
| Restricted Cash                                                                          | 12,612,663                     | 0                                    | 0                                   | 12,612,663                   |
| State & Federal Aid Receivable                                                           | 3,433,190                      | 0                                    | 0                                   | 3,433,190                    |
| Due from Other Governments                                                               | 1,166,757                      | 0                                    | 0                                   | 1,166,757                    |
| Due from Other Funds                                                                     | 2,277,941                      | 0                                    | (2,277,941)                         | 0                            |
| Other Receivables, Net                                                                   | 33,726                         | 0                                    | 0                                   | 33,726                       |
| Inventories                                                                              | 19,789                         | 0                                    | 0                                   | 19,789                       |
| Right to Use Asset, Net                                                                  | 0                              | 281,026                              | 0                                   | 281,026                      |
| Non Depreciable Capital Assets                                                           | 0                              | 240,888                              | 0                                   | 240,888                      |
| Depreciable Capital Assets, Net                                                          | 0                              | 32,982,591                           | 0                                   | 32,982,591                   |
| TOTAL ASSETS                                                                             | 23,255,316                     | 33,504,505                           | (2,277,941)                         | 54,481,880                   |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u>                                                    |                                |                                      |                                     |                              |
| Other Postemployment Benefits                                                            | 0                              | 7,728,642                            | 0                                   | 7,728,642                    |
| Pensions                                                                                 | 0                              | 7,851,679                            | 0                                   | 7,851,679                    |
| TOTAL ASSETS & DEFERRED<br>OUTFLOWS OF RESOURCES                                         | \$ 23,255,316                  | \$ 49,084,826                        | \$ (2,277,941)                      | \$ 70,062,201                |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp;<br/>FUND BALANCES / NET POSITION</u> |                                |                                      |                                     |                              |
| <u>LIABILITIES</u>                                                                       |                                |                                      |                                     |                              |
| Accounts Payable                                                                         | \$ 1,379,312                   | \$ 0                                 | \$ 0                                | \$ 1,379,312                 |
| Accrued Liabilities                                                                      | 31,508                         | 12,717                               | 0                                   | 44,225                       |
| Due to Other Governments                                                                 | 6                              | 0                                    | 0                                   | 6                            |
| Due to Other Funds                                                                       | 2,277,941                      | 0                                    | (2,277,941)                         | 0                            |
| Due to Teachers' Retirement System                                                       | 1,471,055                      | 0                                    | 0                                   | 1,471,055                    |
| Due to Employees' Retirement System                                                      | 89,418                         | 0                                    | 0                                   | 89,418                       |
| Other Liabilities                                                                        | 11,475                         | 0                                    | 0                                   | 11,475                       |
| Unearned Revenue                                                                         | 27,775                         | 0                                    | 0                                   | 27,775                       |
| Deferred Revenue                                                                         | 364,225                        | 0                                    | 0                                   | 364,225                      |
| Bonds Payable                                                                            | 0                              | 13,645,000                           | 0                                   | 13,645,000                   |
| Installment Purchase Debt                                                                | 0                              | 43,034                               | 0                                   | 43,034                       |
| Compensated Absences                                                                     | 0                              | 1,265,904                            | 0                                   | 1,265,904                    |
| Net Pension Liability-Proportionate Share                                                | 0                              | 2,988,215                            | 0                                   | 2,988,215                    |
| Other Postemployment Benefits                                                            | 0                              | 47,412,506                           | 0                                   | 47,412,506                   |
| Lease Liability                                                                          | 0                              | 48,527                               | 0                                   | 48,527                       |
| TOTAL LIABILITIES                                                                        | 5,652,715                      | 65,415,903                           | (2,277,941)                         | 68,790,677                   |
| <u>DEFERRED INFLOWS OF RESOURCES</u>                                                     |                                |                                      |                                     |                              |
| Other Postemployment Benefits                                                            | 0                              | 16,669,992                           | 0                                   | 16,669,992                   |
| Pensions                                                                                 | 0                              | 940,996                              | 0                                   | 940,996                      |
| TOTAL DEFERRED INFLOWS OF RESOURCES                                                      | 0                              | 17,610,988                           | 0                                   | 17,610,988                   |
| FUND BALANCES / NET POSITION                                                             | 17,602,601                     | (33,942,065)                         | 0                                   | (16,339,464)                 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF<br>RESOURCES & FUND BALANCES / NET POSITION       | \$ 23,255,316                  | \$ 49,084,826                        | \$ (2,277,941)                      | \$ 70,062,201                |

See notes to financial statement.

## 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, 2023

|                                                           | GENERAL              | SPECIAL<br>AID   | SCHOOL<br>LUNCH   | MISCELLANEOUS<br>SPECIAL REVENUE | CAPITAL<br>PROJECTS | DEBT<br>SERVICE   | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|-----------------------------------------------------------|----------------------|------------------|-------------------|----------------------------------|---------------------|-------------------|--------------------------------|
| <b>REVENUES</b>                                           |                      |                  |                   |                                  |                     |                   |                                |
| Real Property Taxes                                       | \$ 10,711,644        | \$ 0             | \$ 0              | \$ 0                             | \$ 0                | \$ 0              | \$ 10,711,644                  |
| Other Tax Items                                           | 596,930              | 0                | 0                 | 0                                | 0                   | 0                 | 596,930                        |
| Charges for Services                                      | 5,718,621            | 0                | 0                 | 0                                | 0                   | 0                 | 5,718,621                      |
| Use of Money & Property                                   | 483,044              | 0                | 0                 | 6                                | 0                   | 5,853             | 488,903                        |
| Sale of Property & Compensation for Loss                  | 19,700               | 0                | 0                 | 0                                | 0                   | 0                 | 19,700                         |
| Miscellaneous                                             | 522,302              | 0                | 0                 | 110,796                          | 0                   | 0                 | 633,098                        |
| State Sources                                             | 14,300,744           | 414,768          | 8,428             | 0                                | 0                   | 0                 | 14,723,940                     |
| Federal Sources                                           | 3,770,239            | 1,714,972        | 330,792           | 0                                | 0                   | 0                 | 5,816,003                      |
| Sales                                                     | 0                    | 0                | 164,846           | 0                                | 0                   | 0                 | 164,846                        |
| <b>TOTAL REVENUES</b>                                     | <b>36,123,224</b>    | <b>2,129,740</b> | <b>504,066</b>    | <b>110,802</b>                   | <b>0</b>            | <b>5,853</b>      | <b>38,873,685</b>              |
| <b>EXPENDITURES</b>                                       |                      |                  |                   |                                  |                     |                   |                                |
| General Support                                           | 4,277,189            | 3,270            | 22,466            | 0                                | 0                   | 0                 | 4,302,925                      |
| Instruction                                               | 20,024,872           | 2,080,834        | 0                 | 99,699                           | 0                   | 0                 | 22,205,405                     |
| Pupil Transportation                                      | 2,769,283            | 119,216          | 0                 | 0                                | 0                   | 0                 | 2,888,499                      |
| Employee Benefits                                         | 6,481,254            | 2,395            | 0                 | 0                                | 0                   | 0                 | 6,483,649                      |
| Debt Service:                                             |                      |                  |                   |                                  |                     |                   |                                |
| Principal                                                 | 1,694,499            | 0                | 0                 | 0                                | 0                   | 0                 | 1,694,499                      |
| Interest                                                  | 311,793              | 0                | 0                 | 0                                | 0                   | 0                 | 311,793                        |
| Cost of Sales                                             | 0                    | 0                | 488,611           | 0                                | 0                   | 0                 | 488,611                        |
| Capital Outlay                                            | 0                    | 0                | 0                 | 0                                | 1,066,706           | 0                 | 1,066,706                      |
| <b>TOTAL EXPENDITURES</b>                                 | <b>35,558,890</b>    | <b>2,205,715</b> | <b>511,077</b>    | <b>99,699</b>                    | <b>1,066,706</b>    | <b>0</b>          | <b>39,442,087</b>              |
| <b>EXCESS (DEFICIENCY) REVENUES<br/>OVER EXPENDITURES</b> | <b>564,334</b>       | <b>(75,975)</b>  | <b>(7,011)</b>    | <b>11,103</b>                    | <b>(1,066,706)</b>  | <b>5,853</b>      | <b>(568,402)</b>               |
| <b>OTHER SOURCES &amp; USES</b>                           |                      |                  |                   |                                  |                     |                   |                                |
| Proceeds from Debt                                        | 45,168               | 0                | 0                 | 0                                | 0                   | 0                 | 45,168                         |
| Operating Transfers In                                    | 0                    | 75,975           | 17,190            | 0                                | 0                   | 0                 | 93,165                         |
| Operating Transfers Out                                   | (93,165)             | 0                | 0                 | 0                                | 0                   | 0                 | (93,165)                       |
| <b>TOTAL OTHER SOURCES &amp; USES</b>                     | <b>(47,997)</b>      | <b>75,975</b>    | <b>17,190</b>     | <b>0</b>                         | <b>0</b>            | <b>0</b>          | <b>45,168</b>                  |
| <b>NET CHANGE IN FUND BALANCES</b>                        | <b>516,337</b>       | <b>0</b>         | <b>10,179</b>     | <b>11,103</b>                    | <b>(1,066,706)</b>  | <b>5,853</b>      | <b>(523,234)</b>               |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>                   | <b>16,606,776</b>    | <b>12,839</b>    | <b>225,540</b>    | <b>134,558</b>                   | <b>580,141</b>      | <b>565,981</b>    | <b>18,125,835</b>              |
| <b>FUND BALANCES, END OF YEAR</b>                         | <b>\$ 17,123,113</b> | <b>\$ 12,839</b> | <b>\$ 235,719</b> | <b>\$ 145,661</b>                | <b>\$ (486,565)</b> | <b>\$ 571,834</b> | <b>\$ 17,602,601</b>           |

See notes to financial statement.

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, 2023

|                                                       | TOTAL<br>GOVERNMENTAL<br>FUNDS | LONG-TERM<br>REVENUE &<br>EXPENSES | CAPITAL<br>RELATED<br>ITEMS | LONG-TERM<br>DEBT<br>TRANSACTIONS | RECLASSIFICATIONS<br>& ELIMINATIONS | STATEMENT<br>OF<br>ACTIVITIES |
|-------------------------------------------------------|--------------------------------|------------------------------------|-----------------------------|-----------------------------------|-------------------------------------|-------------------------------|
| <u>REVENUES</u>                                       |                                |                                    |                             |                                   |                                     |                               |
| Real Property Taxes                                   | \$ 10,711,644                  | \$ 0                               | \$ 0                        | 0                                 | \$ 0                                | \$ 10,711,644                 |
| Other Tax Items                                       | 596,930                        | 0                                  | 0                           | 0                                 | 0                                   | 596,930                       |
| Charges for Services                                  | 5,718,621                      | 0                                  | 0                           | 0                                 | 0                                   | 5,718,621                     |
| Use of Money & Property                               | 488,903                        | 0                                  | 0                           | 0                                 | 0                                   | 488,903                       |
| Sale of Property & Compensation for Loss              | 19,700                         | 0                                  | (1,500)                     | 0                                 | 0                                   | 18,200                        |
| Miscellaneous                                         | 633,098                        | 0                                  | 0                           | 0                                 | 0                                   | 633,098                       |
| State Sources                                         | 14,723,940                     | 0                                  | 0                           | 0                                 | 0                                   | 14,723,940                    |
| Federal Sources                                       | 5,816,003                      | 0                                  | 0                           | 0                                 | 0                                   | 5,816,003                     |
| Sales                                                 | 164,846                        | 0                                  | 0                           | 0                                 | 0                                   | 164,846                       |
| <b>TOTAL REVENUES</b>                                 | <b>38,873,685</b>              | <b>0</b>                           | <b>(1,500)</b>              | <b>0</b>                          | <b>0</b>                            | <b>38,872,185</b>             |
| <u>EXPENDITURES</u>                                   |                                |                                    |                             |                                   |                                     |                               |
| General Support                                       | 4,302,925                      | 0                                  | (307,409)                   | 0                                 | 1,282,832                           | 5,278,348                     |
| Instruction                                           | 22,205,405                     | (24,811)                           | 1,028,991                   | 0                                 | 6,771,392                           | 29,980,977                    |
| Pupil Transportation                                  | 2,888,499                      | 0                                  | 22,898                      | 0                                 | 880,829                             | 3,792,226                     |
| Employee Benefits                                     | 6,483,649                      | 2,473,870                          | 0                           | 0                                 | (8,957,519)                         | 0                             |
| Debt Service:                                         |                                |                                    |                             |                                   |                                     |                               |
| Principal                                             | 1,694,499                      | 0                                  | (47,365)                    | (1,647,134)                       | 0                                   | 0                             |
| Interest                                              | 311,793                        | (560)                              | 0                           | 0                                 | 0                                   | 311,233                       |
| Cost of Sales                                         | 488,611                        | 0                                  | (5,832)                     | 0                                 | 22,466                              | 505,245                       |
| Capital Outlay                                        | 1,066,706                      | 0                                  | (1,066,706)                 | 0                                 | 0                                   | 0                             |
| <b>TOTAL EXPENDITURES</b>                             | <b>39,442,087</b>              | <b>2,448,499</b>                   | <b>(375,423)</b>            | <b>(1,647,134)</b>                | <b>0</b>                            | <b>39,868,029</b>             |
| <b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b> | <b>(568,402)</b>               | <b>(2,448,499)</b>                 | <b>373,923</b>              | <b>1,647,134</b>                  | <b>0</b>                            | <b>(995,844)</b>              |
| <u>OTHER SOURCES &amp; USES</u>                       |                                |                                    |                             |                                   |                                     |                               |
| Proceeds from Debt                                    | 45,168                         | 0                                  | 0                           | (45,168)                          | 0                                   | 0                             |
| Operating Transfers In                                | 93,165                         | 0                                  | 0                           | 0                                 | (93,165)                            | 0                             |
| Operating Transfers Out                               | (93,165)                       | 0                                  | 0                           | 0                                 | 93,165                              | 0                             |
| <b>TOTAL OTHER SOURCES &amp; USES</b>                 | <b>45,168</b>                  | <b>0</b>                           | <b>0</b>                    | <b>(45,168)</b>                   | <b>0</b>                            | <b>0</b>                      |
| <b>NET CHANGE FOR THE YEAR</b>                        | <b>\$ (523,234)</b>            | <b>\$ (2,448,499)</b>              | <b>\$ 373,923</b>           | <b>\$ 1,601,966</b>               | <b>\$ 0</b>                         | <b>\$ (995,844)</b>           |

See notes to financial statement.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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 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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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, 2023, the District was billed \$6,906,047 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$899,748. Financial statements for BOCES are available from the BOCES administrative office at 53 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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted for to expenditures for specified purposes. Those legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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 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 1<sup>st</sup> and became a lien on August 25, 2022. Taxes were collected by the Town of Highlands during the period September 1, 2022 through November 4, 2022.

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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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<br>Threshold | Depreciation<br>Method | Estimated<br>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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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 Note 9. The second relates to OPEB reporting in the district wide Statement of Net Position. For additional information on other postemployment benefits, see Note 11.

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 9. 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 11.

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

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical or personal time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

R. Vested Employee Benefits (Continued)

1. Compensated Absences (Continued)

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

2. Other Benefits

Eligible 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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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 governmental fund 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 \$19,789.

Restricted: Includes amounts with constraints placed on the use of these amounts either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (b) imposed 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:

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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. The reserve is accounted for in the General Fund.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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, 2023 consisted of:

|                                            |                |                      |
|--------------------------------------------|----------------|----------------------|
| General Fund:                              |                |                      |
| Capital Reserve                            | \$ 8,810,146   |                      |
| Unemployment Insurance Reserve             | 100,000        |                      |
| Tax Certiorari Reserve                     | 280,801        |                      |
| Employee Benefit Accrued Liability Reserve | 417,748        |                      |
| Teacher Retirement System Reserve          | 606,041        |                      |
| Retirement Contribution Reserve            | <u>400,000</u> |                      |
| General Fund Total                         |                | \$ 10,614,736        |
| Special Aid Fund                           |                | 12,839               |
| School Lunch Fund                          |                | 215,930              |
| Miscellaneous Special Revenue:             |                |                      |
| Scholarships                               |                | 18,731               |
| Extraroom Activities                       |                | 126,930              |
| Capital Fund                               |                | 0                    |
| Debt Service Fund                          |                | <u>571,834</u>       |
| Total Restricted Fund Balance              |                | <u>\$ 11,561,000</u> |

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, 2023.

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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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, 2023, the District implemented the following new standards issued by GASB:

- GASB Statement 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.
- GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability payment Arrangements*, effective for the year ending June 30, 2023.
- GASB Statement 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.
- GASB Statement No. 99, *Omnibus 2022*, paragraphs 11-25 effective for the year ending June 30, 2023.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

V. New Accounting Standards (Continued)

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 has implemented the statement as required.

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 has implemented the statement as required.

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 has implemented the statement as required.

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 has implemented paragraphs 11-25 of Statement 99 as required.

W. Future Changes in Accounting Standards

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 paragraphs 4 through 10 of the Statement and plans to adopt it when required, which will be for the June 30, 2024 financial statements.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

W. Future Changes in Accounting Standards (Continued)

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, 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, 2023 were as follows:

|                                 |                      |
|---------------------------------|----------------------|
| Original Cost of Capital Assets | \$ 59,727,056        |
| Accumulated Depreciation        | <u>(26,503,577)</u>  |
|                                 | <u>\$ 33,223,479</u> |

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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)

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, 2023 are as follows:

|                                      |                   |
|--------------------------------------|-------------------|
| Original Cost of Right of Use Assets | \$ 991,824        |
| Accumulated Amortization             | (710,798)         |
|                                      | <u>\$ 281,026</u> |

3. 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, 2023 were as follows:

|                                             |                     |
|---------------------------------------------|---------------------|
| Deferred Outflows of Resources - Pensions   | \$ 7,851,679        |
| Net Pension Liability - Proportionate Share | (2,988,215)         |
| Deferred Inflows of Resources - Pensions    | (940,996)           |
|                                             | <u>\$ 3,922,468</u> |

4. 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 expensed when it is due, and thus requires the use of current financial resources. This liability at June 30, 2023 was as follows:

|                  |                  |
|------------------|------------------|
| Accrued Interest | <u>\$ 12,717</u> |
|------------------|------------------|

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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)

5. 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, 2023 were as follows:

|                                      |                      |
|--------------------------------------|----------------------|
| Bonds Payable                        | \$ 13,645,000        |
| Compensated Absences                 | 1,265,904            |
| Deferred Outflow of Resources - OPEB | (7,728,642)          |
| Installment Purchase Debt            | 43,034               |
| Lease Liability                      | 48,527               |
| Other Postemployment Benefits        | 47,412,506           |
| Deferred Inflows of Resources - OPEB | 16,669,992           |
|                                      | <u>\$ 71,356,321</u> |

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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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)

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.

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<br>(Schedule 5)                                                                                                 | \$ 38,873,685        |
| Loss on retirement of fixed assets is recognized in the entity wide statements<br>under full accrual accounting, whereas it is not in the governmental funds. | <u>(1,500)</u>       |
| Total revenues in the Statement of Activities<br>(Schedule 2)                                                                                                 | <u>\$ 38,872,185</u> |

Total Expenditures & Other Uses/Expenses

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Total expenditures reported in governmental funds<br>(Schedule 5)                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$ 39,442,087 |
| When the purchase or construction of capital assets is financed through<br>governmental funds, the resources expended for those assets are reported<br>as expenditures in the years they are incurred. However, in the Statement<br>of Activities, the cost of those assets is allocated over their estimated useful<br>lives and reported as depreciation expense. This is the amount by which capital<br>expenditures of \$1,416,677 were greater than depreciation of \$924,516.<br>in the current year. | (492,161)     |

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 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 \$215,914 was more than the present value of the right to use assets of \$51,811 purchased in the current year.                                                                          | 164,103   |
| 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 paid exceeded the amount earned during the year.                                                                                                                                                              | (24,811)  |
| 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.                                                                                                                                                                                                                                                                                                                                         | (560)     |
| 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. | 1,825,121 |

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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 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. | 648,749              |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | (47,365)             |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <u>(1,647,134)</u>   |
| Total expenses in the Statement of Activities (Schedule 2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <u>\$ 39,868,029</u> |

NOTE 3. 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

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 3. STEWARDSHIP AND COMPLIANCE. (Continued)

A. Budgets (Continued)

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, 2023.

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.

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 2023-2024 budget to ensure that the District is compliant with the §1318 limit in the future and potentially adding to underfunded reserves.

NOTE 4. 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 |
|------------------|----|---|

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 4. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL. (Continued)

Collateralized with securities held by the pledging financial institution,  
or its trust department or agent, but not in the District's name \$ 4,578,923

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 \$12,612,663 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 \$8,463,692,945, which consisted of \$2,530,081,947 in repurchase agreements, \$3,907,187,600 in U.S. Treasury Bills, \$965,776,720 in U. S. Treasury Securities and \$1,060,646,670 in collateralized bank deposits all with various interest rate and due dates.

The following amounts are included as unrestricted and restricted cash:

| <u>Fund</u>           | <u>Bank Balance</u> | <u>Carrying Amount</u> |
|-----------------------|---------------------|------------------------|
| General Fund          | \$ 9,232,552        | \$ 9,232,552           |
| Capital Projects Fund | 19                  | 19                     |
| Debt Service Fund     | 23,215              | 23,215                 |

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).

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 5. CAPITAL ASSETS.

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

|                                          | Beginning<br>Balance | Additions  | Retirements/<br>Reclassifications | Ending<br>Balance |
|------------------------------------------|----------------------|------------|-----------------------------------|-------------------|
| Governmental activities:                 |                      |            |                                   |                   |
| Capital assets that are not depreciated: |                      |            |                                   |                   |
| Land                                     | \$ 152,475           | \$ 0       | \$ 0                              | \$ 152,475        |
| Construction in Progress                 | 21,769,885           | 569,026    | (22,250,498)                      | 88,413            |
| Total Nondepreciable Assets              | 21,922,360           | 569,026    | (22,250,498)                      | 240,888           |
| Capital assets that are depreciated:     |                      |            |                                   |                   |
| Land Improvements                        | 1,011,245            | 0          | 0                                 | 1,011,245         |
| Buildings and Improvements               | 34,022,653           | 134,069    | 22,100,289                        | 56,257,011        |
| Furniture & Equipment                    | 1,164,859            | 518,977    | 150,209                           | 1,834,045         |
| Vehicles                                 | 234,734              | 194,605    | (45,472)                          | 383,867           |
| Total Depreciable Assets                 | 36,433,491           | 847,651    | 22,205,026                        | 59,486,168        |
| Less: Accumulated Depreciation           | (25,623,033)         | (924,516)  | 43,972                            | (26,503,577)      |
| Capital Assets, Net                      | \$ 32,732,818        | \$ 492,161 | \$ (1,500)                        | \$ 33,223,479     |

Depreciation expense was charged to governmental function as follows:

|                    |                   |
|--------------------|-------------------|
| General Support    | \$ 21,265         |
| Instruction        | 864,888           |
| Transportation     | 22,898            |
| Cost of Sales      | 15,465            |
| Total Depreciation | <u>\$ 924,516</u> |

NOTE 6. RIGHT TO USE ASSETS.

Right to use asset balances and activity for the year ended June 30, 2023 were as follows.

|                                         | Beginning<br>Balance | Additions           | Retirements/<br>Reclassifications | Ending<br>Balance |
|-----------------------------------------|----------------------|---------------------|-----------------------------------|-------------------|
| Governmental activities                 |                      |                     |                                   |                   |
| Right to use assets that are amortized: |                      |                     |                                   |                   |
| Equipment                               | \$1,001,576          | \$ 51,811           | \$ (61,563)                       | \$ 991,824        |
| Less: Accumulated Amortization          | (556,447)            | (215,914)           | 61,563                            | (710,798)         |
| Right To Use Assets, Net                | <u>\$ 445,129</u>    | <u>\$ (164,103)</u> | <u>\$ 0</u>                       | <u>\$ 281,026</u> |

Amortization expense was charged to governmental functions as follows:

|                    |                   |
|--------------------|-------------------|
| Instruction        | <u>\$ 215,914</u> |
| Total Amortization | <u>\$ 215,914</u> |

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 7. LEASES.

District as Lessee

Lease agreements are summarized as follows:

| Description                       | Date     | Payment<br>Terms | Payment<br>Amount | Interest<br>Rate | Total<br>Lease<br>Liability | Balance<br>June 30, 2023 |
|-----------------------------------|----------|------------------|-------------------|------------------|-----------------------------|--------------------------|
| Installment Purchase Agreement #2 | 3/5/2021 | 4 years          | \$ 47,365         | 2.43%            | \$ 190,553                  | \$ 48,527                |

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:

| For the Year Ended June 30, | Leases Payable |          |
|-----------------------------|----------------|----------|
|                             | Principal      | Interest |
| 2024                        | \$ 48,527      | \$ 1,193 |
| Total                       | \$ 48,527      | \$ 1,193 |

NOTE 8. LONG-TERM LIABILITIES.

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

|                               | Beginning<br>Balance | Issued         | Paid/<br>Redeemed | Ending<br>Balance | Amounts<br>Due Within<br>One Year |
|-------------------------------|----------------------|----------------|-------------------|-------------------|-----------------------------------|
| Governmental Activities:      |                      |                |                   |                   |                                   |
| Bonds and Notes Payable:      |                      |                |                   |                   |                                   |
| Bonds Payable                 | \$ 15,290,000        | \$ 0           | \$ 1,645,000      | \$ 13,645,000     | \$ 1,100,000                      |
| Installment Purchase Debt     | 0                    | 45,168         | 2,134             | 43,034            | 7,231                             |
| Total Bonds and Notes Payable | 15,290,000           | 45,168         | 1,647,134         | 13,688,034        | 1,107,231                         |
| Other Liabilities:            |                      |                |                   |                   |                                   |
| Compensated Absences          | 1,290,715            | 3,608          | 28,419            | 1,265,904         | 0                                 |
| Net Pension Liability-        |                      |                |                   |                   |                                   |
| Proportionate Share           | 0                    | 4,397,037      | 1,408,822         | 2,988,215         | 0                                 |
| Other Postemployment Benefits | 59,350,669           | (10,769,741)   | 1,168,422         | 47,412,506        | 0                                 |
| Lease Liability               | 141,060              | (45,168)       | 47,365            | 48,527            | 48,527                            |
| Total Other Liabilities       | 60,782,444           | (6,414,264)    | 2,653,028         | 51,715,152        | 48,527                            |
| Total Long-Term Liabilities   | \$ 76,072,444        | \$ (6,369,096) | \$ 4,300,162      | \$ 65,403,186     | \$ 1,155,758                      |

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

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 8. LONG-TERM LIABILITIES. (Continued)

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%          | \$ 13,390,000        |
| Serial Bond               | 11/14/13   | 11/01/24       | 1.5% - 3%     | 255,000              |
|                           |            |                |               | <u>\$ 13,645,000</u> |
| Installment Purchase Debt | 01/31/23   | 02/17/28       | 11.685%       | <u>\$ 43,034</u>     |

| For the Year Ended June 30, | Bonds and Notes Payable |                     |
|-----------------------------|-------------------------|---------------------|
|                             | Principal               | Interest            |
| 2024                        | \$ 1,107,231            | \$ 278,350          |
| 2025                        | 1,133,256               | 252,201             |
| 2026                        | 1,069,274               | 231,133             |
| 2027                        | 1,055,417               | 208,789             |
| 2028                        | 1,072,856               | 186,655             |
| 2029 - 2037                 | 8,250,000               | 708,800             |
| TOTAL                       | <u>\$ 13,688,034</u>    | <u>\$ 1,865,928</u> |

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

|                                            |                   |
|--------------------------------------------|-------------------|
| Interest paid                              | \$ 311,793        |
| Less: Interest accrued in the prior year   | (13,277)          |
| Plus: Interest accrued in the current year | 12,717            |
| Total interest expense                     | <u>\$ 311,233</u> |

NOTE 9. 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 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 2022, he was elected for a new term commencing January 1, 2023. 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](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php).

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9. PENSION PLANS. (Continued)

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](http://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 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 of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent greater than 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

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

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 of employment. For Tier 3, 4 and 5 members, each year of final average salary calculation is limited to no more than 10 percent greater than 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 greater than the average of the previous four years.

*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 members' 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

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

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 law 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).

*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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

*Service Retirements*

Tier 1 and 2 members are generally eligible for a service retirement benefit of 2% per year of credit service times final average salary (FAS). A 5% reduction generally applies for each full year of state service under 20 years (prorated for partial years with a maximum reduction of 50%). Tier 1 and 2 members may retire as early as age 55 with five or more years of state service credit. Retirement may also occur for Tier 1 members at age 55 with less than five years of service if two years are credited since July 1, 1967, after the current membership date, and since the member turned age 53.

Generally, the maximum pension payable to Tier 1 and 2 members (with two years of credit under the Article 19 Benefit Enhancement law) is 79% of FAS. An age factor applies to Tier 2 members who retire before age 62 with less than 30 years of service. There is no age factor for Tier 1 members.

Tier 3 and 4 members are generally eligible for a service retirement benefit of 1.67% per year of credited service times FAS for less than 20 years of service, 2.0% per year for 20 to 30 years of service, and 60% of FAS plus 1.5% per year for service beyond 30 years. Tier 3 and 4 members may retire as early as age 55 with five years of state service credit. An age factor applies for Tier 3 and 4 members who retire before age 62 with less than 30 years of service.

Tier 5 members are generally eligible for a service retirement benefit of 1.67% per year of credited service times FAS for less than 25 years of service, 2% per year for 25 - 30 years of service, and 60% of FAS plus 1.5% per year for service beyond 30 years. Tier 5 members may retire as early as age 55 with 5 years of service credit. An age factor applies to Tier 5 members who retire before age 57 or retire between age 57 and 62 with less than 30 years of service.

Tier 6 members are generally eligible for a service retirement benefit of 1.67% per year of credited service times FAS for less than 20 years of service, 1.75% per year for 20 years of service, and 35% of FAS plus 2% per year for service beyond 20 years. Tier 6 members may retire as early as age 55 with 5 years of state service credit. An age factor applies for Tier 6 members who retire before age 63. In addition, vested Tier 6 members with an inactive membership must be at least 63 to retire.

*Vested Benefits*

Retirement benefits for Tiers 1-6 are vested after five years of credited service. Prior to April 9, 2022, Tier 5-6 members needed to attain 10 years of state service credited to be vested. Benefits are payable at age 55 or greater with the limitations noted for service retirement above.

*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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

*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 and Military 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. Certain members may also claim military service credit prior to or interrupting membership.

*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 (CPI) not to exceed 3% nor be lower than 1%. It is applied to the eighteen thousand dollars of the maximum annual benefit. The applicable percentage payable beginning September 20200 is 3.0%.

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 (CPI) 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

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9. PENSION PLANS. (Continued)

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

State Teachers' Retirement Board pursuant to Article 11 of the Education Law. The District paid 100% of 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:

| <u>Year</u> | <u>NYSTRS</u> | <u>NYSERS</u> |
|-------------|---------------|---------------|
| 2022 - 2023 | \$ 1,157,280  | \$ 265,849    |
| 2021 - 2022 | 1,102,235     | 322,808       |
| 2020 - 2021 | 977,373       | 349,335       |

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

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

Contributions

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of June 30, 2022 for TRS and March 31, 2023 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, 2023, the District's proportion of the ERS net pension liability/(asset) was 0.008045%, which was a increase of .000468% from its proportion measured as March 31, 2022.

At June 30, 2022, the District's proportion of the TRS net pension liability/(asset) was 0.065827%, which was an increase of .005059% from its proportion measured as June 30, 2021.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9. PENSION PLANS. (Continued)

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

For the year ended June 30, 2023, the District recognized pension expense of \$648,749 for ERS and TRS. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                                             | Deferred Outflows<br>of Resources |                     |                    | Deferred Inflows<br>of Resources |                   |                   |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------|--------------------|----------------------------------|-------------------|-------------------|
|                                                                                                                             | ERS                               | TRS                 | Total              | ERS                              | TRS               | Total             |
| Differences between expected<br>and actual experience                                                                       | \$ 183,732                        | \$ 1,323,625        | \$1,507,357        | \$ 48,446                        | \$ 25,311         | \$ 73,757         |
| Changes of Assumptions                                                                                                      | 837,801                           | 2,450,305           | 3,288,106          | 9,259                            | 508,834           | 518,093           |
| Net difference between projected<br>and actual earnings on pension<br>plan investments                                      | 0                                 | 1,632,115           | 1,632,115          | 10,135                           | 0                 | 10,135            |
| Changes in proportion and difference<br>between the District's contributions<br>and proportionate share of<br>contributions | 51,029                            | 47,766              | 98,795             | 2,431                            | 336,580           | 339,011           |
| District's contributions subsequent<br>to the measurement date                                                              | 89,418                            | 1,235,888           | 1,325,306          | 0                                | 0                 | 0                 |
| Total                                                                                                                       | <u>\$1,161,980</u>                | <u>\$ 6,689,699</u> | <u>\$7,851,679</u> | <u>\$ 70,271</u>                 | <u>\$ 870,725</u> | <u>\$ 940,996</u> |

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended: | <u>ERS</u> | <u>TRS</u> |
|-------------|------------|------------|
| 2023        | \$ 0       | \$ 878,917 |
| 2024        | 246,618    | 440,349    |
| 2025        | (76,399)   | (250,731)  |
| 2026        | 357,578    | 3,158,478  |
| 2027        | 474,494    | 365,257    |
| Thereafter  | 0          | (9,184)    |

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9. PENSION PLANS. (Continued)

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

Actuarial Assumptions

The total ERS pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. The total TRS pension liability at June 30, 2022 was determined by using an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. These actuarial valuations used the following actuarial assumptions. Significant actuarial assumptions used in the actuarial valuations referred to above were as follows:

|                                      |                                                                                       |                                                                                                                                                                                              |         |      |   |       |    |       |    |       |    |       |
|--------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------|---|-------|----|-------|----|-------|----|-------|
|                                      | <div>ERS</div>                                                                        | <div>TRS</div>                                                                                                                                                                               |         |      |   |       |    |       |    |       |    |       |
| Inflation Rate                       | 2.9%                                                                                  | 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                                                                          |         |      |   |       |    |       |    |       |    |       |
|                                      |                                                                                       | <table><tr><td>Service</td><td>Rate</td></tr><tr><td>5</td><td>5.18%</td></tr><tr><td>15</td><td>3.64%</td></tr><tr><td>25</td><td>2.50%</td></tr><tr><td>35</td><td>1.95%</td></tr></table> | Service | Rate | 5 | 5.18% | 15 | 3.64% | 25 | 2.50% | 35 | 1.95% |
| Service                              | Rate                                                                                  |                                                                                                                                                                                              |         |      |   |       |    |       |    |       |    |       |
| 5                                    | 5.18%                                                                                 |                                                                                                                                                                                              |         |      |   |       |    |       |    |       |    |       |
| 15                                   | 3.64%                                                                                 |                                                                                                                                                                                              |         |      |   |       |    |       |    |       |    |       |
| 25                                   | 2.50%                                                                                 |                                                                                                                                                                                              |         |      |   |       |    |       |    |       |    |       |
| 35                                   | 1.95%                                                                                 |                                                                                                                                                                                              |         |      |   |       |    |       |    |       |    |       |
| Projected Cost of Living Adjustments | 1.5%                                                                                  | 1.3% Compounded annually                                                                                                                                                                     |         |      |   |       |    |       |    |       |    |       |
| Investment Rate of Return            | 5.90%                                                                                 | 6.95%                                                                                                                                                                                        |         |      |   |       |    |       |    |       |    |       |
|                                      | compounded annually,<br>net of pension plan investment expense<br>including inflation | compounded annually,<br>net of pension plan investment expense<br>including inflation                                                                                                        |         |      |   |       |    |       |    |       |    |       |
| Decrement Tables                     | April 1, 2015 -<br>March 31, 2020<br>System's Experience                              | July 1, 2015 -<br>June 30, 2020<br>System's Experience                                                                                                                                       |         |      |   |       |    |       |    |       |    |       |
| Mortality Improvement                | Society of Actuaries<br>Scale MP-2021                                                 | Society of Actuaries<br>Scale MP-2021                                                                                                                                                        |         |      |   |       |    |       |    |       |    |       |

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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9. PENSION PLANS. (Continued)

Actuarial Assumptions (Continued)

The long Term Expected Rates of Return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized in the following table below:

|                              | ERS            |                            |                        | TRS           |                            |
|------------------------------|----------------|----------------------------|------------------------|---------------|----------------------------|
| Measurement Date             | March 31, 2023 |                            | Measurement Date       | June 30, 2022 |                            |
|                              | Target         | Long-term<br>expected real |                        | Target        | Long-term<br>expected real |
|                              | Allocation     | rate of return             |                        | Allocation    | rate of return*            |
| Asset Class:                 |                |                            | Asset Class:           |               |                            |
| Domestic Equity              | 32%            | 4.30%                      | Domestic Equities      | 33%           | 6.50%                      |
| International Equity         | 15%            | 6.85%                      | International Equities | 16%           | 7.20%                      |
| Private Equity               | 10%            | 7.50%                      | Global Equity          | 4%            | 6.90%                      |
| Real Estate                  | 9%             | 4.60%                      | Real Estate Equity     | 11%           | 6.20%                      |
| Opportunistic/ ARF Portfolio | 3%             | 5.38%                      | Private Equity         | 8%            | 9.90%                      |
| Credit                       | 4%             | 5.43%                      | Domestic Fixed Income  | 16%           | 1.10%                      |
| Real Assets                  | 3%             | 5.84%                      | Global Bonds           | 2%            | 0.60%                      |
| Fixed Income                 | 23%            | 1.50%                      | Private Debt           | 2%            | 5.30%                      |
| Cash                         | 1%             | 0.00%                      | Real Estate Debt       | 6%            | 2.40%                      |
|                              |                |                            | High Yield Bonds       | 1%            | 3.30%                      |
|                              |                |                            | Cash Equivalents       | 1%            | -0.30%                     |
| Total                        | 100%           |                            |                        | 100%          |                            |

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

\* Real rates of return are net of a long-term inflation

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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9. PENSION PLANS. (Continued)

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

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:

|                                                                        | 1%<br>Decrease<br>4.90% | Current<br>Assumption<br>5.90% | 1%<br>Increase<br>6.90% |
|------------------------------------------------------------------------|-------------------------|--------------------------------|-------------------------|
| <u>ERS</u>                                                             |                         |                                |                         |
| Employer's Proportionate Share<br>of the Net Pension Asset/(Liability) | \$ (4,168,733)          | \$ (1,725,061)                 | \$ 316,911              |
|                                                                        | 1%<br>Decrease<br>5.95% | Current<br>Assumption<br>6.95% | 1%<br>Increase<br>7.95% |
| <u>TRS</u>                                                             |                         |                                |                         |
| Employer's Proportionate Share<br>of the Net Pension Asset/(Liability) | \$(11,646,871)          | \$ (1,263,154)                 | \$ 7,469,484            |

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, 2023         | June 30, 2022         |
| Employers' total pension asset/(liability)                                      | \$ (232,627,259)       | \$ (133,883,474)      |
| Plan net position                                                               | 211,183,223            | 131,964,582           |
| Employer's net pension asset/(liability)                                        | <u>\$ (21,444,036)</u> | <u>\$ (1,918,892)</u> |
| Ratio of plan net position to the<br>employers' total pension asset/(liability) | 90.78%                 | 98.57%                |

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, 2023 represent the projected employer contributions for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$89,418 of employer contributions. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023. 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, 2023 amounted to \$1,471,055.



HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 11. 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.

| Age | Blended Premium |           |
|-----|-----------------|-----------|
|     | Retiree         | Spouse    |
| 50  | \$ 13,296       | \$ 15,336 |
| 55  | 13,296          | 15,336    |
| 60  | 13,296          | 15,336    |
| 65  | 7,524           | 8,196     |
| 70  | 7,524           | 8,196     |
| 75  | 7,524           | 8,196     |
| 80  | 7,524           | 8,196     |
| 85  | 7,524           | 8,196     |
| 90  | 7,524           | 8,196     |

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, 2023, the following employees were covered by the benefit terms:

|                                                                          |            |
|--------------------------------------------------------------------------|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 126        |
| Active employees                                                         | 155        |
| Total Employees Covered by Benefit Terms                                 | <u>281</u> |

Total OPEB Liability

The District's total OPEB liability of \$47,412,506 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020 with updated procedures to roll forward the actuarial accrued liability to June 30, 2023.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

Total OPEB Liability (Continued)

|                                                     |                                                                                                                                                                                                           |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discount Rate                                       | 3.54%                                                                                                                                                                                                     |
| Healthcare Cost Trend Rates                         | Pre-65: 7.35% for 2022,<br>decreasing to an ultimate rate<br>of 4.5% for 2031 and later<br>years<br><br>Post-65: 8.85% for 2022,<br>decreasing to an ultimate rate<br>of 4.5% for 2031 and later<br>years |
| Current Retirees' Share of<br>Benefit Related Costs | Retirees pay 0% - 50% of the<br>cost of single coverage and<br>50% - 65% for the<br>spouse/family based on years<br>of service with the District.                                                         |
| Future Retirees' Share of<br>Benefit Related Costs  | Retirees pay 0% - 50% of the<br>cost of single coverage and<br>50% - 65% for the<br>spouse/family based on years<br>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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

Changes in the Total OPEB Liability

|                                                    |                     |
|----------------------------------------------------|---------------------|
| Balance at June 30, 2022                           | <u>\$59,350,669</u> |
| <u>Changes for the Year:</u>                       |                     |
| Service cost                                       | 3,507,851           |
| Interest                                           | 1,345,192           |
| Differences between expected and actual experience | (2,871,147)         |
| Changes in assumptions or other inputs             | (12,751,637)        |
| Benefit payments                                   | <u>(1,168,422)</u>  |
| Net Changes                                        | <u>(11,938,163)</u> |
| Balance at June 30, 2023                           | <u>\$47,412,506</u> |

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

|                      | 1%<br>Decrease<br>(2.54%) | Current<br>Discount Rate<br>(3.54%) | 1%<br>Increase<br>(4.54%) |
|----------------------|---------------------------|-------------------------------------|---------------------------|
| Total OPEB Liability | \$ 56,182,966             | \$ 47,412,506                       | \$ 40,458,039             |

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%<br>Decrease | Current Health Care<br>Cost Trend Rates | 1%<br>Increase |
|----------------------|----------------|-----------------------------------------|----------------|
| Total OPEB Liability | \$ 39,469,975  | \$ 47,412,506                           | \$ 57,878,358  |

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 11. 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, 2023, the District recognized OPEB expense of \$1,825,121. At June 30, 2023, the District reported the following deferred outflows of resources and deferred inflows of resources related to OPEB.

|                                                                | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|----------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected<br>and actual experience          | \$ 13,100                                 | \$ 4,045,174                             |
| Changes of assumptions or other inputs                         | 6,516,060                                 | 12,624,818                               |
| District's contributions subsequent<br>to the measurement date | <u>1,199,482</u>                          | <u>0</u>                                 |
| Total                                                          | <u>\$ 7,728,642</u>                       | <u>\$ 16,669,992</u>                     |

District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2023. 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:

| <u>Fiscal Year Ending June 30,</u> | <u>Amount</u>  |
|------------------------------------|----------------|
| 2024                               | \$ (1,828,440) |
| 2025                               | (1,654,610)    |
| 2026                               | (989,229)      |
| 2027                               | (709,937)      |
| 2028                               | (976,535)      |
| Thereafter                         | (3,982,081)    |

NOTE 12. 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.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 13. 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 14. 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, 2023 have been included in the assigned fund balances of the following funds as of June 30, 2023:

|              |                   |
|--------------|-------------------|
| General Fund | <u>\$ 296,623</u> |
|--------------|-------------------|

NOTE 15. SUBSEQUENT EVENTS.

The District has evaluated subsequent events through June 3, 2024 the date that the financial statements were available to be issued. On May 15, 2024, the District issued a BAN in the amount of \$720,000 for Capital Projects.

## 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, 2023

|                                                                  | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <u>Total OPEB Liability</u>                                      |               |               |               |               |               |               |
| Service cost                                                     | \$ 3,507,851  | \$ 2,982,473  | \$ 2,161,351  | \$ 1,874,338  | 1,689,780     | 2,050,973     |
| Interest                                                         | 1,345,192     | 1,239,953     | 1,705,042     | 1,671,126     | 1,558,482     | 1,351,506     |
| Changes of benefit terms                                         | 0             | 0             | (249,404)     | 0             | 0             | 0             |
| Differences between expected and actual experience               | (2,871,147)   | 16,954        | (773,854)     | (104,682)     | (2,718,364)   | 0             |
| Changes in assumptions or other inputs                           | (12,751,637)  | 2,575,565     | 4,984,831     | 2,694,522     | (99,982)      | (5,872,418)   |
| Benefit payments                                                 | (1,168,422)   | (1,170,151)   | (1,065,667)   | (988,521)     | (944,434)     | (1,169,827)   |
| Net change in total OPEB liability                               | (11,938,163)  | 5,644,794     | 6,762,299     | 5,146,783     | (514,518)     | (3,639,766)   |
| Total OPEB liability-beginning                                   | 59,350,669    | 53,705,875    | 46,943,576    | 41,796,793    | 42,311,311    | 45,951,077    |
| Total OPEB liability-ending                                      | \$ 47,412,506 | \$ 59,350,669 | \$ 53,705,875 | \$ 46,943,576 | 41,796,793    | 42,311,311    |
| Covered-employee payroll                                         | \$ 12,331,868 | \$ 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 | 384.47%       | 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, 2023

|                                               | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | CURRENT<br>YEAR'S<br>REVENUES | OVER (UNDER)<br>REVISED BUDGET |
|-----------------------------------------------|--------------------|-----------------|-------------------------------|--------------------------------|
| <u>REVENUES</u>                               |                    |                 |                               |                                |
| LOCAL SOURCES:                                |                    |                 |                               |                                |
| Real Property Taxes                           | \$ 10,656,099      | \$ 10,656,099   | \$ 10,711,644                 | \$ 55,545                      |
| Other Tax Items                               | 649,853            | 649,853         | 596,930                       | (52,923)                       |
| Charges for Services                          | 6,619,102          | 6,619,102       | 5,718,621                     | (900,481)                      |
| Use of Money & Property                       | 5,000              | 5,000           | 483,044                       | 478,044                        |
| Sale of Property & Compensation for Loss      | 0                  | 0               | 19,700                        | 19,700                         |
| Miscellaneous                                 | 325,615            | 325,615         | 522,302                       | 196,687                        |
| STATE SOURCES                                 | 14,039,610         | 14,039,610      | 14,300,744                    | 261,134                        |
| FEDERAL SOURCES                               | 3,481,694          | 3,486,194       | 3,770,239                     | 284,045                        |
| OTHER SOURCES:                                |                    |                 |                               |                                |
| Proceeds from Obligations                     | 0                  | 0               | 45,168                        | 45,168                         |
| TOTAL REVENUES                                | 35,776,973         | 35,781,473      | \$ 36,168,392                 | \$ 386,919                     |
| APPROPRIATED FUND BALANCE                     | 302,967            | 302,967         |                               |                                |
| TOTAL REVENUES &<br>APPROPRIATED FUND BALANCE | \$ 36,079,940      | \$ 36,084,440   |                               |                                |

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, 2023

|                                                                      | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | CURRENT<br>YEAR'S<br>EXPENDITURES | ENCUMBRANCES | UNENCUMBERED<br>BALANCE |
|----------------------------------------------------------------------|--------------------|-----------------|-----------------------------------|--------------|-------------------------|
| <b>EXPENDITURES</b>                                                  |                    |                 |                                   |              |                         |
| GENERAL SUPPORT:                                                     |                    |                 |                                   |              |                         |
| Board of Education                                                   | \$ 86,368          | \$ 60,681       | \$ 47,003                         | \$ 8,871     | \$ 4,807                |
| Central Administration                                               | 292,551            | 317,798         | 316,925                           | 0            | 873                     |
| Finance                                                              | 516,174            | 541,953         | 500,963                           | 32,800       | 8,190                   |
| Staff                                                                | 154,234            | 163,077         | 159,571                           | 0            | 3,506                   |
| Central Services                                                     | 2,845,723          | 2,834,760       | 2,864,737                         | 10,307       | (40,284)                |
| Special Items                                                        | 379,760            | 376,181         | 387,990                           | 6            | (11,815)                |
| INSTRUCTIONAL:                                                       |                    |                 |                                   |              |                         |
| Instruction, Administration & Improvement                            | 1,044,167          | 1,060,162       | 1,005,535                         | 21,178       | 33,449                  |
| Teaching - Regular School                                            | 8,366,543          | 8,242,649       | 8,203,172                         | 15,450       | 24,027                  |
| Programs for Children with Handicapping Conditions                   | 6,664,761          | 7,387,862       | 7,325,109                         | 52,775       | 9,978                   |
| Occupational Education                                               | 491,145            | 491,145         | 380,556                           | 110,589      | 0                       |
| Teaching - Special Schools                                           | 3,500              | 1,140           | 135                               | 0            | 1,005                   |
| Instructional Media                                                  | 1,345,076          | 1,286,967       | 1,248,056                         | 29,697       | 9,214                   |
| Pupil Services                                                       | 1,934,072          | 1,905,846       | 1,862,309                         | 14,950       | 28,587                  |
| PUPIL TRANSPORTATION                                                 | 2,770,199          | 2,775,022       | 2,769,283                         | 0            | 5,739                   |
| EMPLOYEE BENEFITS                                                    | 7,171,098          | 6,543,743       | 6,481,254                         | 0            | 62,489                  |
| DEBT SERVICE:                                                        |                    |                 |                                   |              |                         |
| Debt Service - Principal                                             | 1,645,000          | 1,692,364       | 1,694,499                         | 0            | (2,135)                 |
| Debt Service - Interest                                              | 307,569            | 309,925         | 311,793                           | 0            | (1,868)                 |
| TOTAL EXPENDITURES                                                   | 36,017,940         | 35,991,275      | 35,558,890                        | 296,623      | 135,762                 |
| OTHER USES:                                                          |                    |                 |                                   |              |                         |
| Operating Transfers Out                                              | 62,000             | 93,165          | 93,165                            | 0            | 0                       |
| TOTAL EXPENDITURES & OTHER USES                                      | \$ 36,079,940      | \$ 36,084,440   | 35,652,055                        | \$ 296,623   | \$ 135,762              |
| EXCESS OF REVENUES & OTHER SOURCES<br>OVER EXPENDITURES & OTHER USES |                    |                 | \$ 516,337                        |              |                         |

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, 2023

NYSERS Pension Plan  
Last 10 Fiscal Years\*

|                                                                                                                        | 3/31/2023      | 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)                                                             | 0.008045%      | 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)                                                    | \$ (1,725,061) | \$ 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                                                                                    | \$ 2,492,068   | \$ 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)<br>as a percentage of its covered-employee payroll | -69.22%        | 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<br>the total pension liability                                          | 90.78%         | 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\*

|                                                                                                                        | 6/30/2022      | 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)                                                             | 0.065827%      | 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)                                                    | \$ (1,263,154) | \$ 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                                                                                    | \$ 11,661,480  | \$ 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)<br>as a percentage of its covered-employee payroll | -10.83%        | 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<br>the total pension liability                                          | 98.57%         | 113.25%       | 97.76%         | 102.20%       | 101.53%       | 100.66%      | 99.01%       | 110.46%      | 111.48%      | 100.70%      |

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, 2023**

|                                                                      | NYSERS Pension Plan<br>Last 10 Fiscal Years* |               |               |               |               |              |              |              |              |              |
|----------------------------------------------------------------------|----------------------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
|                                                                      | 3/31/2023                                    | 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                                  | \$ 265,997                                   | \$ 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 | 265,997                                      | 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         | \$ 0         |
| Covered Employee Payroll                                             | \$ 2,492,068                                 | \$ 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        | 10.67%                                       | 14.89%        | 13.38%        | 13.63%        | 13.62%        | 15.28%       | 13.54%       | 17.01%       | 19.08%       | 21.41%       |
|                                                                      | NYSTRS Pension Plan<br>Last 10 Fiscal Years* |               |               |               |               |              |              |              |              |              |
|                                                                      | 6/30/2022                                    | 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                                  | \$ 1,142,825                                 | \$ 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 | 1,142,825                                    | 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         | \$ 0         |
| Covered Employee Payroll                                             | \$ 11,661,480                                | \$ 10,314,198 | \$ 10,375,089 | \$ 10,462,332 | \$ 10,193,936 | \$ 9,932,139 | \$ 9,537,527 | \$ 8,459,606 | \$ 8,618,752 | \$ 8,632,407 |
| Contributions as a percentage of its covered-employee payroll        | 9.80%                                        | 9.53%         | 8.86%         | 10.16%        | 9.53%         | 11.61%       | 12.64%       | 17.53%       | 16.25%       | 11.84%       |

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, 2023

CHANGE FROM ADOPTED TO FINAL BUDGET

|                              |                             |
|------------------------------|-----------------------------|
| ADOPTED BUDGET               | \$ 35,953,900               |
| ADDITIONS:                   |                             |
| Encumbrances from Prior Year | <u>126,040</u>              |
| ORIGINAL BUDGET              | 36,079,940                  |
| BUDGET REVISIONS:            |                             |
| Budget Amendments for:       |                             |
| ESSER 1                      | <u>4,500</u>                |
| FINAL BUDGET                 | <u><u>\$ 36,084,440</u></u> |

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

|                                                                                                           |                            |
|-----------------------------------------------------------------------------------------------------------|----------------------------|
| 2023-2024 Voter-Approved Expenditure Budget Maximum Allowed<br>( 4% of 2023-2024 budget of \$39,036,276 ) | \$ 1,561,451               |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law                                |                            |
| Unrestricted Fund Balance:                                                                                |                            |
| Assigned Fund Balance                                                                                     | \$ 296,623                 |
| Unassigned Fund Balance                                                                                   | <u>6,211,754</u>           |
| Total Unrestricted Fund Balance                                                                           | <u>6,508,377</u>           |
| Less:                                                                                                     |                            |
| Appropriated Fund Balance                                                                                 | -                          |
| Encumbrances Included in Committed and Assigned Fund Balance                                              | <u>296,623</u>             |
| Total Adjustments                                                                                         | <u>296,623</u>             |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law                                | <u><u>\$ 6,211,754</u></u> |
| Actual Percentage                                                                                         | 15.91%                     |

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, 2023

|                           | ORIGINAL<br>APPROPRIATION | REVISED<br>APPROPRIATION | EXPENDITURES & TRANSFERS TO DATE |                 | UNEXPENDED<br>BALANCE |
|---------------------------|---------------------------|--------------------------|----------------------------------|-----------------|-----------------------|
|                           |                           |                          | PRIOR<br>YEARS                   | CURRENT<br>YEAR |                       |
| James O'Neill High School | \$ 21,475,612             | \$ 22,221,965            | \$ 21,769,884                    | \$ 569,026      | \$ 22,338,910         |
| Concession Building       | 376,919                   | 668,483                  | 593,709                          | 0               | 593,709               |
| Pole Barn                 | 239,259                   | 311,596                  | 273,305                          | 0               | 273,305               |
| Pressbox                  | 99,759                    | 197,956                  | 182,961                          | 0               | 182,961               |
| Smart School Bond Act     | 0                         | 497,680                  | 0                                | 497,680         | 497,680               |
|                           | \$ 22,191,549             | \$ 23,897,680            | \$ 22,819,859                    | \$ 1,066,706    | \$ 23,886,565         |
|                           |                           |                          |                                  |                 | \$ 11,115             |

|                           | METHODS OF FINANCING  |              | FUND<br>BALANCE<br>JUNE 30, 2023 |
|---------------------------|-----------------------|--------------|----------------------------------|
|                           | PROCEEDS<br>FROM DEBT | STATE<br>AID |                                  |
| James O'Neill High School | 15,279,892            | 0            | 22,304,892                       |
| Concession Building       | 621,426               | 0            | 621,426                          |
| Pole Barn                 | 289,661               | 0            | 289,661                          |
| Pressbox                  | 184,021               | 0            | 184,021                          |
| Smart School Bond Act     | 0                     | 0            | 0                                |
|                           | \$ 16,375,000         | \$ 0         | \$ 23,400,000                    |
|                           |                       | \$ 7,025,000 | \$ (497,680)                     |
|                           |                       |              | \$ (486,565)                     |

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, 2023

|                                        |                   |                      |
|----------------------------------------|-------------------|----------------------|
| CAPITAL ASSETS, NET                    |                   | \$ 33,223,479        |
| RIGHT TO USE ASSETS, NET               |                   | <u>281,026</u>       |
| Total Capital Assets                   |                   | 33,504,505           |
| DEDUCTIONS:                            |                   |                      |
| Short-term Portion of Bonds Payable    | \$ 1,100,000      |                      |
| Long-term Portion of Bonds Payable     | 12,545,000        |                      |
| Short -term Portion of Leases Payable  | 48,527            |                      |
| Short-term Portion of Installment Debt | 7,231             |                      |
| Long-term Portion of Installment Debt  | 35,803            |                      |
| Total Related Debt                     | <u>13,736,561</u> |                      |
| Less: Unspent Bond Proceeds            | <u>(45,133)</u>   |                      |
| TOTAL DEDUCTIONS                       |                   | <u>13,691,428</u>    |
| NET INVESTMENT IN CAPITAL ASSETS       |                   | <u>\$ 19,813,077</u> |

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



# Nugent & Haeussler, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
ESTABLISHED 1925

101 Bracken Road  
Montgomery, New York 12549  
Tel (845) 457-1100  
Fax (845) 457-1160  
e-mail: nh@nhcpas.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND 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

Peter J. Bullis, CPA, FACFEI, DABFA  
Christopher E. Melley, CPA  
Gary C. Theodore, CPA  
Julia R. Fraino, CPA  
William T. Trainor, CPA  
Mark M. Levy, CPA, CFP  
Thomas R. Busse, Jr., CPA  
Brent T. Napoleon, CPA  
Jennifer L. Capicchioni, CPA  
Patrick M. Bullis, CPA  
Justin B. Wood, CPA  
Richard P. Capicchioni, CPA

---

Norman M. Sassi, CPA  
Walter J. Jung, CPA

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, 2023, 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 June 3, 2024.

## **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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 through 2003-005 that we consider to be significant deficiencies.

**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*.

**District's Response to Findings**

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

**Purpose of this Report**

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



Montgomery, New York  
June 3, 2024

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2023

**2023-001                      Internal Control over Financial Closing**

**Finding:**                      The books and record were not fully reconciled and complete at the start of the audit. Year-end schedules and reconciliations necessary to perform the audit were incomplete.

**Criteria:**                      Each fund must be fully closed with final reconciliations, appropriate schedules and supporting documentation timely after the year end. This must be completed in order to start the audit process.

**Condition:**                      The District operations were disrupted by the loss of key staff. Beginning in March 2023, reconciliations and review of key accounts were not properly performed. Interfund activity was not reconciled, and fund trial balances were not properly reviewed and corrected. Internal controls with respect to reconciliation, verification and supervision and review were not followed.

**Cause:**                        The District had two key positions vacated in the business office during the final quarter of the year. One new staff person was hired two months after the fiscal year end to begin the closing process. In addition, flooding occurred in July 2023 and district property and records were severely damaged. Staff was unable to access the information needed.

**Effect:**                        The District books and records were incomplete. Staff was unable to prepare the fund reconciliations and schedules necessary to close the books of the District in a timely manner.

**Recommendation:**                      We recommend that procedures addressing internal controls with respect to the financial closing be followed at all times.

**Management's  
Response:**                      Management concurs with the finding. See corrective action plan.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2023

**2023-002                      Year End Receivables**

**Finding:**                      The District year end receivables were not properly recorded.

**Criteria:**                      The District is required to record receivables on the modified accrual basis at the net realizable value.

**Condition:**                      The District did not adjust receivables to the net realizable value after they were notified of calculation errors in the billing.

**Cause:**                        The District calculated receivables at year end but did not consider application of prior overpayments and varying rates in the calculation.

**Effect:**                        The District's revenue and receivables were overstated. An audit adjustment was necessary to correct the error.

**Recommendation:**              We recommend that procedures addressing recording and reviewing receivables be implemented.

**Management's Response:**              Management concurs with the finding. See corrective action plan.

**2023-003                      Debt Authorization**

**Finding:**                      The District entered into an installment purchase agreement to purchase a truck, that was not budgeted.

**Criteria:**                      The District is required to have debt authorization prior to entering into a debt agreement. In addition, a board resolution is also required.

**Condition:**                      The District did not have authorization to enter into an installment agreement to purchase the truck.

**Cause:**                        The District misinterpreted the regulation. Payments made during the year were incorrectly posted to an equipment code and were not over the budgeted amount.

**Effect:**                        The District's debt issuance and subsequent payments were not properly recorded. The error was not detected and corrected, accordingly audit adjustments were necessary to correct the posting.

**Recommendation:**              We recommend that regulations regarding debt authorization be followed and that proper procedures to record debt activity be implemented.

**Management's Response:**              Management concurs with the finding. See corrective action plan.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2023

**2023-004                      Equipment Purchase and Disposition**

**Finding:**                      The District purchased a truck and traded in two vehicles. The acquisition and dispositions were not budgeted.

**Criteria:**                      The District is required to have voter approval to purchase equipment in the General Fund. Budget transfers are only allowed from one equipment code to another equipment code within the Fund. A board resolution is required for authorization of disposition of equipment.

**Condition:**                      The District did not have authorization to purchase the truck and did not have a board resolution to trade in the two vehicles. The equipment budget code was overspent.

**Cause:**                        The District misinterpreted the regulation. Payments made during the year were incorrectly posted to an equipment code and were not over the budgeted amount.

**Effect:**                        The District's equipment was not recorded at the full value and the revenue from the trade in was not recorded. The error was not detected and corrected in a timely manner, accordingly audit adjustments were necessary to correct the posting.

**Recommendation:**              We recommend that regulations to acquire and dispose of equipment be followed and that the District does not overspend the approved equipment budget.

**Management's Response:**              Management concurs with the finding. See corrective action plan.

**2023-005                      Misclassification of Account Codes – Purchase Orders**

**Finding:**                        The District created purchase orders in the Lunch Fund for acquisition of freezers and various equipment under a supply budget code.

**Criteria:**                        Purchase orders are used to restrict the spending within the fund and to set the proper budget code to classify the payments made.

**Condition:**                        The District classified equipment as supplies.

**Cause:**                        When the invoice for the purchase was reviewed, the portion that was for equipment was not corrected on the open purchase order. The invoice was approved for payment.

**Effect:**                        The equipment was improperly recorded and the error was not detected and corrected in a timely manner, accordingly audit adjustments were necessary to correct the posting.

**Recommendation:**              We recommend that the proper budget codes be entered on the purchase orders. We also recommend the in the internal claims review process, payment not be approved if the classification is not correct.

**Management's Response:**              Management concurs with the finding. See corrective action plan.



# HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT

Post Office Box 287, Highland Falls, New York 10928

May 31, 2024

New York State Education Department  
Office of Audit Services  
89 Washington Ave., 524 EB  
Albany, NY 12234

To Whom It May Concern;

This Corrective Action Plan is in response to the audit prepared by Nugent & Haeussler, PC for the Highland Falls-Fort Montgomery Central School District for the 2022-2023 school year.

The auditors listed five findings and related recommendations and the district will take the necessary steps in response to the recommendations to continue to provide a transparent budget to the taxpayers of the Highland Falls-Fort Montgomery Central School District.

**Finding & Recommendation #1:** The books and record were not fully reconciled and complete at the start of the audit. Year-end schedules and reconciliations necessary to perform the audit were incomplete. It was recommended the district procedures addressing internal controls with respect to the financial closing be followed at all times.

**Corrective Action:** The district concurs and understands the importance of closing the books at the end of each school year and has a process in place for doing so. However, this process could not be followed effectively at the end of the 2022-2023 school year given two key staff positions in the Business Office were vacated in the final quarter of the year and the district experienced a severe flooding event in July 2023 which kept all staff members out of the office for two months. Newly hired Business Office staff will review all closing procedures in order to closely follow them going forward. This will be completed by June 15, 2024.

**Finding & Recommendation #2:** The district year end receivables were not properly recorded. It was recommended procedures addressing recording and reviewing receivables be implemented.

**Corrective Action:** The district concurs and understands the importance of properly recording receivables at year end and has a process in place for doing so. As of June 15, 2024 the process will now include the review and analysis of prior year activity and adjustments to ensure receivables are correctly recorded. It should be noted, the District's new Treasurer has already begun putting this corrective action into place for the next closing.

**Finding & Recommendation #3:** The district entered into an installment purchase agreement to purchase a truck that was not budgeted. It was recommended that regulations regarding debt authorization be followed and that proper procedures to record debt activity be implemented.

**Corrective Action:** The district concurs and will ensure procedures for debt authorization and recording debt activity are followed properly in the future. The issue with this truck purchase has been corrected through full payment of the debt in the following year by January 1, 2024. Additionally, the Assistant Superintendent for Business will also review the procedures for debt authorization to ensure proper actions in this regard will be taken by the Business Office in the future. This will be completed by June 30, 2024.

**Finding & Recommendation #4:** The district purchased a truck and traded in two vehicles. The acquisition and dispositions were not budgeted. It was recommended that regulations to acquire and dispose of equipment be followed and that the District does not overspend the approved equipment budget.

**Corrective Action:** The district concurs and understands the importance of following proper procedure for the acquisition and disposition of assets. To ensure this going forward, the Assistant Superintendent for Business will be certain to obtain Board authorization for the acquisition and disposition of assets and in general will review policies related to this type of action to ensure correct procedures are followed by the Business Office. This will be complete by June 15, 2024.

**Finding & Recommendation #5:** The District created purchase orders in the Lunch Fund for acquisition of freezers and various equipment under a supply budget code. It was recommended that proper budget codes be entered on the purchase orders, and that in the internal claims review process, payment not be approved if the classification is not correct.

**Corrective Action:** The district concurs and understands the importance of using the correct budget codes on all purchase orders. The district has a process in place to support this. To complement this process, Business Office staff members will review regulations for classification of assets to ensure proper codes are used for purchase orders related to them. Additionally, as recommended, the internal claims auditor will be informed of this finding. This will be complete by June 15, 2024.

Thank you for your consideration in this manner.

Sincerely,



Christopher J. Carbállo

Assistant Superintendent for Business



**Nugent & Haeussler, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
ESTABLISHED 1925

101 Bracken Road  
Montgomery, New York 12549  
Tel (845) 457-1100  
Fax (845) 457-1160  
e-mail: nh@nhcpas.com

Peter J. Bullis, CPA, FACFEI, DABFA  
Christopher E. Melley, CPA  
Gary C. Theodore, CPA  
Julia R. Fraino, CPA  
William T. Trainor, CPA  
Mark M. Levy, CPA, CFP  
Thomas R. Busse, Jr., CPA  
Brent T. Napoleon, CPA  
Jennifer L. Capicchioni, CPA  
Patrick M. Bullis, CPA  
Justin B. Wood, CPA  
Richard P. Capicchioni, CPA

### 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

Norman M. Sassi, CPA  
Walter J. Jung, CPA

#### **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, 2023 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, 2023, 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.

**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.



Montgomery, New York  
June 3, 2024

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
EXTRACLASROOM ACTIVITY FUND  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS  
JUNE 30, 2023

ASSETS

|      |  |            |
|------|--|------------|
| Cash |  | \$ 126,930 |
|------|--|------------|

FUND BALANCE

|                                             |            |            |  |
|---------------------------------------------|------------|------------|--|
| Fund Balance, Beginning of Year:            |            |            |  |
| High School Extraclassroom Activities       | \$ 102,155 |            |  |
| Middle School Extraclassroom Activities     | 13,678     |            |  |
| Total Fund Balance, Beginning of Year       |            | \$ 115,833 |  |
| Excess of Receipts over Disbursements       |            |            |  |
| High School Extraclassroom Activities       | \$ 9,088   |            |  |
| Middle School Extraclassroom Activities     | 2,009      |            |  |
| Total Excess of Receipts over Disbursements |            | 11,097     |  |
| Fund Balance, End of Year:                  |            |            |  |
| High School Extraclassroom Activities       | \$ 111,243 |            |  |
| Middle School Extraclassroom Activities     | 15,687     |            |  |
| Total Fund Balance, End of Year             |            | \$ 126,930 |  |

See notes to financial statement.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
EXTRACLASROOM ACTIVITY FUND - HIGH SCHOOL  
STATEMENT OF RECEIPTS & DISBURSEMENTS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

|                        | CASH<br>BALANCE<br>JUNE 30, 2022 | RECEIPTS         | DISBURSEMENTS    | CASH<br>BALANCE<br>JUNE 30, 2023 |
|------------------------|----------------------------------|------------------|------------------|----------------------------------|
| Class of 2022          | \$ 5,337                         | \$ 0             | \$ 5,337         | \$ 0                             |
| Class of 2023          | 2,189                            | 17,596           | 9,748            | 10,037                           |
| Class of 2024          | 1,322                            | 14,333           | 14,389           | 1,266                            |
| Class of 2025          | 347                              | 131              | 724              | (246)                            |
| Class of 2026          | 0                                | 133              | 0                | 133                              |
| Anime Club             | 1,253                            | 55               | 300              | 1,008                            |
| Band / Auditorium      | 2,529                            | 0                | 0                | 2,529                            |
| Baseball - Varsity     | 1,365                            | 5,782            | 2,063            | 5,084                            |
| Basketball-Boys        | 4,427                            | 3,115            | 7,447            | 95                               |
| Basketball - Girls     | 267                              | 0                | 0                | 267                              |
| BSA                    | 0                                | 207              | 0                | 207                              |
| Chess                  | 0                                | 183              | 0                | 183                              |
| Chorus                 | 2,931                            | 0                | 2,166            | 765                              |
| Crew Team              | 1,983                            | 0                | 0                | 1,983                            |
| Drama                  | 17,742                           | 16,899           | 11,832           | 22,809                           |
| Environmental Science  | 1,304                            | 1,950            | 0                | 3,254                            |
| Fashion                | 0                                | 160              | 0                | 160                              |
| Gay Straight Alliance  | 512                              | 0                | 0                | 512                              |
| Interact               | 2,185                            | 0                | 0                | 2,185                            |
| J.R.O.T.C.             | 15,858                           | 15,763           | 16,840           | 14,781                           |
| Lacrosse - Boys        | 0                                | 957              | 397              | 560                              |
| Lacrosse- Girls        | 1,611                            | 218              | 1,662            | 167                              |
| Literacy Magazine      | 844                              | 461              | 137              | 1,168                            |
| Mental health          | 0                                | 116              | 0                | 116                              |
| National Honor Society | 1,764                            | 50               | 509              | 1,305                            |
| Powerlifting           | 0                                | 3,829            | 3,726            | 103                              |
| Reading Buddies Club   | 247                              | 124              | 173              | 198                              |
| Red Cross              | 980                              | 136              | 293              | 823                              |
| S.A.D.D.               | 0                                | 38               | 0                | 38                               |
| 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                            |
| Softball               | 0                                | 5,701            | 121              | 5,580                            |
| Student Council        | 11,420                           | 4,282            | 6,288            | 9,414                            |
| Student-to-Student     | 2,090                            | 0                | 401              | 1,689                            |
| Track and Field        | 355                              | 1,842            | 1,745            | 452                              |
| Volleyball             | 529                              | 0                | 405              | 124                              |
| Yearbook               | 18,163                           | 1,730            | 0                | 19,893                           |
|                        | <u>\$ 102,155</u>                | <u>\$ 95,791</u> | <u>\$ 86,703</u> | <u>\$ 111,243</u>                |

See notes to financial statement.

HIGHLAND FALLS-FORT MONTGOMERY CENTRAL SCHOOL DISTRICT  
HIGHLAND FALLS, NEW YORK  
EXTRACLASROOM ACTIVITY FUND - MIDDLE SCHOOL  
STATEMENT OF RECEIPTS & DISBURSEMENTS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

|                      | CASH<br>BALANCE<br>JUNE 30, 2022 | RECEIPTS         | DISBURSEMENTS    | CASH<br>BALANCE<br>JUNE 30, 2023 |
|----------------------|----------------------------------|------------------|------------------|----------------------------------|
| Grade 7              | \$ 1,671                         | \$ 4,834         | \$ 5,340         | \$ 1,165                         |
| Grade 8              | 1,293                            | 8,263            | 6,867            | 2,689                            |
| Drama Club           | 1,760                            | 1,128            | 0                | 2,888                            |
| Junior Honor Society | 462                              | 0                | 0                | 462                              |
| Memory Book          | 5,490                            | 0                | 0                | 5,490                            |
| Music Club           | 2,497                            | 0                | 0                | 2,497                            |
| Student Council      | 505                              | 780              | 789              | 496                              |
|                      | <u>\$ 13,678</u>                 | <u>\$ 15,005</u> | <u>\$ 12,996</u> | <u>\$ 15,687</u>                 |

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, 2023

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.