

**LITTLE FALLS
CITY SCHOOL DISTRICT**

Little Falls, New York

EXECUTIVE SUMMARY

**For the Year Ended
June 30, 2022**



LITTLE FALLS CITY SCHOOL DISTRICT

EXECUTIVE SUMMARY OF 2022 AUDIT REPORT AND FINDINGS

Basic Financial Statements

Independent Auditors' Report on Basic Financial Statements.

Independent Auditors' Report on Supplementary Financial Information.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.

Single Audit (Uniform Guidance) Report

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance.

Communication With Those Charged With Governance at the Conclusion of the Audit.

Independent Auditors' Report on Extraclassroom Activity Funds.

Management Comment Letter.

Description of Report and Findings

Unmodified opinion on Little Falls City School District's (the School District) basic financial statements for the year ended June 30, 2022.

Unmodified opinion on supplementary financial information in relation to primary audit report.

Report on the School District's compliance with laws and regulations that may have a direct and material effect on the basic financial statements and on the School District's internal control structure, policies, and procedures based on the auditors' understanding of the internal control structure and assessment of control risk obtained as part of the audit of the basic financial statements. This report identified **one material instance of noncompliance and one significant deficiency in internal control** at the financial statement level. In addition, a separate letter dated October 12, 2022, which has been issued, discusses one resolved issue regarding a federal grant.

Report on 1) the School District's internal control structure policies and procedures used in administering federal award programs; 2) compliance with general requirements of the School District's federal awards; and 3) compliance with specific requirements applicable to each major program. This report identified **no instances of noncompliance and no material internal control weaknesses** regarding compliance in accordance with Uniform Guidance.

There are several federal award program expenditures that amounted to a total of \$3,793,308.

A letter that specifically addresses certain required communications to the Board of Education in accordance with professional standards.

- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected or Uncorrected Misstatements
- Disagreements With Management
- Management Representations
- Management Consultations With Other Independent Accountants
- Other Audit Findings or Issues
- Other Matters

Unmodified opinion on the School District's Extraclassroom Activity Fund financial statements for the year ended June 30, 2022.

Letter of comments dated October 12, 2022 discusses several issues.

LITTLE FALLS CITY SCHOOL DISTRICT

EXECUTIVE SUMMARY OF JUNE 30, 2022 AUDIT DISCUSSION ITEMS

Impact of Future Standards of the Governmental Accounting Standards Board (GASB)

- GASB has issued Statement No. 96 - Subscription-Based Information Technology Arrangements, effective for the year ending June 30, 2023.
- GASB has issued Statement No. 101, Compensated Absences, effective for the year ending June 30, 2025.

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

LITTLE FALLS CITY SCHOOL DISTRICT

FIVE YEAR FINANCIAL STATEMENT ANALYSIS - FUND BASIS

	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>
General Fund					
ASSETS					
Cash and Investments	\$ 2,150,888	\$ 3,798,137	\$ 1,556,983	\$ 1,716,255	\$ 2,519,093
Receivables	2,125,086	1,445,049	1,349,424	1,756,622	1,400,172
Due From Other Funds	1,327,907	607,771	1,499,246	1,162,021	283,234
Total Assets	<u>\$ 5,603,881</u>	<u>\$ 5,850,957</u>	<u>\$ 4,405,653</u>	<u>\$ 4,634,898</u>	<u>\$ 4,202,499</u>
LIABILITIES					
Accounts Payable and Accruals	\$ 385,412	\$ 444,539	\$ 113,079	\$ 344,769	\$ 322,762
Due to Retirement Systems	967,456	863,774	836,362	974,684	880,384
Due to Other Funds	657,015	412,731	29,066	53,947	26,179
Total Liabilities	<u>2,009,883</u>	<u>1,721,044</u>	<u>978,507</u>	<u>1,373,400</u>	<u>1,229,325</u>
FUND BALANCE					
Restricted	555,662	555,561	555,122	225,000	225,000
Assigned	40,454	71,759	291,042	257,503	510,368
Unassigned	2,997,882	3,502,593	2,580,982	2,778,995	2,237,806
Total Fund Balances	<u>3,593,998</u>	<u>4,129,913</u>	<u>3,427,146</u>	<u>3,261,498</u>	<u>2,973,174</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,603,881</u>	<u>\$ 5,850,957</u>	<u>\$ 4,405,653</u>	<u>\$ 4,634,898</u>	<u>\$ 4,202,499</u>
REVENUES					
Real Property Taxes (Including STAR and Tax Items)	\$ 9,300,871	\$ 9,187,392	\$ 8,974,084	\$ 8,796,834	\$ 8,785,922
State Sources	14,949,753	12,749,101	13,125,749	12,475,008	12,325,104
Federal/Medicaid Reimbursements	147,150	453,895	64,346	151,599	63,339
Other	577,519	584,847	334,244	614,075	537,611
Interfund Transfers	223,500	-	-	-	-
Total Revenues	<u>25,198,793</u>	<u>22,975,235</u>	<u>22,498,423</u>	<u>22,037,516</u>	<u>21,711,976</u>
EXPENDITURES					
General Support	3,012,790	2,863,297	2,998,845	2,874,274	3,329,852
Instruction	11,072,485	10,763,521	10,824,649	10,530,167	10,597,943
Transportation	1,266,188	1,103,259	1,159,900	1,090,377	1,044,608
Employee Benefits	7,383,672	6,878,310	6,685,449	6,492,662	6,039,964
Debt Service	2,992,136	658,135	644,021	691,078	670,951
Interfund Transfers	7,437	5,946	19,911	70,634	17,850
Total Expenditures	<u>25,734,708</u>	<u>22,272,468</u>	<u>22,332,775</u>	<u>21,749,192</u>	<u>21,701,168</u>
Excess of Revenues (Expenditures)	<u>\$ (535,915)</u>	<u>\$ 702,767</u>	<u>\$ 165,648</u>	<u>\$ 288,324</u>	<u>\$ 10,808</u>
Capital Outlay	<u>\$ 6,448,153</u>	<u>\$ 13,599,408</u>	<u>\$ 8,818,798</u>	<u>\$ 1,529,908</u>	<u>\$ 170,538</u>
Special Aid Revenue	<u>\$ 3,211,203</u>	<u>\$ 851,682</u>	<u>\$ 1,110,354</u>	<u>\$ 1,013,301</u>	<u>\$ 834,911</u>
Special Aid Expenditures	<u>\$ 3,211,203</u>	<u>\$ 851,682</u>	<u>\$ 1,074,232</u>	<u>\$ 1,023,147</u>	<u>\$ 861,187</u>
School Lunch Revenue	<u>\$ 850,993</u>	<u>\$ 387,734</u>	<u>\$ 592,538</u>	<u>\$ 593,875</u>	<u>\$ 605,839</u>
School Lunch Expenditure	<u>\$ 653,038</u>	<u>\$ 530,604</u>	<u>\$ 627,318</u>	<u>\$ 642,881</u>	<u>\$ 593,900</u>

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

LITTLE FALLS CITY SCHOOL DISTRICT

FIVE YEAR GENERAL FUND BALANCE ANALYSIS

<u>Fund Balance</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>
Restricted					
Reserve for Retirement Contributions - ERS	\$ 225,244	\$ 225,203	\$ 225,025	\$ 225,000	\$ 225,000
Reserve for Retirement Contributions - TRS	155,901	155,873	155,749	-	-
Employee Benefit Accrued Liability Reserve	174,517	174,485	174,348	-	-
Total Restricted	555,662	555,561	555,122	225,000	225,000
Assigned					
Appropriated for Next Year's Budget	-	-	290,000	250,000	510,368
Encumbrances	40,454	71,759	1,042	7,503	-
Total Assigned	40,454	71,759	291,042	257,503	510,368
Unassigned					
Unassigned	2,997,882	3,502,593	2,580,982	2,778,995	2,237,806
Total Unassigned	2,997,882	3,502,593	2,580,982	2,778,995	2,237,806
Total Fund Balance	\$ 3,593,998	\$ 4,129,913	\$ 3,427,146	\$ 3,261,498	\$ 2,973,174
Compliance With §1318 of Real Property Law					
Next Year's Budget is a Voter Approved Budget	\$ 27,766,583	\$ 26,188,902	\$ 22,799,520	\$ 22,485,657	\$ 21,377,838
Maximum Allowed (4% of Budget)	1,110,663	1,047,556	911,981	899,426	855,114
General Fund Fund Balance Subject to §1318 of Real Property Law	2,997,882	3,502,593	2,580,982	2,778,995	2,237,806
Actual Percentage	10.80%	13.37%	11.32%	12.36%	10.47%
Current Year Reserve Activity					
General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Reserve for Retirement Contributions - ERS	\$ 225,203	\$ -	\$ 41	\$ -	\$ 225,244
Reserve for Retirement Contributions - TRS	155,873	-	28	-	155,901
Employee Benefit Accrued Liability Reserve	174,485	-	32	-	174,517
Total	\$ 555,561	\$ -	\$ 101	\$ -	\$ 555,662

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

LITTLE FALLS CITY SCHOOL DISTRICT

FIVE YEAR NET POSITION ANALYSIS

	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>
NET POSITION					
Net Investment in Capital Assets	\$ 13,705,533	\$ 13,652,209	\$ 18,086,688	\$ 14,669,645	\$ 15,499,163
Restricted	1,651,710	1,160,256	569,310	263,554	314,858
Unrestricted	<u>(55,342,575)</u>	<u>(54,435,798)</u>	<u>(55,922,569)</u>	<u>(50,965,033)</u>	<u>(51,497,975)</u>
Total Net Position (Deficit)	<u>\$ (39,985,332)</u>	<u>\$ (39,623,333)</u>	<u>\$ (37,266,571)</u>	<u>\$ (36,031,834)</u>	<u>\$ (35,683,954)</u>
Unrestricted Net Position (Deficit)	\$ (55,342,575)	\$ (54,435,798)	\$ (55,922,569)	\$ (50,965,033)	\$ (51,497,975)
Less:					
GASB 68 - Net Pension (Asset)/Liability and Deferred Inflows and Outflows	(3,182,943)	(1,626,822)	(1,288,722)	(2,770,342)	(3,099,100)
GASB 75 - OPEB Liability and Deferred Inflows and Outflows	<u>60,342,770</u>	<u>57,774,900</u>	<u>56,251,673</u>	<u>56,835,640</u>	<u>57,021,226</u>
Total Unrestricted Net Position Without the Effect of GASB 68 and GASB 75	<u><u>\$ 1,817,252</u></u>	<u><u>\$ 1,712,280</u></u>	<u><u>\$ (959,618)</u></u>	<u><u>\$ 3,100,265</u></u>	<u><u>\$ 2,424,151</u></u>

Note: Abstracted from Audited Financials. See Audit Reports for Complete Information.

LITTLE FALLS CITY SCHOOL DISTRICT

EXECUTIVE SUMMARY OF 2022 AUDIT

AUDIT FOCUS - REPORTING OBJECTIVES

- 1) Basic Financial Statements
 - *Management's Discussion and Analysis
 - *District-Wide Financial Statements
 - *Statement of Net Position
 - *Statement of Activities
 - *Governmental Fund Financial Statements
 - *Notes to Financial Statements
 - *Supplementary Financial InformationReport on Internal Control Over Financial Reporting and on Compliance and Other Matters
- 2) Single Audit (Uniform Guidance) Requirements for Federal Awards
 - *Schedule of Federal Award Expenditures
 - *Compliance With Applicable Requirements
 - *Internal Control Over Compliance
- 3) Extraclassroom Activity Funds of the School District
 - * Independent Auditors' Report

AUDIT APPROACH

- *Preliminary Planning
- *Consideration of Internal Control Over Financial Reporting
- *Tests of Controls
- *Tests of Compliance With Laws and Regulations
- *Substantive Testing of Financial Information (Includes Analytical Review)
- *Single Audit Tests of Compliance With Applicable Requirements
- *Consideration of Internal Control Over Compliance Requirements

UNDERSTANDING THE SCHOOL DISTRICT'S OPERATIONS

- *Services Provided
- *Assessment of Accounting and Reporting System
- *Nature of Activities
- *Special Reporting Requirements
- *Nature of Compliance Requirements
- *Assessment of Management

FACTORS AFFECTING THE SCOPE OF THE AUDIT

- *Effectiveness of Overall Financial Controls
- *Qualifications of Key Personnel
- *Appropriate Segregation of Duties
- *Ability to Demonstrate Compliance With Laws and Regulations
- *Effectiveness of Budget Process Administration
- *Accuracy and Comprehensiveness of Internal Reporting
- *Existence of Adequate Policies and Procedures
- *Ability to Issue Timely and Accurate Financial Reports