

**LITTLE FALLS  
CITY SCHOOL DISTRICT**

**Little Falls, New York**

**FINANCIAL REPORT**

**For the Year Ended  
June 30, 2023**



# ***LITTLE FALLS CITY SCHOOL DISTRICT***

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## **INDEPENDENT AUDITORS' REPORT**

Board of Education  
Little Falls City School District  
Little Falls, New York

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2023, and the respective changes in financial position thereof 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of a Matter**

During the year ended June 30, 2023, the School District conducted an appraisal of their fixed assets which resulted in a \$8,312,119 loss reported as a special item - change in estimate on the Statement of Activities. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

## **Auditors' 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 auditors' 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison schedules; the Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; Schedule of Changes in the District's Total OPEB Liability and Related Ratios; and related notes 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 GASB, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds; Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information); and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 GAAS. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 6, 2023

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

The following is a discussion and analysis of the Little Falls City School District's (the School District) financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-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. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds with all other Non-Major Funds listed in total in one column.

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 School District's budget for the year; Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans; Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; and a Schedule of Changes in the School District's total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for postemployment benefits.

### **District-Wide Financial Statements**

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 financial statements report the School District's net position and how it has changed. Net Position - the difference between the School District's assets and deferred outflows of resources, and the School District's liabilities and deferred inflows of resources - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.



# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

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

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School 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 School District's funds, focusing on its most significant or "Major" Funds, not on the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets 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 one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Fund financial statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Student Activities Funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The School District's combined net deficit for the fiscal year ended June 30, 2023 increased by \$8,679,923. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

*Figure 1*

<b><i>Condensed Statement of Net Position</i></b>	<b><i>Governmental Activities and Total School District</i></b>		<b><i>Total Dollar Change</i></b>
	<b><i>2023</i></b>	<b><i>2022</i></b>	
<i>Current Assets</i>	<b>\$ 5,015,092</b>	\$ 5,613,302	\$ (598,210)
<i>Noncurrent Assets</i>	<b>936,519</b>	9,191,255	(8,254,736)
<i>Capital Assets, Net</i>	<b>34,948,638</b>	43,831,543	(8,882,905)
<b><i>Total Assets</i></b>	<b>40,900,249</b>	58,636,100	(17,735,851)
<b><i>Total Deferred Outflows of Resources</i></b>	<b>15,874,602</b>	18,058,926	(2,184,324)
<i>Current Liabilities</i>	<b>3,877,830</b>	4,771,056	(893,226)
<i>Noncurrent Liabilities</i>	<b>93,673,709</b>	97,161,893	(3,488,184)
<b><i>Total Liabilities</i></b>	<b>97,551,539</b>	101,932,949	(4,381,410)
<b><i>Total Deferred Inflows of Resources</i></b>	<b>7,888,567</b>	14,747,409	(6,858,842)
<i>Net Investment in Capital Assets</i>	<b>7,038,761</b>	13,705,533	(6,666,772)
<i>Restricted</i>	<b>1,000,476</b>	1,651,710	(651,234)
<i>Unrestricted</i>	<b>(56,704,492)</b>	(55,342,575)	(1,361,917)
<b><i>Total Net (Deficit)</i></b>	<b>\$ (48,665,255)</b>	\$ (39,985,332)	\$ (8,679,923)

Significant changes from the prior year are as follows:

- Current assets decreased primarily due to decreases in restricted cash in the Capital Fund as capital projects were substantially completed in the current year.
- Capital assets decreased primarily due to a fixed asset valuation performed by a third-party actuary.
- The decreases in noncurrent assets, noncurrent liabilities, deferred outflows of resources, and deferred inflows of resources are primarily related to changes in the actuarially determined proportionate share of the pension systems plan's net pension (asset)/liability and related deferred outflows and inflows of resources, along with recognition of GASB Statement No. 75, based on an actuarial valuation of the School District's OPEB plan.
- Current liabilities decreased primarily due to a decrease in accounts and retainage payable.
- Net investment in capital assets decreased primarily due to fixed asset valuation. The decrease in restricted net position is primarily due to completion of capital projects in the current year.

Our analysis in *Figure 2* considers the operations of the School District's activities.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

*Figure 2*

<b><i>Changes in Net Position</i></b>	<b><i>Governmental Activities and Total School District</i></b>		<b><i>Total Dollar Change</i></b>
	<b><i>2023</i></b>	<b><i>2022</i></b>	
<b><i>REVENUES</i></b>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	<b>\$ 213,523</b>	\$ 290,643	\$ (77,120)
<i>Operating Grants</i>	<b>2,758,015</b>	4,053,548	(1,295,533)
<i>Capital Grants</i>	-	62,369	(62,369)
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	<b>7,788,628</b>	7,621,963	166,665
<i>Real Property Tax Items</i>	<b>1,612,559</b>	1,678,908	(66,349)
<i>Unrestricted State Sources</i>	<b>18,412,434</b>	14,885,106	3,527,328
<i>Use of Money and Property</i>	<b>65,787</b>	25,774	40,013
<i>Other General Revenues</i>	<b>471,635</b>	315,399	156,236
<b><i>Total Revenues</i></b>	<b>\$ 31,322,581</b>	\$ 28,933,710	\$ 2,388,871
<b><i>PROGRAM EXPENDITURES</i></b>			
<i>General Support</i>	<b>\$ 5,410,463</b>	\$ 4,005,284	\$ 1,405,179
<i>Instruction</i>	<b>23,204,669</b>	22,786,267	418,402
<i>Pupil Transportation</i>	<b>1,669,278</b>	1,664,493	4,785
<i>School Lunch Program</i>	<b>791,365</b>	684,437	106,928
<i>Interest on Debt</i>	<b>614,610</b>	155,228	459,382
<b><i>Total Expenditures</i></b>	<b>\$ 31,690,385</b>	\$ 29,295,709	\$ 2,394,676
<b><i>Special Item - Change in Estimate</i></b>	<b>\$ (8,312,119)</b>	\$ -	\$ (8,312,119)
<b><i>DECREASE IN NET POSITION</i></b>	<b>\$ (8,679,923)</b>	\$ (361,999)	\$ (8,317,924)

Significant changes from the prior year are as follows:

- Total revenues for the School District's Governmental Activities increased by 8.3%, and total expenses increased by 8.2%.
- Operating grants and capital grants decreased primarily due to decreased state and federal funding for various grant programs.
- State sources increased due to increased allocations of general and BOCES aid in the current year.
- Expenses as a whole increased as a result of changes in OPEB and pension related accounts.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

*Figure 3* shows the change in the School District's fund balances for the year.

As the School District completed the year, its Governmental Funds, as presented in the Balance Sheet, reported combined fund balance of \$4,739,837. Capital Projects Fund decreased as remaining debt proceeds were spent on capital projects, while General Fund balance increased as a result of operations.

*Figure 3*

<i>Governmental Fund Balances</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 4,280,494	\$ 3,593,998	\$ 686,496
<i>Non-Major Funds:</i>			
<i>School Lunch Fund</i>	82,464	79,046	3,418
<i>Capital Projects Fund</i>	-	646,687	(646,687)
<i>Miscellaneous Special Revenue Fund</i>	376,879	392,073	(15,194)
<b><i>Total Governmental Funds Fund Balance</i></b>	<b>\$ 4,739,837</b>	<b>\$ 4,711,804</b>	<b>\$ 28,033</b>

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Superintendent approves budgetary transfers that revise the School District budget line items and the Board reviews the transfers. Typically, these budget amendments consist of budget transfers between functions, which do not increase the overall budget. During the current year, the budget was amended for prior year encumbrances, and gifts and donations.

The School District received \$1,165,090 more in General Fund revenues and other financing sources than was budgeted, primarily due to more than expected State sources. Expenditures and other financing uses were higher than the revised budget (with carryover encumbrances) by \$538,537.

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

Figure 4 summarizes the original and final budgets, the actual expenditures (including encumbrances), and the variances for the year ended June 30, 2023.

**Figure 4**

<i>Condensed Budgetary Comparison General Fund - 2023</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
<b>REVENUES</b>				
<i>Real Property Taxes</i>	\$ 9,119,159	\$ 9,119,159	\$ 7,788,628	\$ (1,330,531)
<i>Other Tax Items</i>	329,502	329,502	1,612,559	1,283,057
<i>State Sources</i>	17,683,922	17,683,922	18,492,179	808,257
<i>Federal Sources</i>	-	-	21,127	21,127
<i>Other, Including Financing Sources</i>	634,000	676,490	1,059,670	383,180
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 27,766,583</b>	<b>\$ 27,809,073</b>	<b>\$ 28,974,163</b>	<b>\$ 1,165,090</b>
<b>Encumbrances</b>	<b>\$ 40,454</b>	<b>\$ 40,454</b>		
<b>EXPENDITURES</b>				
<i>General Support</i>	\$ 3,472,320	\$ 3,361,349	\$ 3,350,285	\$ 11,064
<i>Instruction</i>	12,174,189	12,192,566	12,602,385	(409,819)
<i>Pupil Transportation</i>	1,470,520	1,503,878	1,499,209	4,669
<i>Employee Benefits</i>	7,723,575	7,748,056	7,946,187	(198,131)
<i>Debt Service</i>	2,904,433	2,981,678	2,981,678	-
<i>Other Financing Uses</i>	62,000	62,000	8,320	53,680
<b>Total Expenditures and Other Financing (Uses)</b>	<b>\$ 27,807,037</b>	<b>\$ 27,849,527</b>	<b>\$ 28,388,064</b>	<b>\$ (538,537)</b>

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of June 30, 2023, the School District had invested in a broad range of capital assets. Capital assets, net of related depreciation and amortization, decreased \$8,882,905 during 2023.

**Figure 5**

<i>Changes in Capital Assets</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Land</i>	\$ 28,350	\$ 477,202	\$ (448,852)
<i>Construction in Progress</i>	-	29,799,978	(29,799,978)
<i>Improvements Other Than Buildings, Net</i>	95,084	298,694	(203,610)
<i>Buildings, Net</i>	32,733,060	11,982,895	20,750,165
<i>Equipment, Net</i>	1,324,895	792,459	532,436
<i>Intangible Lease Assets, Net</i>	767,249	480,315	286,934
<b>Total</b>	<b>\$ 34,948,638</b>	<b>\$ 43,831,543</b>	<b>\$ (8,882,905)</b>

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

Capital asset activity for the year ended June 30, 2023 included the following:

Construction in Progress	\$ 239,938
Intangible Lease Asset	433,944
Equipment	172,303
<b>Total Additions</b>	<u>846,185</u>
(Less) Change in Estimate	(8,312,119)
(Less) Retainage Closed From Prior Year	(261,296)
(Less) Depreciation Expense	(1,008,665)
(Less) Amortization Expense	<u>(147,010)</u>
<b>Net Change in Capital Assets</b>	<b><u><u>\$ (8,882,905)</u></u></b>

### **Debt Administration**

Debt, both short and long-term, including lease liabilities, considered a liability of Governmental Activities, decreased by \$1,925,349 in 2023, as shown in *Figure 10*. Total indebtedness represented 161.35% of the constitutional debt limit, exclusive of building aid estimates. The District received consent from the New York State Comptroller to issue obligations in excess of the allowable limit, pursuant to paragraph c of §104.00 of the Local Finance Law.

*Figure 6*

<b><i>Outstanding Debt</i></b>	<b><i>Governmental Activities and Total School District</i></b>		<b><i>Total Dollar Change</i></b>
	<b><i>2023</i></b>	<b><i>2022</i></b>	
Bonds Payable	\$ 27,428,099	\$ 29,712,481	\$ (2,284,382)
Installment Purchase Debt	16,915	24,253	(7,338)
Lease Liabilities	470,949	104,578	366,371
<b><i>Total</i></b>	<b><i>\$ 27,915,963</i></b>	<b><i>\$ 29,841,312</i></b>	<b><i>\$ (1,925,349)</i></b>

Additional information on the maturities and terms of the School District's outstanding debt can be found in the notes to these financial statements.

The School District's bond rating is A1.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

### **FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

- In October 2022, the Herkimer-Fulton-Hamilton-Otsego BOCES board approved a \$50 Million Capital Improvement Project using an Inter-Municipal agreement funding structure. The district is responsible for about \$5.3 Million of that amount, to be paid over six years. Although the local share is low after the deduction of BOCES aid, the requirement to pay each annual share in full by July 1 while receiving aid in September presents a cash-flow challenge.
- The School District has experienced steady enrollment numbers while neighboring districts are losing population.
- The special needs population has been growing consistently over the past three years and now constitutes just over 20% of the student body. The cost of providing services is not always predictable and will require building some flexibility into future budgets if the trend continues in the coming years. Over the past year alone, those costs increased by over \$500,000.

### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Little Falls City School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please feel free to contact Mr. Ashraf Allan, Business Manager, Little Falls City School District, at 15 Petrie Street, Little Falls, NY 13365; by phone at 315-823-1479; or via e-mail at [aallam@lfcisd.org](mailto:aallam@lfcisd.org).

# LITTLE FALLS CITY SCHOOL DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2023

### ASSETS

#### Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 1,522,377
Cash and Cash Equivalents - Restricted	19,389
Due From State and Federal Governments	1,693,370
Due From Other Governments	1,712,248
Other Receivables	49,201
Inventories	18,507
<b>Total Current Assets</b>	<b>5,015,092</b>

#### Noncurrent Assets

Restricted Cash	761,372
Restricted Investments	175,147
Capital Assets, Net:	
Nondepreciable	28,350
Intangible Lease Assets, Net	767,249
Depreciable Capital Assets, Net	34,153,039
<b>Total Noncurrent Assets</b>	<b>35,885,157</b>

<b>Total Assets</b>	<b>40,900,249</b>
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### DEFERRED OUTFLOWS OF RESOURCES

Pensions	5,862,991
OPEB	10,005,525
Deferred Charges on Defeased Debt	6,086
<b>Total Deferred Outflows of Resources</b>	<b>15,874,602</b>

### LIABILITIES

#### Current Liabilities

Accounts Payable	16,503
Accrued Liabilities	64,866
Due to Other Governments	803
Bond Interest and Matured Bonds	236,418
Overpayments and Collections in Advance	25,531
Unearned Revenues - Other	96,099
Due to Teachers' Retirement System	923,124
Due to Employees' Retirement System	84,848

*See Notes to Basic Financial Statements*



# LITTLE FALLS CITY SCHOOL DISTRICT

## STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2023

### LIABILITIES (CONTINUED)

#### Current Portion of Long-Term Liabilities

Bonds Payable	\$ 2,291,446
Installment Purchase Debt	7,448
Due to Retirement Systems	34,241
Lease Liabilities	96,503
<b>Total Current Liabilities</b>	<b>3,877,830</b>

#### Noncurrent Liabilities and Obligations

Bonds Payable	25,136,653
Installment Purchase Debt	9,467
Due to Retirement Systems	16,229
Lease Liabilities	374,446
Compensated Absences	829,141
Other Postemployment Benefits Liability	64,762,545
Net Pension Liability - Proportionate Share	2,545,228
<b>Total Noncurrent Liabilities and Obligations</b>	<b>93,673,709</b>

<b>Total Liabilities</b>	<b>97,551,539</b>
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#### DEFERRED INFLOWS OF RESOURCES

Pensions	703,959
OPEB	7,184,608

<b>Total Deferred Inflows of Resources</b>	<b>7,888,567</b>
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#### NET POSITION

Net Investment in Capital Assets	7,038,761
Restricted	1,000,476
Unrestricted Net (Deficit)	(56,704,492)

<b>Total Net (Deficit)</b>	<b>\$ (48,665,255)</b>
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*See Notes to Basic Financial Statements*

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023**

		<b>Program Revenues</b>		<b>Net (Expense)</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants</b>	<b>Revenue and Changes in Net Position</b>
<b>FUNCTIONS/PROGRAMS</b>				
General Support	\$ 5,410,463	\$ -	\$ -	\$ (5,410,463)
Instruction	23,204,669	125,965	2,114,998	(20,963,706)
Pupil Transportation	1,669,278	-	-	(1,669,278)
School Lunch Program	791,365	87,558	643,017	(60,790)
Interest on Debt	614,610	-	-	(614,610)
<b>Total Functions and Programs</b>	<b>\$ 31,690,385</b>	<b>\$ 213,523</b>	<b>\$ 2,758,015</b>	<b>(28,718,847)</b>
<b>GENERAL REVENUES</b>				
				7,788,628
Real Property Taxes				1,612,559
Real Property Tax Items				65,787
Use of Money and Property				18,412,434
Unrestricted State Sources				31,029
Sale of Property				440,606
Miscellaneous				
<b>Total General Revenues</b>				<b>28,351,043</b>
<b>Special Item</b>				
Change in Accounting Estimate				(8,312,119)
Change in Net Position				(8,679,923)
Total Net (Deficit) - Beginning of Year				(39,985,332)
<b>Total Net (Deficit) - End of Year</b>				<b>\$ (48,665,255)</b>

*See Notes to Basic Financial Statements*

# LITTLE FALLS CITY SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	Major Funds		Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Aid Fund		
<b>ASSETS</b>				
Cash and Cash Equivalents - Unrestricted	\$ 1,522,298	\$ -	\$ 79	\$ 1,522,377
Cash and Cash Equivalents - Restricted	559,640	-	221,121	780,761
Investments - Restricted	-	-	175,147	175,147
Due From Other Funds	1,074,908	-	-	1,074,908
Due From State and Federal Governments	440,338	1,208,370	44,662	1,693,370
Due From Other Governments	1,712,248	-	-	1,712,248
Other Receivables	48,492	-	709	49,201
Inventories	-	-	18,507	18,507
<b>Total Assets</b>	<b>\$ 5,357,924</b>	<b>\$ 1,208,370</b>	<b>\$ 460,225</b>	<b>\$ 7,026,519</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Accounts Payable	\$ 4,592	\$ 11,911	\$ -	\$ 16,503
Accrued Liabilities	64,866	-	-	64,866
Due to Other Funds	-	1,074,829	79	1,074,908
Due to Other Governments	-	-	803	803
Due to Teachers' Retirement System	923,124	-	-	923,124
Due to Employees' Retirement System	84,848	-	-	84,848
Overpayments and Collections in Advance	-	25,531	-	25,531
Unearned Revenues	-	96,099	-	96,099
<b>Total Liabilities</b>	1,077,430	1,208,370	882	2,286,682
<b>FUND BALANCES</b>				
Nonspendable	-	-	18,507	18,507
Restricted	559,640	-	440,836	1,000,476
Assigned	100,397	-	-	100,397
Unassigned	3,620,457	-	-	3,620,457
<b>Total Fund Balances (Deficit)</b>	4,280,494	-	459,343	4,739,837
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,357,924</b>	<b>\$ 1,208,370</b>	<b>\$ 460,225</b>	<b>\$ 7,026,519</b>

*See Notes to Basic Financial Statements*

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023**

<b>Fund Balances - Total Governmental Funds</b>		<b>\$ 4,739,837</b>
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation and amortization, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		
Total Historical Cost	\$ 67,716,442	
(Less) Accumulated Depreciation	(32,381,669)	
(Less) Accumulated Amortization	<u>(386,135)</u>	34,948,638
The School District's proportionate share of the Employee Retirement Systems' collective net pension asset or liability is not reported in the funds.		
ERS Net Pension Asset/Liability - Proportionate Share	\$ (1,658,220)	
TRS Net Pension Asset/Liability - Proportionate Share	<u>(887,008)</u>	(2,545,228)
Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including OPEB and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.		
Deferred Charges on Defeased Debt	\$ 6,086	
Deferred Outflows of Resources - OPEB	10,005,525	
Deferred Inflows of Resources - OPEB	(7,184,608)	
ERS Deferred Outflows of Resources - Pension	1,164,110	
ERS Deferred Inflows of Resources - Pension	(82,704)	
TRS Deferred Outflows of Resources - Pension	4,698,881	
TRS Deferred Inflows of Resources - Pension	<u>(621,255)</u>	7,986,035
Long-term liabilities, including bonds payable, lease liabilities, employee retirement incentive, compensated absences, and amounts due for other postemployment employee benefits are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds Payable	\$ (27,391,351)	
Unamortized Bond Premium	(36,748)	
Installment Purchase Debt	(16,915)	
Lease Liabilities	(470,949)	
Compensated Absences	(829,141)	
Other Postemployment Benefits Liabilities	(64,762,545)	
Due to Retirement Systems	<u>(50,470)</u>	(93,558,119)
Interest is accrued on outstanding balances of debt obligations in the District-wide financial statements.		
Accrued Interest on Long-Term Debt		<u>(236,418)</u>
<b>Net (Deficit) of Governmental Activities</b>		<b><u><u>\$ (48,665,255)</u></u></b>

*See Notes to Basic Financial Statements*

# LITTLE FALLS CITY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds		Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Aid Fund		
<b>REVENUES</b>				
Real Property Taxes	\$ 7,788,628	\$ -	\$ -	\$ 7,788,628
Real Property Tax Items	1,612,559	-	-	1,612,559
Charges for Services	39,555	-	-	39,555
Use of Money and Property	64,295	-	1,492	65,787
Sale of Property and Compensation for Loss	31,029	-	-	31,029
Miscellaneous	431,451	-	11,402	442,853
State Sources	18,492,179	213,636	12,969	18,718,784
Medicaid Reimbursement	86,410	-	-	86,410
Federal Sources	21,127	1,800,490	630,048	2,451,665
Sales - School Lunch	-	-	85,311	85,311
<b>Total Revenues</b>	28,567,233	2,014,126	741,222	31,322,581
<b>EXPENDITURES</b>				
General Support	3,326,099	-	-	3,326,099
Instruction	12,526,359	2,036,294	389,175	14,951,828
Pupil Transportation	1,499,024	(13,848)	-	1,485,176
Employee Benefits	7,946,187	-	27,504	7,973,691
Debt Service				
Principal	2,315,125	-	-	2,315,125
Interest	666,553	-	-	666,553
Cost of Sales	-	-	336,138	336,138
Capital Outlay	-	-	673,882	673,882
<b>Total Expenditures</b>	28,279,347	2,022,446	1,426,699	31,728,492
Excess (Deficiency) of Revenues Over Expenditures	287,886	(8,320)	(685,477)	(405,911)
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Proceeds of Obligations	-	-	433,944	433,944
Operating Transfers In	406,930	8,320	-	415,250
Operating Transfers (Out)	(8,320)	-	(406,930)	(415,250)
<b>Total Other Sources (Uses)</b>	398,610	8,320	27,014	433,944
Net Change in Fund Balance	686,496	-	(658,463)	28,033
Fund Balances - Beginning of Year	3,593,998	-	1,117,806	4,711,804
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 4,280,494</b>	<b>\$ -</b>	<b>\$ 459,343</b>	<b>\$ 4,739,837</b>

*See Notes to Basic Financial Statements*

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 28,033**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

Capital Outlay	\$ 584,889	
Amortization Expense	(147,010)	
Depreciation Expense	<u>(1,008,665)</u>	(570,786)

In the Statement of Activities, the net gain/loss related to a change in accounting estimate is recognized as a general revenue. As this change in accounting estimate is related to capital assets, it is not reported in the Governmental Fund financial statements.

Change in Estimate	<u>\$ (8,312,119)</u>	(8,312,119)
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Bond and lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and lease principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, BAN premiums are recognized as revenue in the fund financial statements, but are amortized against interest expense in the Government-wide statements.

Installment Purchase Payment	\$ 7,338	
Proceeds of Leases	(433,944)	
Principal Payment - Leases	67,573	
Principal Payments and Refunded Debt	<u>2,240,214</u>	1,881,181

Long-term liabilities, such as those associated with employee benefits, and retainage payable are reported in the Statement of Net Position. Therefore, expenses which result in an increase or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to other postemployment benefits do not affect current financial resources and are, also, not reported in the Governmental Funds.

Other Postemployment Benefits Liabilities	\$ (1,598,858)	
Employee Retirement Incentive	49,732	
Retainage Payable	261,296	
Compensated Absences	<u>98,794</u>	(1,189,036)

Interest expense reported in the Statement of Activities includes changes in accrued interest, premiums on obligations, and deferred charges from advance refunding of bonds. These items are not included in interest expense in the Governmental Fund financial statements.

Amortization of Bond Premium	\$ 44,168	
Amortization of Deferred Amounts on Refunded Debt	(7,314)	
Change in Accrued Interest	<u>15,089</u>	51,943

Changes in the School District's proportionate share of net pension assets and liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to pensions do not affect current financial resources and are, also, not reported in the Governmental Funds.

TRS	\$ (219,190)	
ERS	<u>(349,949)</u>	<u>(569,139)</u>

**Net Change in Net Position of Governmental Activities** **\$ (8,679,923)**

*See Notes to Basic Financial Statements*

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2023**

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash - Unrestricted	\$ 58,224
<b>Total Assets</b>	<b>\$ 58,224</b>
<b>NET POSITION</b>	
Extraclassroom Activity Funds Balance	\$ 58,224
<b>Total Net Position</b>	<b>\$ 58,224</b>

*See Notes to Basic Financial Statements*

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Extraclass Receipts	\$ 75,596
<b>Total Additions</b>	<u>75,596</u>
<b>DEDUCTIONS</b>	
Extraclass Disbursements	<u>77,755</u>
Change in Net Position	(2,159)
Net Position - Beginning of Year	<u>60,383</u>
<b>Net Position - End of Year</b>	<u><u>\$ 58,224</u></u>

*See Notes to Basic Financial Statements*



# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

***Note 1***     **Summary of Significant Accounting Policies**

The accompanying financial statements of the Little Falls City School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity**

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

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education (Board) 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 financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended:

- The primary government, which is the Little Falls City School District;
- 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 basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the Little Falls City School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's office, located 15 Petrie St. Little Falls, NY 13365.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Joint Venture**

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

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

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

Separate financial statement of Herkimer/Fulton/Hamilton/Otsego Counties BOCES may be obtained by contacting the Executive Director of Business, Herkimer / Fulton / Hamilton / Otsego BOCES, 352 Gros Boulevard, Herkimer, NY 13350.

#### **Basis of Presentation - District-Wide Financial Statements**

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

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

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Governmental Fund Financial Statements**

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

The School District reports the following Major Governmental Funds:

- **General Fund:** This is the School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- **Special Revenue Funds - Accounts for the proceeds of specific revenue sources (other than capital projects) legally restricted to expend for specific purposes.**
  - **Special Aid Fund:** Accounts for the proceeds of specific revenue sources, such as federal, state, and local grants, legally restricted to expenditures for specified purposes, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

The School District reports the following Non-Major Governmental funds:

- **Special Revenue Funds - Accounts for the proceeds of specific revenue sources (other than capital projects) legally restricted to expend for specific purposes**
  - **School Lunch Fund:** Accounts for revenues and expenditures in connection with the School District's food service program.
  - **Miscellaneous Special Revenue Fund:** Accounts for Scholarship Funds awarded to individual students.
- **Capital Projects Fund:** Accounts for the financial resources used for the renovation of the School District's educational complex.

Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District and are not available to be used.

The School District reports the following Fiduciary Funds:

- **Custodial Fund:** Assets are held by the school District as agent for Extraclassroom Activity Funds.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Measurement Focus and Basis of Accounting**

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

The Governmental Fund financial 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 School 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, except for real property taxes, which are considered to be available if they are collected within 60 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.

#### **Cash and Investments**

The School 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 School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (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 the United States and its agencies and obligations of the state and its municipalities and districts. Investments are stated at fair value.

#### **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, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Due To/From Other Funds**

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

#### **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 fair value. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental 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.

A portion of fund balance equal to inventories and prepaid amounts is reported as nonspendable, as these assets are not in spendable form in the current period.

#### **Capital Assets**

Capital assets are reported at actual cost for acquisitions, including the right to use assets acquired through financed lease arrangements, subsequent to the adoption of GASB Statement No. 34. For assets acquired prior to the adoption of GASB Statement No. 34, estimated historical costs, based on appraisal and research of the School District's accounting records, were used. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation and amortization methods, and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	15-50 Years
Building Improvements	20,000	15-50 Years
Furniture and Equipment	5,000	8-20 Years
Site Improvements	5,000	15-50 Years

The School District utilizes the straight-line method of depreciation, including amortization of intangible lease assets.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element 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 School District reports a deferred charge on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows of resources related to pensions and Other Postemployment Benefits (OPEB) plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions, and OPEB plans are described in Note 9 and 10, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District sometimes reports unavailable revenues under the modified accrual basis of accounting in the Balance Sheet - Governmental Funds. In the Statement of Net Position, the School District also reports deferred inflows of resources related to pensions and OPEB plans which are further described in Note 9 and 10, respectively.

#### **Leases**

The School District determines if an arrangement is or contains a lease at inception. The School District records assets and lease obligations for leases, which are initially based on the discounted future minimum lease payments over the term of the lease. The School District uses the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the School District elects to use its incremental borrowing rate in calculating present value of lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position and the School District will recognize short-term lease expense for these leases on a straight-line basis over the lease term.

The School District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liabilities and is included in the education expense function. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals, and payments associated with non-lease components are expensed as incurred.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Unearned and Unavailable Revenues**

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

The Governmental Fund financial statements report unavailable revenues when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflow of resources is removed, and revenues are recorded.

#### **Vested Employee Benefits - Compensated Absences**

Compensated absences consist of unpaid accumulated annual sick and vacation leave.

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.

School District employees are granted vacation time in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the Governmental Fund financial 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.

#### **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 of current financial resources. Claims and judgements, other postemployment benefit payable and compensated absences that will be paid from governmental funds, are reported as a liability in the fund's financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Other Postemployment Benefits (OPEB)**

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School 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 School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 10 for additional information.

#### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

#### **Equity Classifications - District-Wide Financial Statements**

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, mortgages, notes, payables, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "restricted" or "net investment in capital assets."



# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications - Governmental Fund Financial Statements**

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority the Board of Education, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications - Governmental Fund Financial Statements - Continued**

The Board of Education of the School District has not adopted any resolutions to commit or assign fund balance. Currently, fund balance is assigned by the Business Official for encumbrances and the Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

#### **Legally Adopted Reserves**

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures, or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within New York State. These reserve funds are established through board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance. Reserves currently in use by the School District include the following:

- Retirement Contribution Reserve (GML §6-r): Used for the purpose of financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. 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. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the General Fund.
- Employee Benefit Accrued Liability Reserve (GML §6-p): Used to reserve funds for payment of accrued employee benefits upon termination of an 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. This reserve is accounted for in the General Fund.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1. For the year ended June 30, 2023, the tax lien was issued on August 18, 2022. Taxes were collected during the period September 1, 2022 to November 30, 2022.

Uncollected real property taxes are subsequently enforced by the city and county in which the School District is located. An amount representing uncollected real property taxes must be transmitted by the city to the School District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collected within 60 days of year end, less similar amounts collected during this period in the preceding year, are recognized as revenue. Otherwise, deferred inflows of resources offset real property taxes receivable. There were no taxes receivable or associated deferred inflows of resources at June 30, 2023.

#### **Interfund Transfers**

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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.

#### **New Accounting Standards**

The School District adopted and implemented the following current Statement of the Governmental Accounting Standards Board (GASB) effective for the year ended June 30, 2023:

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ended June 30, 2023.

#### **Future Changes in Accounting Standards**

- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending June 30, 2025.

The School District 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**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 2 Participation in BOCES**

During the year ended June 30, 2023, the School District's share of BOCES income amounted to \$2,068,417. The School District was billed \$4,211,059 for BOCES administration and program costs. Financial statements for the Herkimer County BOCES are available from the BOCES administrative office at 352 Gros Blvd, Herkimer, NY 13350-1446.

**Note 3 Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate, and Foreign Currency Risks**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of \$3,342,275 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

Restricted cash and cash equivalents consisted of the following at June 30, 2023:

Restricted for School Lunch	\$	19,389
Restricted for General Fund Reserves		559,640
Restricted for Scholarships		201,732
<b>Total</b>	<b>\$</b>	<b><u>780,761</u></b>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has investments in donated Special Revenue Funds. The School District chooses to disclose its investments by specifically identifying each. The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as below:

<u>Investments</u>	<u>Cost</u>	<u>Carrying Amount Fair Value</u>	<u>Type of Investment</u>	<u>Level</u>
Miscellaneous Special Revenue Fund	\$ 100,381	\$ 100,381	U.S. Mortgage Backed Securities	1
Miscellaneous Special Revenue Fund	74,766	74,766	Certificate of Deposit	2
<b>Total</b>	<b><u>\$ 175,147</u></b>	<b><u>\$ 175,147</u></b>		

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 3 Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks - Continued**

The certificate of deposit is a one-year certificate of deposit maturing on November, 2023.

The School District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The School District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

**Note 4 Interfund Balances and Activity**

Interfund balances at June 30, 2023 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
<b>Major Funds</b>				
General Fund	\$ 1,074,908	\$ -	\$ 406,930	\$ 8,320
Special Aid Fund	-	1,074,829	8,320	-
<b>Non-Major Funds</b>				
Capital Projects Fund	-	79	-	406,930
<b>Total</b>	<b><u>\$ 1,074,908</u></b>	<b><u>\$ 1,074,908</u></b>	<b><u>\$ 415,250</u></b>	<b><u>\$ 415,250</u></b>

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Funds, as needed, to fund capital projects.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

# LITTLE FALLS CITY SCHOOL DISTRICT

## 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:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements and Reclassifications</u>	<u>Ending Balance</u>
<b>Capital Assets That Are Not Depreciated</b>				
Land	\$ 477,202	\$ -	\$ (448,852)	\$ 28,350
Construction in Progress	29,799,978	239,938	(30,039,916)	-
<b>Total Nondepreciable Historical Cost</b>	<u>30,277,180</u>	<u>239,938</u>	<u>(30,488,768)</u>	<u>28,350</u>
<b>Capital Assets That Are Depreciated</b>				
Buildings	38,484,591	-	23,397,012	61,881,603
Improvements Other Than Buildings	926,837	-	1,055,324	1,982,161
Furniture and Equipment	2,285,939	172,303	212,702	2,670,944
<b>Total Depreciable Historical Cost</b>	<u>41,697,367</u>	<u>172,303</u>	<u>24,665,038</u>	<u>66,534,708</u>
<b>Intangible Lease Assets</b>				
Equipment	773,722	433,944	(54,282)	1,153,384
<b>Total Historical Cost</b>	<u>72,748,269</u>	<u>846,185</u>	<u>(5,878,012)</u>	<u>67,716,442</u>
<b>Less Accumulated Depreciation</b>				
Buildings	(26,501,696)	(890,289)	(1,756,558)	(29,148,543)
Improvements Other Than Buildings	(628,143)	(26,483)	(1,232,451)	(1,887,077)
Furniture and Equipment	(1,493,480)	(91,893)	239,324	(1,346,049)
<b>Total Accumulated Depreciation</b>	<u>(28,623,319)</u>	<u>(1,008,665)</u>	<u>(2,749,685)</u>	<u>(32,381,669)</u>
<b>Accumulated Amortization</b>				
Equipment	(293,407)	(147,010)	54,282	(386,135)
<b>Total Historical Cost, Net</b>	<u>\$ 43,831,543</u>	<u>\$ (309,490)</u>	<u>\$ (8,573,415)</u>	<u>\$ 34,948,638</u>

Depreciation and amortization expense was charged to governmental functions as follows:

General Support	\$ 933,076
Instruction	171,432
Pupil Transportation	48,133
School Lunch Program	3,034
<b>Total Depreciation/Amortization Expense</b>	<u><u>\$ 1,155,675</u></u>

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 6 Leases**

The School District enters into lease agreements for certain equipment that are considered leases. The School District is not party to any material short term leases, and current leases do not require any material variable payments. At June 30, 2023, the School District reported \$1,153,384 in intangible lease assets, offset by accumulated amortization of \$386,135.

At June 30, 2023, the School District reported \$397,185 in intangible lease assets, offset by accumulated amortization of \$100,885, that were not included in the lease liability below. The following is a summary of the School District's intangible leases for the year ended June 30, 2023:

<u>Description of Lease</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Discount Rate</u>	<u>Outstanding June 30, 2023</u>
IPA 2021	7/1/2020	7/1/2024	0.46%	\$ 37,005
IPA 2022	12/1/2023	12/1/2027	5.31%	433,944
<b>Total</b>				<b><u>\$ 470,949</u></b>

The following is a summary of the maturity of lease liabilities:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 96,503	\$ 23,229	\$ 119,732
2025	100,735	18,996	119,731
2026	86,557	14,543	101,100
2027	91,156	9,944	101,100
2028	95,998	5,101	101,099
<b>Total</b>	<b><u>\$ 470,949</u></b>	<b><u>\$ 71,813</u></b>	<b><u>\$ 542,762</u></b>

Interest paid for the current year amounted to \$1,925.

**Note 7 Long-Term Debt**

At June 30, 2023, the total outstanding indebtedness of the School District represented 161.35% of its statutory debt limit, exclusive of building aid. District received consent from the New York State Comptroller to issue obligations in excess of the allowable limit, pursuant to paragraph c of §104.00 of the Local Finance Law. Long-term debt is classified as follows:

- Serial Bonds and Statutory Installment Bonds (SIBs) - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. SIBs are sometimes issued directly with a financial institution or investor and are not offered for public sale. There are no terms that present additional risk to the School District associated with these direct borrowings or placements.

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 7 Long-Term Debt - Continued**

- **Installment Purchase Debt:** The School District leases equipment with intent to purchase. Accumulated depreciation and net book value of equipment under capital leases at June 30, 2023 is \$19,921 and \$23,526, respectively.

The following is a summary of the School District's long-term debt for the year ended June 30, 2023:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
<b>Bonds</b>				
2019 Refunding Bond	07/18/2019	04/15/2025	5.00%	\$ 770,000
2022 Serial Bond	02/03/2022	02/01/2037	2-2.375%	26,470,000
2019 SIB	08/21/2019	08/21/2024	3.40%	45,600
2021 SIB	12/22/2021	12/22/2026	2.50%	<u>105,751</u>
<b>Total Bonds</b>				<b>27,391,351</b>
<b>Installment Purchase Debt</b>				
2020 Bobcat	08/24/2020	10/01/2025	1.49%	16,915
Plus Premium on Refinancing				<u>36,748</u>
<b>Total Indebtedness</b>				<b><u>\$ 27,445,014</u></b>

Interest expense on long-term debt during the year was:

Interest Paid	\$ 666,553
(Less) Interest Accrued in the Prior Year	(251,507)
Interest Accrued in the Current Year	236,418
Amortization of Deferred Charges on Defeased Debt	7,314
(Less) Amortization of Bond Premium	<u>(44,168)</u>
<b>Total</b>	<b><u>\$ 614,610</u></b>

Interest paid on the Serial Bonds varies from year to year, in accordance with interest rates specified in the bond agreements.



# LITTLE FALLS CITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 7 Long-Term Debt - Continued**

Long-term debt balances and activity for the year are summarized as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Bonds	\$ 29,631,565	\$ -	\$ (2,240,214)	\$ 27,391,351	\$ 2,264,238
Installment Purchase Debt	24,253	-	(7,338)	16,915	7,448
Plus: Premium on Refunded Debt	80,916	-	(44,168)	36,748	27,208
<b>Total</b>	<b><u>\$ 29,736,734</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (2,291,720)</u></b>	<b><u>\$ 27,445,014</u></b>	<b><u>\$ 2,298,894</u></b>

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges on defeased debt are summarized as follows:

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
2019 Refunding Bonds	\$ 13,400	\$ -	\$ (7,314)	\$ 6,086	\$ 4,506
<b>Total Deferred Charges on Defeased Debt</b>	<b><u>\$ 13,400</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (7,314)</u></b>	<b><u>\$ 6,086</u></b>	<b><u>\$ 4,506</u></b>

The following is a summary of the maturity of long-term indebtedness:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 2,271,686	\$ 608,372	\$ 2,880,058
2025	2,077,433	547,589	2,625,022
2026	1,817,710	497,091	2,314,801
2027	1,851,437	460,611	2,312,048
2028	1,865,000	423,450	2,288,450
2029-2033	9,905,000	1,527,800	11,432,800
2034-2037	7,620,000	402,538	8,022,538
<b>Total</b>	<b><u>\$ 27,408,266</u></b>	<b><u>\$ 4,467,451</u></b>	<b><u>\$ 31,875,717</u></b>

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 7 Long-Term Debt - Continued**

On July 18, 2019, the School District issued \$2,620,000 in general obligation bonds, with interest rates ranging between 2.0% and 5.0%. The School District issued the bonds to advance refund the \$2,770,000 outstanding general obligation bonds with an interest rate of 5.00%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$2,770,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$825,000 at June 30, 2023.

**Note 8 Other Long-Term Obligations**

- Compensated absences represent the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds.
- Due to Retirement Systems: Represents amounts to be amortized for a portion of the School District's prior years' required contributions to the New York State Employees' Retirement system. This liability is liquidated from the General and School Lunch Funds. See Note 9 for further information.

Other Long-Term Obligation balances and activity are summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Compensated Absences	\$ 927,935	\$ -	\$ (98,794)	\$ 829,141	\$ -
Due to Retirement Systems	100,202	-	(49,732)	50,470	34,241
<b>Total Long-Term Obligations</b>	<b>\$ 1,028,137</b>	<b>\$ -</b>	<b>\$(148,526)</b>	<b>\$ 879,611</b>	<b>\$ 34,241</b>

Changes to other long-term obligations are reported net, as it is impractical to individually determine the amount of additions and deletions during the year.

The following is a summary of the maturity of amounts due to Employees' Retirement System:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>
2024	\$ 34,241
2025	16,229
<b>Total</b>	<b>\$ 50,470</b>

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

***Note 9***    **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

**Plan Descriptions and Benefits Provided**

**Teachers' Retirement System (TRS) (System)**

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law (RSSL) of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. 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. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the New York State Retirement and Social Security Law (RSSL), those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

***Note 9*** **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Plan Descriptions and Benefits Provided - Continued**

**Employees' Retirement System (ERS) (System)**

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of 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 School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) – Continued**

**Summary of Significant Accounting Policies**

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

**Contributions**

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
<b>2023</b>	<b>\$ 404,809</b>	<b>\$ 802,511</b>
2022	364,764	711,092
2021	335,542	688,565

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

At June 30, 2023, the School District reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension (asset)/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	<b>ERS</b>	<b>TRS</b>
Actuarial Valuation Date	4/1/2022	6/30/2021
Net Pension (Asset)/Liability	\$ 21,444,032,790	\$ 1,918,891,690
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	1,658,220	887,008
School District's Share of the Net Pension (Asset)/Liability	0.007733%	0.046225%

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Pension (Asset)/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 School District recognized pension expense of \$619,976 for ERS and \$1,073,939 for TRS in the District-wide financial statements. At June 30, 2023, the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences Between Expected and Actual Experience	\$ 176,613	\$ 929,472	\$ 46,569	\$ 17,774
Changes of Assumptions	805,338	1,720,645	8,900	357,312
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,146,098	9,742	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	97,311	47,529	17,493	246,169
School District's Contributions Subsequent to the Measurement Date	84,848	855,137	-	-
<b>Total</b>	<b><u>\$ 1,164,110</u></b>	<b><u>\$ 4,698,881</u></b>	<b><u>\$ 82,704</u></b>	<b><u>\$ 621,255</u></b>

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, 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:

<u>Year Ended</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ 246,791	\$ 603,931
2025	(66,749)	291,573
2026	358,228	(180,300)
2027	458,288	2,231,774
2028	-	274,716
Thereafter	-	795

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Investment Rate of Return	5.9%	6.95%
Salary Increases	4.4%	1.95% - 5.18%
Cost of Living Adjustments	1.5%	1.3%
Inflation Rate	2.9%	2.4%

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

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

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Actuarial Assumptions - Continued**

For ERS, 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. For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Measurement Date	<b>ERS</b>	<b>TRS</b>
	March 31, 2023	June 30, 2022
<b>Asset Type</b>		
Domestic Equity	4.3%	6.5%
International Equity	6.9%	7.2%
Global Equity	0.0%	6.9%
Real Estate Equity	4.6%	6.2%
Private Equity	7.5%	9.9%
Opportunistic/ARC Portfolio	5.4%	0.0%
Real Assets	5.8%	0.0%
Credit	5.4%	0.0%
Fixed Income	1.5%	0.0%
Domestic Fixed Income	0.0%	1.1%
Global Bonds	0.0%	0.6%
Private Debt	0.0%	5.3%
Real Estate Debt	0.0%	2.4%
High-Yield Bonds	0.0%	3.3%
Cash Equivalents	0.0%	(0.3)%



# LITTLE FALLS CITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**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 contributions from employers will be made at statutorily required rates, actuarially determined. Based on the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the School District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

<u>ERS</u>	<u>1% Decrease (4.90%)</u>	<u>Current Assumption (5.90%)</u>	<u>1% Increase (6.90%)</u>
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 4,007,205	\$ 1,658,220	\$ (304,631)
<u>TRS</u>	<u>1% Decrease (5.95%)</u>	<u>Current Assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 8,178,626	\$ 887,008	\$ (5,245,195)

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of the respective measurement dates were as follows:

	<u>Dollars in Thousands</u>	
	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2023	June 30, 2022
Employers' Total Pension	\$ 232,627,259	\$ 133,883,474
Plan Net Position	(211,183,223)	(131,964,582)
<b>Employers' Net Pension (Asset)/Liability</b>	<b>\$ 21,444,036</b>	<b>\$ 1,918,892</b>
Ratio of Plan Net Position to the Employers' Total Pension Liability	90.8%	98.6%

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$84,848.

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 a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$923,124.

**Effect on Net Position**

Changes in the net pension (asset)/liability and deferred outflows and inflows of resources for the year ended June 30, 2023 resulted in the following effect on net position:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
<b>ERS</b>			
Net Pension (Asset)/Liability	\$ (625,472)	\$ 2,283,692	\$ 1,658,220
Deferred Outflows of Resources	(1,303,021)	138,911	(1,164,110)
Deferred Inflows of Resources	2,155,358	(2,072,654)	82,704
Subtotal	226,865	349,949	576,814
<b>TRS</b>			
Net Pension (Asset)/Liability	(7,618,048)	8,505,056	887,008
Deferred Outflows of Resources	(4,422,931)	(275,950)	(4,698,881)
Deferred Inflows of Resources	8,631,171	(8,009,916)	621,255
Subtotal	(3,409,808)	219,190	(3,190,618)
<b>Total Effect on Net Position</b>	<b>\$ (3,182,943)</b>	<b>\$ 569,139</b>	<b>\$ (2,613,804)</b>

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 10 Postemployment Benefits Other than Pensions (OPEB)**

**General Information About the OPEB Plan**

Plan Description - The School District provides medical, dental, and prescription drug benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during postemployment. Nevertheless, both types of benefits constitute compensation for employee services. The benefits provided to employees upon retirement are based on provisions in various contracts that the School District has in place with different classifications of employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements, as there are no assets legally segregated for the sole purpose of paying benefits under the plan.

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	182
Active Employees Enrolled in the Plan	177
<b>Total</b>	<b>359</b>

**Total OPEB Liability**

The School District's total OPEB liability of \$64,762,545 was measured as of July 1, 2022 and was determined by an actuarial valuation as of July 1, 2022.

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

Long-Term Bond Rate	3.54%
Single Discount Rate	3.54%
Salary Scale	3.50%
Rate of Inflation	2.50%
Dental Trend	4.00%
Marital Assumption	70.00%
Participation Rate	100.00% for Retirees 85.00% for Spouses
Healthcare Cost Trend Rates	7.80% for 2024, decreasing to an ultimate rate of 3.94% for 2093 and later years

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 10* Postemployment Benefits Other than Pensions (OPEB) - Continued**

#### **Total OPEB Liability - Continued**

The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index as of the measurement date (or the nearest business day thereto).

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a fully generational basis.

Rates of turnover and retirement rates are based on rates of decrement due to turnover and retirement based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation (August 2020). Please refer to Exhibits 6-1 through 6-4 for the complete turnover tables.

Election percentage: It was assumed that 100% of future retirees eligible for coverage will elect retiree group benefits.

Spousal Coverage: It was assumed that 85% of future retirees will elect spousal coverage upon retirement.

The annual rate of increase in healthcare costs were developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model (v2024\_f4). The short term (first 4 years) trend rates were based on the recent premium rate history for Little Falls Central School District. The long-term (after 4 years) trend rates were based on various assumptions.

Health Care Cost Trend rates were developed using the baseline projection of the SOA Long Run Medical Cost Trend Model (v2022\_f4). The short term (first 4 years) bend rates were based on the recent premium rate history for Little Falls Central School District. The long-term (after 4 years) Trend rates were based on the following assumptions:

Rate of Inflation: 2.5%

Rate of Growth in Real Income / GDP per Capita: 1.4%

Extra Trend due to Technology and Other Factors: 1.0%

Health Share of GDP Resistance Point 24.9%

The actuarial assumptions used in the July 1, 2022 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 10 Postemployment Benefits Other than Pensions (OPEB) - Continued**

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2022</b>	<b>\$ 68,701,464</b>
<b>Changes for the Year</b>	
Service Cost	2,497,680
Interest Cost	1,505,286
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	417,809
Changes in Assumptions or Other Inputs	(6,642,407)
Benefit Payments	(1,717,287)
Net Change	(3,938,919)
<b>Balance at June 30, 2023</b>	<b>\$ 64,762,545</b>

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

	<b>1% Decrease (2.54%)</b>	<b>Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB Liability	\$ 76,151,615	\$ 64,762,545	\$ 55,664,569

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 54,294,376	\$ 64,762,545	\$ 78,380,348

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### **Note 10 Postemployment Benefits Other than Pensions (OPEB) - Continued**

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$3,525,426.

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 344,893	\$ 745,613
Changes in Assumptions or Other Inputs	7,734,064	6,438,995
Contributions Subsequent to Measurement Date	1,926,568	-
<b>Total</b>	<b>\$ 10,005,525</b>	<b>\$ 7,184,608</b>

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

<b>Fiscal Year Ending June 30,</b>	<b>Amount</b>
2024	\$ 149,582
2025	1,733,650
2026	783,079
2027	(978,949)
2028	(793,013)
Thereafter	-

#### **Effect on Net Position**

Changes in the OPEB liability and deferred outflows and inflows of resources for the year ended June 30, 2023 resulted in the following effect on net position:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Other Postemployment Benefits Liability	\$ 68,701,464	\$ (3,938,919)	\$ 64,762,545
Deferred Outflows of Resources	(12,319,574)	2,314,049	(10,005,525)
Deferred Inflows of Resources	3,960,880	3,223,728	7,184,608
<b>Total Effect on Net Position</b>	<b>\$ 60,342,770</b>	<b>\$ 1,598,858</b>	<b>\$ 61,941,628</b>

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

### ***Note 11* Commitments and Contingencies**

#### **Worker's Compensation**

The School District participates in the Madison, Oneida, and Herkimer Workers' Compensation Consortium (Plan) for its workers' compensation insurance coverage. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control system. School Districts joining the plan must remain members for a minimum of one year; a member may withdraw from the Plan after that time by submitting a notice of withdrawal 120 days prior to the Plan's year end.

Plan members include 31 other school districts and 9 other governmental units, including BOCES, with the School District bearing its proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks insured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures totaling \$-0-.

#### **Risk Financing and Related Insurance - General Information**

The School District is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. 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 three years.

#### **Other Items**

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

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 12 Fund Balance Detail**

At June 30, 2023, nonspendable, restricted, and assigned fund balance in the governmental funds was as follows:

	<u>Major Funds</u>	<u>Non-Major Funds</u>	
	<u>General Fund</u>	<u>School Lunch Fund</u>	<u>Misc. Special Revenue Fund</u>
<b>Nonspendable</b>			
Inventory	\$ -	\$ 18,507	\$ -
<b>Total Nonspendable Fund Balance</b>	<b><u>\$ -</u></b>	<b><u>\$ 18,507</u></b>	<b><u>\$ -</u></b>
<b>Restricted</b>			
Reserve for Retirement Contributions - ERS	\$ 226,850	\$ -	\$ -
Reserve for Retirement Contributions - TRS	157,006	-	-
Employee Benefit Accrued			
Liability Reserve	175,784	-	-
School Lunch	-	63,957	-
Scholarships	-	-	376,879
<b>Total Restricted Fund Balance</b>	<b><u>\$ 559,640</u></b>	<b><u>\$ 63,957</u></b>	<b><u>\$ 376,879</u></b>
<b>Assigned</b>			
Encumbered for:			
General Support	\$ 24,186	\$ -	\$ -
Instruction	76,026	-	-
Pupil Transportation	185	-	-
<b>Total Assigned Fund Balance</b>	<b><u>\$ 100,397</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Unassigned</b>			
Remaining Unassigned	\$ 3,620,457	\$ -	\$ -
<b>Total Unassigned Fund Balance</b>	<b><u>\$ 3,620,457</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>



# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

**Note 13 Restricted Fund Balances**

Portions of restricted fund balance are reserved and not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity of the General Fund reserves, for the year ended June 30, 2023, were as follows:

<u>General Fund</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
Reserve for Retirement Contributions - ERS	\$ 225,244	\$ -	\$ 1,606	\$ -	\$ 226,850
Reserve for Retirement Contributions - TRS	155,901	-	1,105	-	157,006
Employee Benefit					
Accrued Liability Reserve	174,517	-	1,267	-	175,784
<b>Total Restricted Fund Balance</b>	<b><u>\$ 555,662</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,978</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 559,640</u></b>

**Note 14 Stewardship, Compliance, and Accountability**

**Compliance With Real Property Tax Law §1318**

As described in Note 1, Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year’s budgetary appropriations. The School District’s unexpended surplus at June 30, 2023 exceeded this limit by \$2,363,449. The excess was largely the result of unanticipated revenue and cost savings. School District management has discussed several options to address the excess fund balance issue.

**Deficit Net Position**

At June 30, 2023, the District-wide Statement of Net Position had a (deficit) net position of \$(48,665,255). This is primarily the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability (see Note 10). This deficit is not expected to be eliminated during the normal course of operations.

**Budgetary Expenditures**

At June 30, 2023, the school district reported total budgetary overexpenditures of \$538,537. Multiple instruction lines as well as total instruction along with employee benefits were overexpended. This is primarily the result of higher than anticipated costs and the total overexpenditure is offset by revenues in excess of budget of \$1,165,090.

**Note 15 Tax Abatements**

For the year ended June 30, 2023, property in the School District was subject to property tax abatements negotiated by the Herkimer County IDA (HCIDA).

HCIDA enters into various property tax abatement programs for the purpose of economic development. School District property tax revenue was reduced by \$490,789, and the School District subsequently received payment in lieu of taxes (PILOT) payments totaling \$223,217.

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
<b>Local Sources</b>				
Real Property Taxes	\$ 9,119,159	\$ 9,119,159	\$ 7,788,628	\$ (1,330,531)
Other Tax Items	329,502	329,502	1,612,559	1,283,057
Charges for Services	93,000	93,000	39,555	(53,445)
Use of Money and Property	30,000	30,000	64,295	34,295
Sale of Property and Compensation for Loss	-	-	31,029	31,029
Miscellaneous	436,000	478,490	431,451	(47,039)
Interfund Revenues	75,000	75,000	86,410	11,410
<b>Total Local Sources</b>	<u>10,082,661</u>	<u>10,125,151</u>	<u>10,053,927</u>	<u>(71,224)</u>
State Sources	17,683,922	17,683,922	18,492,179	808,257
Federal Sources	-	-	21,127	21,127
<b>Total Revenues</b>	<u>27,766,583</u>	<u>27,809,073</u>	<u>28,567,233</u>	<u>758,160</u>
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In	-	-	406,930	406,930
Total Revenues and Other Financing Sources	<u>27,766,583</u>	<u>27,809,073</u>	<u>\$ 28,974,163</u>	<u>\$ 1,165,090</u>
Encumbrances Carried Forward From Prior Year	<u>40,454</u>	<u>40,454</u>		
<b>Total Revenues, Appropriated Reserves, and Designated Fund Balance</b>	<u>\$ 27,807,037</u>	<u>\$ 27,849,527</u>		

*See Notes to Required Supplementary Information*

# LITTLE FALLS CITY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of Education	\$ 47,650	\$ 44,354	\$ 43,416	\$ -	\$ 938
Central Administration	256,306	256,397	256,376	20	1
Finance	550,316	538,605	536,818	547	1,240
Staff	49,379	55,689	55,689	-	-
Central Services	1,817,986	1,733,635	1,701,202	23,619	8,814
Special Items	750,683	732,669	732,598	-	71
<b>Total General Support</b>	<u>3,472,320</u>	<u>3,361,349</u>	<u>3,326,099</u>	<u>24,186</u>	<u>11,064</u>
<b>Instruction</b>					
Instruction, Administration, and Improvement	932,007	888,595	887,845	750	-
Teaching - Regular School Programs for Children With Handicapping Conditions	6,303,203	6,314,578	6,270,353	46,210	(1,985)
Occupational Education	3,533,328	2,993,080	3,308,377	2,384	(317,681)
Teaching - Special School	-	550,105	653,617	-	(103,512)
Instructional Media	20,000	21,140	21,140	-	-
Pupil Services	552,641	572,562	562,101	543	9,918
<b>Total Instruction</b>	<u>833,010</u>	<u>852,506</u>	<u>822,926</u>	<u>26,139</u>	<u>3,441</u>
Pupil Transportation	12,174,189	12,192,566	12,526,359	76,026	(409,819)
Employee Benefits	1,470,520	1,503,878	1,499,024	185	4,669
<b>Total Debt Service</b>	<u>7,723,575</u>	<u>7,748,056</u>	<u>7,946,187</u>	<u>-</u>	<u>(198,131)</u>
<b>Total Expenditures</b>	<u>27,745,037</u>	<u>27,787,527</u>	<u>28,279,347</u>	<u>100,397</u>	<u>(592,217)</u>
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	62,000	62,000	8,320	-	53,680
<b>Total Expenditures and Other Financing Uses</b>	<u>\$ 27,807,037</u>	<u>\$ 27,849,527</u>	28,287,667	<u>\$ 100,397</u>	<u>\$ (538,537)</u>
Net Change in Fund Balance			686,496		
Fund Balance - Beginning of Year			3,593,998		
<b>Fund Balance - End of Year</b>			<u>\$ 4,280,494</u>		

*See Notes to Required Supplementary Information*

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 404,809	\$ 364,764	\$ 335,542	\$ 412,118	\$ 403,630	\$ 405,905	\$ 394,211	\$ 427,807	\$ 421,959	\$ 388,379
Contributions in Relation to the Contractually Required Contribution	(404,809)	(364,764)	(335,542)	(412,118)	(403,630)	(405,905)	(394,211)	(427,807)	(421,959)	(388,379)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Payroll for Year Ended June 30,	2,610,467	2,429,549	2,432,967	2,447,085	2,448,230	2,434,303	2,275,351	2,099,339	2,059,887	*
Contributions as a Percentage of Covered Payroll	15.5%	15.0%	13.8%	16.8%	16.5%	16.7%	17.3%	20.4%	20.5%	*

## **SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 855,137	\$ 802,511	\$ 711,092	\$ 688,565	\$ 824,077	\$ 724,907	\$ 801,495	\$ 866,818	\$ 1,107,491	\$ 986,605
Contributions in Relation to the Contractually Required Contribution	(855,137)	(802,511)	(711,092)	(688,565)	(824,077)	(724,907)	(801,495)	(866,818)	(1,107,491)	(986,605)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Payroll for Year Ended June 30,	8,310,369	8,188,888	7,461,616	7,771,614	7,759,670	7,397,010	6,838,695	6,537,089	6,317,690	6,071,415
Contributions as a Percentage of Covered Payroll	10.3%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

\* Information not available

*See Notes to Required Supplementary Information*

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
School District's Proportion of the Net Pension (Asset)/Liability	<b>0.007733%</b>	0.007651%	0.007185%	0.007489%	0.007796%	0.0076400%	0.0074516%	0.0074028%	0.0075344%
School District's Proportionate Share of the Net Pension (Asset)/Liability	<b>\$ 1,658,220</b>	\$ (625,472)	\$ 7,155	\$ 1,983,009	\$ 552,371	\$ 246,439	\$ 700,172	\$ 1,188,176	\$ 254,530
School District's Covered Payroll	<b>2,603,102</b>	2,371,698	2,416,359	2,457,327	2,353,165	2,308,940	2,174,139	2,074,406	2,055,407
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<b>63.7%</b>	26.4%	0.3%	80.7%	23.5%	10.7%	32.2%	57.3%	12.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<b>98.6%</b>	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
<b>The Following is a Summary of Changes of Assumptions</b>									
Inflation	<b>2.90%</b>	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	<b>4.40%</b>	4.40%	4.50%	4.20%	3.80%	3.80%	3.80%	3.80%	3.80%
Cost of Living Adjustments	<b>1.50%</b>	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Investment Rate of Return	<b>5.90%</b>	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	7.00%
Discount Rate	<b>5.90%</b>	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	7.00%
Society of Actuaries' Mortality Scale	<b>MP-2021</b>	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

*See Notes to Required Supplementary Information*

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
School District's Proportion of the Net Pension (Asset)/Liability	<b>0.046225%</b>	0.043961%	0.04579%	0.044420%	0.043194%	0.041557%	0.041266%	0.041060%	0.041060%
School District's Proportionate Share of the Net Pension (Asset)/Liability	<b>\$ 887,008</b>	\$ (7,618,048)	\$ 1,265,237	\$ (1,153,943)	\$ (781,056)	\$ (315,876)	\$ 441,974	\$ (4,368,490)	\$ (4,573,873)
School District's Covered Payroll	<b>8,188,888</b>	7,461,616	7,771,614	7,759,670	7,397,010	6,838,695	6,537,089	6,317,690	6,071,415
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<b>10.8%</b>	102.1%	16.3%	14.9%	10.6%	4.6%	6.8%	69.1%	75.3%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<b>90.8%</b>	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%
<b>The Following is a Summary of Changes of Assumptions</b>									
Inflation	<b>2.40%</b>	2.20%	2.20%	2.25%	2.25%	2.50%	3.00%	3.00%	3.00%
Salary Increases	<b>1.95% - 5.18%</b>	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	4.0% - 10.9%	4.0% - 10.9%	4.0% - 10.9%
Cost of Living Adjustments	<b>1.30%</b>	1.30%	1.30%	1.50%	1.50%	1.50%	1.50%	1.63%	1.63%
Investment Rate of Return	<b>6.95%</b>	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Discount Rate	<b>6.95%</b>	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Society of Actuaries' Mortality Scale	<b>MP-2020</b>	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

*See Notes to Required Supplementary Information*

# LITTLE FALLS CITY SCHOOL DISTRICT

## SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 2,497,680	\$ 2,480,674	\$ 1,643,100	\$ 1,540,763	\$ 1,537,744	\$ 1,959,674	\$ *	\$ *	\$ *	\$ *
Interest Cost	1,505,286	1,477,538	1,796,559	1,799,275	1,927,950	1,678,908	*	*	*	*
Changes of Benefit Terms	-	416,174	-	-	640,307	-	*	*	*	*
Differences Between Expected and Actual Experience	417,809	-	(224,410)	-	(3,891,138)	-	*	*	*	*
Changes in Assumptions or Other Inputs	(6,642,407)	795,613	13,057,117	2,819,911	(5,832,461)	(7,057,636)	*	*	*	*
Benefit Payments	(1,717,287)	(1,689,554)	(1,476,935)	(1,372,960)	(1,520,477)	(1,507,240)	*	*	*	*
	(3,938,919)	3,480,445	14,795,431	4,786,989	(7,138,075)	(4,926,294)	*	*	*	*
Total OPEB Liability - Beginning of Year	68,701,464	65,221,019	50,425,588	45,638,599	52,776,674	57,702,968	*	*	*	*
<b>Total OPEB Liability - End of Year</b>	<b>\$ 64,762,545</b>	<b>\$ 68,701,464</b>	<b>\$ 65,221,019</b>	<b>\$ 50,425,588</b>	<b>\$ 45,638,599</b>	<b>\$ 52,776,674</b>	<b>\$ 57,702,968</b>	<b>\$ *</b>	<b>\$ *</b>	<b>\$ *</b>
Covered Employee Payroll	\$ 8,081,731	\$ 7,907,494	\$ 7,158,931	\$ 7,697,766	\$ 8,117,060	8,118,849	\$ *	\$ *	\$ *	\$ *
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>801%</b>	869%	911%	655%	562%	650%	*	*	*	*
<b>The Following is a Summary of Changes of Assumptions</b>										
Healthcare Cost Trend Rates	7.8% - 3.94%	7.0% - 4.04%	7.0% - 4.04%	7.0% - 4.13%	7.0% - 4.13%	7.0% - 4.13%	*	*	*	*
Salary Increases	3.50%	3.00%	3.50%	3.50%	3.50%	3.00%	*	*	*	*
Inflation Rate	2.50%	2.50%	2.50%	2.40%	2.40%	2.20%	*	*	*	*
Discount Rate	3.54%	2.14%	2.21%	3.50%	3.50%	3.60%	*	*	*	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2017	*	*	*	*

\* Information for periods prior to implementation of GASB Statement No. 75 is unavailable  
and will be completed as it becomes available.

*See Notes to Required Supplementary Information*

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023**

### ***Note 1* Budgetary Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which 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. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Adopted Budget	\$ 27,766,583
Carryover Encumbrances	<u>40,454</u>
Original Budget	27,807,037
Gifts and Donations	<u>42,490</u>
<b>Final Budget</b>	<b><u><u>\$ 27,849,527</u></u></b>

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid, School Lunch and Miscellaneous Special Revenue). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid grants may also cover a period other than the School District's fiscal year. Budgetary controls for the School Lunch Fund and Miscellaneous Special Revenue Fund are established internally.

### ***Note 2* Reconciliation of the General Fund Budget Basis to U.S. GAAP**

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis, as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.



# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) JUNE 30, 2023**

***Note 3***     **Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

The Schedule of the School District's Proportionate Share of the Net Pension (Asset)/Liability, required supplementary information, will present ten years of information as it becomes available from the pension plans.

***Note 4***     **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

**NYSLRS**

**Changes in Benefit Terms**

The New York State Legislature lowered the vesting requirement for Tier 5 and Tier 6 from ten years to five years (Chapter 56 of the Laws of 2022), prior to the April 1, 2022 actuarial valuation.

**NYSTRS**

**Changes in Benefit Terms**

Effective with the 2022 actuarial valuation, the following plan change was effective: The number of years of credited service required for vesting changed from ten years to five years for Tier 5 and 6 members for purposes of eligibility for a service retirement benefit or a deferred-vested benefit.

# LITTLE FALLS CITY SCHOOL DISTRICT

## SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2023

### CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	<u>\$ 27,766,583</u>
Prior Year's Encumbrances	<u>40,454</u>
Original Budget	<u>27,807,037</u>
Gifts and Donations	<u>42,490</u>
Total Additions	<u>42,490</u>
<b>Final Budget</b>	<b><u><u>\$ 27,849,527</u></u></b>

### §1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

<b>Next Year's Budget is a Voter Approved Budget</b>	<b><u><u>\$ 31,425,209</u></u></b>	
Maximum Allowed (4% of the 2023-2024 Budget)		\$ 1,257,008
General Fund Fund Balance Subject to §1318 of Real Property Tax Law		
<b>Unrestricted Fund Balance:</b>		
Assigned Fund Balance	\$ 100,397	
Unassigned Fund Balance	<u>3,620,457</u>	
<b>Total Unrestricted Fund Balance</b>	<u><u>3,720,854</u></u>	
<b>(Less):</b>		
Encumbrances Included in Assigned Fund Balance	<u>100,397</u>	
<b>Total Adjustments</b>	<u><u>100,397</u></u>	
<b>General Fund Fund Balance Subject to §1318 of Real Property Tax Law</b>		<b><u><u>\$ 3,620,457</u></u></b>
Actual Percentage		11.5%

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2023

PROJECT TITLE	Expenditures					Unexpended (Overexpended) Balance	Methods of Financing					Fund Balance (Deficit) June 30, 2023
	Original Budget	Revised Budget	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Transfers to Other Funds	Total	
Benton Hall Elementary 001-012	\$ 10,448,113	\$ 10,046,577	\$ 9,968,435	\$ 78,142	\$ 10,046,577	\$ -	\$ 9,483,737	\$ -	\$ 508,273	\$ 54,567	\$ 10,046,577	\$ -
Middle/High School 008-014	19,182,735	19,466,008	19,304,212	161,796	19,466,008	-	18,375,462	568,670	984,818	(462,942)	19,466,008	-
School Bus Garage 5003-003	794,153	266,035	266,035	-	266,035	-	251,131	-	13,459	1,445	266,035	-
Lease Liabilities	433,944	433,944	-	433,944	433,944	-	433,944	-	-	-	433,944	-
Subtotal	30,858,945	30,212,564	29,538,682	673,882	30,212,564	-	28,544,274	568,670	1,506,550	(406,930)	30,212,564	-
<b>Total</b>	<b>\$ 30,858,945</b>	<b>\$ 30,212,564</b>	<b>\$ 29,538,682</b>	<b>\$ 673,882</b>	<b>\$ 30,212,564</b>	<b>\$ -</b>	<b>\$ 28,544,274</b>	<b>\$ 568,670</b>	<b>\$ 1,506,550</b>	<b>\$ (406,930)</b>	<b>\$ 30,212,564</b>	<b>\$ -</b>

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS JUNE 30, 2023**

<b>Capital Assets, Net</b>	<b><u>\$ 34,948,638</u></b>
Add:	
Amount Deferred on Refunding	<u>6,086</u>
(Deduct):	
Premium on Serial Bonds	<u>(36,748)</u>
Short-Term Portion of Bonds Payable	<u>(2,264,238)</u>
Long-Term Portion of Bonds Payable	<u>(25,127,113)</u>
Short-Term Portion of Lease Liabilities	<u>(96,503)</u>
Long-Term Portion of Lease Liabilities	<u>(374,446)</u>
Short-Term Portion of Capital Leases	<u>(7,448)</u>
Long-Term Portion of Capital Leases	<u>(9,467)</u>
<b>Net Investment in Capital Assets</b>	<b><u><u>\$ 7,038,761</u></u></b>

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2023**

	<b>Special Revenue Funds</b>			<b>Non-Major Governmental Funds</b>
	<b>School Lunch Fund</b>	<b>Miscellaneous Special Revenue Fund</b>	<b>Capital Project Fund</b>	
<b>ASSETS</b>				
Cash and Cash Equivalents -				
Unrestricted	\$ -	\$ -	\$ 79	\$ 79
Cash and Cash Equivalents -				
Restricted	19,389	201,732	-	221,121
Investments - Restricted	-	175,147	-	175,147
Other Receivables, Net	709	-	-	709
Governments Due From State and Federal	44,662	-	-	44,662
Inventories	18,507	-	-	18,507
<b>Total Assets</b>	<b>\$ 83,267</b>	<b>\$ 376,879</b>	<b>\$ 79</b>	<b>\$ 460,225</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Due to Other Funds	\$ -	\$ -	\$ 79	\$ 79
Due to Other Governments	803	-	-	803
<b>Total Liabilities</b>	<b>803</b>	<b>-</b>	<b>79</b>	<b>882</b>
<b>FUND BALANCES</b>				
Nonspendable	18,507	-	-	18,507
Restricted	63,957	376,879	-	440,836
<b>Total Fund Balances</b>	<b>82,464</b>	<b>376,879</b>	<b>-</b>	<b>459,343</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 83,267</b>	<b>\$ 376,879</b>	<b>\$ 79</b>	<b>\$ 460,225</b>

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Special Revenue Funds</u>			<u>Non-Major Governmental Funds</u>
	<u>School Lunch Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Capital Project Fund</u>	
<b>REVENUES</b>				
Use of Money and Property	\$ 10	\$ 1,301	\$ 181	\$ 1,492
Miscellaneous	2,247	9,155	-	11,402
State Sources	12,969	-	-	12,969
Federal Sources	630,048	-	-	630,048
Sales - School Lunch	85,311	-	-	85,311
<b>Total Revenues</b>	<u>730,585</u>	<u>10,456</u>	<u>181</u>	<u>741,222</u>
<b>EXPENDITURES</b>				
Instruction	363,525	25,650	-	389,175
Employee Benefits	27,504	-	-	27,504
Cost of Sales	336,138	-	-	336,138
Capital outlay	-	-	673,882	673,882
<b>Total Expenditures</b>	<u>727,167</u>	<u>25,650</u>	<u>673,882</u>	<u>1,426,699</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,418</u>	<u>(15,194)</u>	<u>(673,701)</u>	<u>(685,477)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds of Obligations	-	-	433,944	433,944
Operating Transfers (Out)	-	-	(406,930)	(406,930)
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>27,014</u>	<u>27,014</u>
Net Change in Fund Balances	3,418	(15,194)	(646,687)	(658,463)
Fund Balances - Beginning of Year	<u>79,046</u>	<u>392,073</u>	<u>646,687</u>	<u>1,117,806</u>
<b>Fund Balances - End of Year</b>	<u>\$ 82,464</u>	<u>\$ 376,879</u>	<u>\$ -</u>	<u>\$ 459,343</u>

**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***

Board of Education  
Little Falls City School District  
Little Falls, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Little Falls City School District (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 6, 2023.

**Report on Internal Control Over Financial Reporting**

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

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 School District'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.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002.

**School District’s Response to Findings**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District’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 School District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 6, 2023





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

Board of Education  
Little Falls City School District  
Little Falls, New York

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Little Falls City School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

**Basis for Opinion on Each Major Federal Program**

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

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

### **Responsibilities of Management for Compliance**

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

### **Auditors' Responsibilities for the Audit of Compliance**

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

## **Report on Internal Control Over Compliance**

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

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

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

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

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 6, 2023

# **LITTLE FALLS CITY SCHOOL DISTRICT**

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass -Through Grantor Program Title	Federal ALN #	Pass -Through Grantor #	Passe d -Through to Subrecipients	Expenditures
<b>U.S. Department of Education</b>				
<b>Passed Through NYS Department of Education</b>				
Title I Grants to Local Educational Agencies	84.010	0021231125	\$ -	\$ 366,220
Title I Grants to Local Educational Agencies	84.010	0021221125	-	386
		Subtotal	-	366,606
<b>Special Education Cluster</b>				
Special Education - Grants to States	84.027	0032230306	-	291,407
(COVID-19) Special Education - Preschool Grants	84.027X	5533220306	-	301
Special Education - Preschool Grants	84.173	0033220306	-	10,488
		Subtotal	-	302,196
<b>Total Special Education Cluster</b>				
Supporting Effective Instruction State Grants	84.367	0147231125	-	41,595
Rural Education Achievement Program	84.358	0016231125	-	26,668
Title IV Student Support and Academic Enrichment	84.424	0204231125	-	27,710
Title IV Student Support and Academic Enrichment	84.424	0204221125	-	284
			-	27,994
<b>Education Stabilization Fund (ESF)</b>				
(COVID-19) Elementary and Secondary School Emergency Relief (ESSER2)	84.425D	5891221125	-	392,904
(COVID-19) Elementary and Secondary School Emergency Relief (ARP ESSER3)	84.425U	5880211125	-	512,938
(COVID-19) Elementary and Secondary School Emergency Relief (ARP ESSER3)	84.425U	5882211125	-	84,405
(COVID-19) Elementary and Secondary School Emergency Relief (ARP ESSER3)	84.425U	5883211125	-	20,852
(COVID-19) Elementary and Secondary School Emergency Relief (ARP ESSER3)	84.425U	5884211125	-	24,154
(COVID-19) Elementary and Secondary School Emergency Relief	84.425W	5218201125	-	178
(COVID-19) Governor's Emergency Education Relief (GEER) Fund	84.425C	5895211125	-	21,127
		Subtotal	-	1,056,558
<b>Total U.S. Department of Education</b>				
			-	1,821,617
<b>U.S. Department of Agriculture</b>				
<b>Passed Through NYS Department of Education</b>				
<b>Child Nutrition Cluster</b>				
National School Lunch Program	10.555	Unknown	-	466,976
School Breakfast Program	10.553	Unknown	-	161,816
		Subtotal	-	628,792
(COVID-19) Pandemic EBT Food Benefits	10.542	N/A	-	1,256
<b>Total U.S. Department of Agriculture</b>				
			-	630,048
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 2,451,665</b>

*See Notes to Schedule of Expenditures of Federal Awards*

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2023**

***Note 1***     **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs administered by the Little Falls City School District (the School District), an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

***Note 2***     **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

***Note 3***     **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

***Note 4***     **Matching Costs**

Matching costs, such as the School District's share of certain program costs, are not included in the reported expenditures.

***Note 5***     **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2023, the School District received \$45,088 worth of commodities under the National School Lunch Program (CFDA #10.555).

***Note 6***     **Subrecipients**

No amounts were provided to subrecipients.

***Note 7***     **Other Disclosures**

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

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

# LITTLE FALLS CITY SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

### Section I Summary of Auditors' Results

#### *Financial Statements*

Type of Auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  none reported

Noncompliance material to financial statements noted?  yes \_\_\_\_\_ no

#### *Federal Awards*

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes  no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516(a) of Uniform Guidance? \_\_\_\_\_ yes  no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425C, 84.425D, 84.425U	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Auditee qualified as low-risk? \_\_\_\_\_ yes  no

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2023**

### **Section II Financial Statement Findings**

#### 2023-001 Fund Balance Limitation

**Condition:**

At June 30, 2023, unassigned fund balance in the General Fund was \$2,363,449 in excess of the allowable limit.

**Criteria:**

The School District is allowed, under New York State Real Property Tax Law §1318, to retain up to 4% of the succeeding year's budget in unassigned fund balance.

**Cause:**

For several years, revenues have exceeded expenditures, which has resulted in an accumulation of fund balance in the General Fund. For the year ended June 30, 2023, revenues and other financing sources exceeded expenditures and other financing uses by \$686,496. While the School District has funded some reserves, it has chosen to maintain more than the allowable limit in unassigned fund balance for reasons discussed below.

**Effect:**

The School District is not in compliance with New York State Real Property Tax Law §1318.

**Recommendation:**

We recommend continued formal long-term (three to five years) budgetary planning in conjunction with the annual budgetary process. We also recommend current fund balance reserve accounts be reviewed to determine appropriate levels from both a short-term and long-term planning perspective. As part of the budgeting process, we recommend the School District estimate the amount of unassigned fund balance anticipated at year end in order to determine amounts which should be used to reduce the tax levy in accordance with New York State Real Property Tax Law (Code §1318).

**Management's Response:**

The School District has discussed several options to address the excess fund balance issue. However, it should not go without mention that legislation has been recently proposed at the state level that would increase the fund balance limitation to 10% of the succeeding year's budget. The fact that this proposal is under consideration suggests the unrealistic limits of current law.

In addition, the School District is responsible for contributing \$5.3 Million towards the Herkimer-Fulton-Hamilton-Otsego BOCES Capital project starting in the 2023-2024 School Year and continuing for a period of 6 years. The availability of unreserved funds provides needed flexibility in meeting other obligations until aid is received at the start of the next School Year, especially since each payment is due on July 1 of each year.

Finally, as pointed out above, the School District was realistic in preparing revenue and expenditure estimates as indicated by the fact that both came within a variance of 2% of budget. With the uncertainty of future state aid and the continued pressure from uncontrollable costs such as health insurance premiums, pension obligations, and special education placements) maintaining a healthy fund balance is critical to sustaining the quality educational program the School District has worked so hard and for so long to develop.

The District will continue to review the Fund Balance and to consult with its financial advisors to make the best strategic decision regarding reserves that meets New York State Real Property Tax Law while also protecting the taxpayers from any adverse effects.

# ***LITTLE FALLS CITY SCHOOL DISTRICT***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2023**

### **Section II Financial Statement Findings - Continued**

#### 2023-002 General Fund Budgetary Noncompliance

**Condition:**

For the year ended June 30, 2023, the School District's General Fund expenditures exceeded the voter approved budget by \$538,537.

**Criteria:**

In accordance with New York State Education Law, Section 1718, no board of education shall incur a district liability in excess of the amount appropriated by a district meeting unless such board is specially authorized by law to incur such liability.

**Cause:**

The School District encountered significant unexpected costs in the special education instruction and employee benefit areas.

**Effect:**

These unexpected costs led to actual expenses exceeding the budget.

**Recommendation:**

We recommend that the District more closely monitor expenses and make any necessary modifications wherever possible.

**Management's Response:**

The district incurred higher than expected increases in Students with Disabilities expenditures to an increase in unanticipated placements in outside settings, particularly in BOCES programs. The placement of three or four students can have a significant impact on spending. Although the district can certainly try to anticipate the year-to-year increase in this category, it can be difficult to make an estimate that results in significantly overestimating those costs if one or two students leave the district. District administration will take steps to bring budgeted and actual spending into better alignment. The second area of spending that drove the budget deficit was employee benefits, which resulted from a change in the pattern of employees taking district-sponsored benefits vs. taking the benefit buy-out. The district will take steps to better predict costs moving forward.

### **Section III Federal Award Findings and Questioned Costs**

None.