

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2022**

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 3
<u>SECTION A - MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	
MANAGEMENT'S DISCUSSION AND ANALYSIS	A1 - A10
<u>SECTION B - BASIC FINANCIAL STATEMENTS</u>	
<u>GOVERNMENT-WIDE FINANCIAL STATEMENTS</u>	
STATEMENT OF NET POSITION	B1
STATEMENT OF ACTIVITIES	B2
<u>FUND FINANCIAL STATEMENTS</u>	
BALANCE SHEET - GOVERNMENTAL FUNDS	B3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS	B4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	B5
<u>FIDUCIARY FUND FINANCIAL STATEMENTS</u>	
STATEMENT OF NET POSITION - FIDUCIARY FUNDS	B6
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	B6
NOTES TO FINANCIAL STATEMENTS	B7 - B46
<u>SECTION C - REQUIRED SUPPLEMENTARY INFORMATION</u>	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND	C1 - C2
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY	C3
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)	C4
SCHEDULES OF DISTRICT CONTRIBUTIONS	C5

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT

TABLE OF CONTENTS

	PAGE
<u>SECTION D - SUPPLEMENTAL SCHEDULES</u>	
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET	D1
SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION	D1
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND	D2
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS	D3
<u>SECTION E - COMPLIANCE REPORT</u>	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	E1 - E2
<u>SECTION F - SINGLE AUDIT SECTION</u>	
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	F1 - F3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	F4
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	F5
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	F6 - F12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	F13

INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Waterford-Halfmoon Union Free School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Waterford-Halfmoon Union Free School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Waterford-Halfmoon Union Free School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Change in Accounting Principle

As described in Note 8 to the financial statements, in 2021/2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 these 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 Waterford-Halfmoon Union Free School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Waterford-Halfmoon Union Free 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 Waterford-Halfmoon Union Free 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 on pages A1-A10, budgetary comparison information on pages C1 and C2, schedule of changes in total OPEB liability on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of District contributions on page C5 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting

Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterford-Halfmoon Union Free School District's basic financial statements. The supplemental information on pages D1-D3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page F4 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. These supplemental schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and 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 November 18, 2022, on our consideration of the 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 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 District's internal control over financial reporting and compliance.

Marvin and Company, P.C.

Latham, NY

November 18, 2022

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING JUNE 30, 2022

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

FINANCIAL HIGHLIGHTS

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

- Total net position increased by \$4,317,257 over the course of the year.
- General revenues accounted for \$19,831,297 in revenue or 90% of all revenues. Program specific revenues, in the form of charges for services, sales, grants, and contributions, accounted for \$2,087,228 or 10% of total revenues of \$21,918,525.
- The District had \$17,601,268 in expenditures related to governmental activities; only \$2,087,228 of these expenditures were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily property taxes and state aid) of \$19,831,297 were adequate to provide these programs during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

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

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 and supplemental schedules that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 summarizes the major features of the district's financial statements, including the portal of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2022**

TABLE A-1: MAJOR FEATURES OF THE DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

DISTRICT-WIDE FINANCIAL STATEMENTS

The *District-wide financial statements* report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The *statement of net position* presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District.

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. retirement system liabilities and earned but unused vacation leave).

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2022**

DISTRICT-WIDE FINANCIAL STATEMENTS

The District-wide financial statements can be found on pages B1 and B2 of this report.

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base, condition of the school buildings and facilities, and the performance of the students.

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

Net Position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - 1) Net Position invested in capital assets, net of related debt;
 - 2) Restricted net position are those with constraints placed on the use by external sources (creditors, granters, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
 - 3) Unrestricted net position is net positions that do not meet any of the above restrictions.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING JUNE 30, 2022

FUND FINANCIAL STATEMENTS

The District's fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs.

- Some funds have been established by the laws of the State of New York and by bond covenants.
- The District establishes other funds to control and to management money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two types of funds:

- *Governmental funds:* Most of the District's activities 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others. The 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 District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was \$3,092,280 at June 30, 2022.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2022**

Table A-2

Condensed Statement of Net Position (in thousands of dollars)			
	Fiscal Year 2022	Fiscal Year 2021	Percent Change
Current and Other Assets	\$17,765	\$8,147	118.06%
Capital and Lease Assets	\$24,856	\$23,105	7.58%
Net Pension Asset	\$7,376	\$0	0.00%
Total Assets	\$49,997	\$31,252	59.98%
Deferred Outflows of Resources	\$7,112	\$6,501	9.40%
Current Liabilities	\$12,363	\$1,141	983.52%
Non-Current Liabilities	\$25,759	\$26,991	-4.56%
Net Pension Liability	\$0	\$1,136	-100.00%
Total Liabilities	\$38,122	\$29,268	30.25%
Deferred Inflows of Resources	\$15,895	\$9,782	62.49%
Capital Assets, Net of Related Debt	\$14,922	\$13,405	11.32%
Restricted	\$4,003	\$3,156	26.84%
Unrestricted	(\$15,833)	(\$17,857)	-11.33%
Total Net Position	\$3,092	(\$1,296)	-338.58%

Most of the District's net position is invested in capital assets (buildings, land and equipment). The remaining unrestricted net position is a combination of assigned, unassigned and non-spendable amounts. The restricted balances are amounts set-aside to fund future purchases, debt payments, tax certioraris, retirement contributions, unemployment insurance benefits, workers compensation benefits or capital projects as planned by District.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2022**

Table A-3

Condensed Statement of Net Position (in thousands of dollars)			
	Fiscal Year 2022	Fiscal Year 2021	Percent Change
Revenues			
Program Revenues			
Charges for Services	\$165	\$140	17.86%
Operating Grants	\$1,774	\$702	152.71%
Capital Grants	\$148	\$2	7300.00%
General Revenues			
Property Taxes	\$11,808	\$11,660	1.27%
State Aid	\$7,462	\$7,937	-5.98%
Investment Earnings	\$13	\$5	160.00%
Other	\$548	\$651	-15.82%
Total Revenues	\$21,918	\$21,097	3.89%
Expenses			
Instruction	\$11,492	\$10,307	11.50%
General Support	\$1,658	\$1,469	12.87%
Pupil Transportation	\$1,074	\$1,098	-2.19%
Employee Benefits	\$1,573	\$4,646	-66.14%
Depreciation expense	\$1,159	\$1,147	1.05%
Amortization expense	\$36	\$0	0.00%
Food Services	\$340	\$286	18.88%
Capital Outlay	\$0	\$0	0.00%
Debt Service Expense	\$269	\$284	-5.28%
Total Expenses	\$17,601	\$19,237	-8.50%
Increase (Decrease) in net position	\$4,317	\$1,860	12.40%

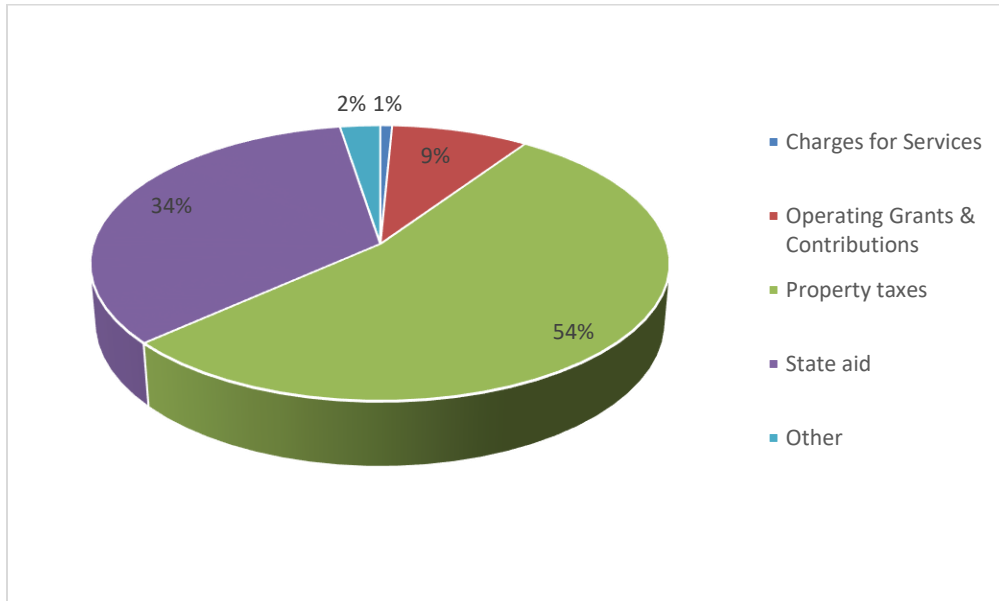
Government Activities

Revenues for the District's governmental activities totaled \$21,918,525 while total expenses equaled \$17,601,268. Therefore, the increase in fund equity for governmental activities was \$4,317,257 in the fiscal year 2021-2022.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING JUNE 30, 2022

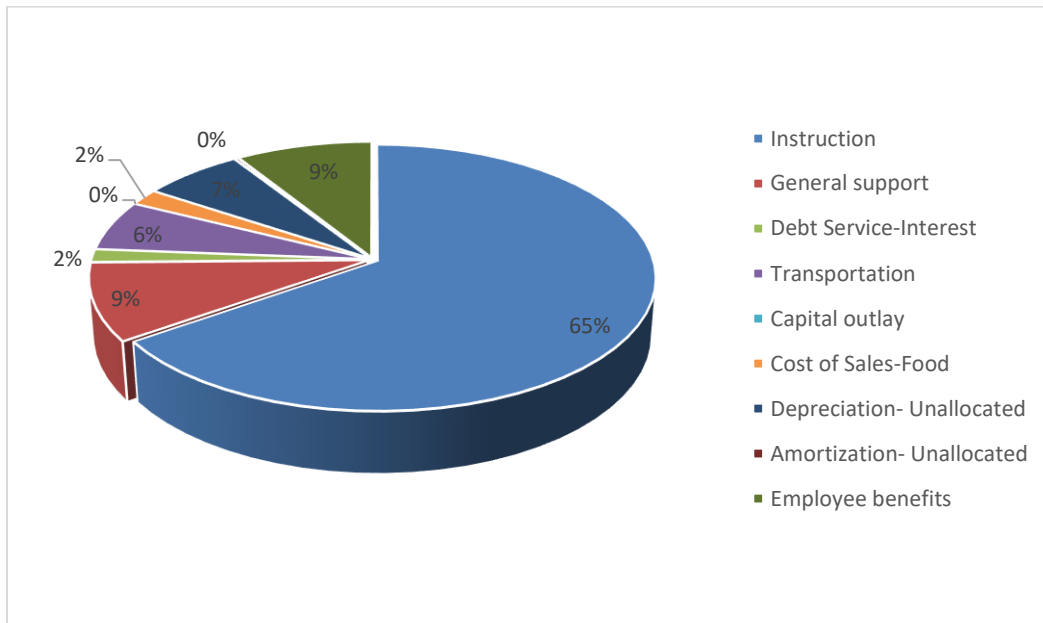
Sources of Revenues for Fiscal Year 2022

Table A-4



Expenses for Fiscal Year 2022

Table A-5



**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2022**

**Table A-5
Fiscal Year Ended June 30, 2022
Net Cost of Governmental
Activities**

<u>Category</u>	<u>Total Cost</u>	<u>Net Cost</u>
Instruction	\$ 11,492,499	\$ 10,006,598
General Support	1,657,765	1,657,765
Pupil Transportation	1,074,572	1,074,572
Employee Benefits	1,572,666	1,572,666
Depreciation	1,158,727	1,158,727
Amortization	35,768	35,768
Food Service	339,973	(113,150)
Debt Service	269,298	269,298
Capital Outlay	<u>0</u>	<u>(148,204)</u>
Total	<u>\$ 17,601,268</u>	<u>\$ 15,514,040</u>

- The cost of all governmental activities this year was \$17,601,268.
- The users of the District's programs financed some of the cost at \$164,849.
- The federal and state governments subsidized certain programs with grants of \$1,922,379.
- Most of the District's net cost \$15,514,040 was financed by taxpayers and state aid.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and current payments for debt.

There are significant variances reflected in the governmental fund financial statements for the fiscal year 2021 -2022. They are as follows:

- In the fiscal year 2021-22, assets increased by approximately \$18.7 million, primarily due to an increase in cash resulting from a bond anticipation note being issued towards the end of the year, and an increase in the District's net pension asset, proportionate share due to the position in the State's pension plans.
- In the fiscal year 2021-22, liabilities increased by approximately \$8.9 million, mainly due to the issuance of the aforementioned bond anticipation note of \$10 million.
- In the fiscal year 2021-22, restricted fund balance increased by approximately \$847,000, due to the District establishing a reserve plan and funding reserves in accordance with the plan. Unrestricted fund balance increased approximately \$2 million.

At June 30, 2022, the District governmental funds reported a combined fund balance of \$5,470,521, which is a decrease of \$1,497,003.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2022, the District had \$24,761,484 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$1,656,005 or 7.2% from last year.

**Table A-6
Capital assets - net of depreciation**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Land	\$ 120,000	\$ 120,000
Construction-In-Progress	3,204,859	568,298
Buildings and improvements	20,945,198	22,023,416
Furniture and Equipment	491,427	393,765
Total	<u>\$ 24,761,484</u>	<u>\$ 23,105,479</u>

See Notes in the financial statement for changes.

DEBT ADMINISTRATION

At year end, the District had \$8,055,000 in general obligation and other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in Notes to the financial statements.

**Table A-7 Outstanding
Long-Term Debt**

Category	<u>June 30, 2022</u>	<u>June 30, 2021</u>
General Obligation Bonds	\$ 8,055,000	\$ 9,700,000
Other General Obligation Debt	<u>-</u>	<u>-</u>
Total	<u>\$ 8,055,000</u>	<u>\$ 9,700,000</u>

During the year, the District paid \$1,645,000 towards its long-term debt obligations.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Waterford-Halfmoon School District (District) is facing the same economic factors as are most New York State schools. The District's tax levy for this year is below the New York State tax levy limit amount.

In August 2020, the District settled a tax certiorari case with MPM Silicones, LLC which requires the payment of a substantial tax refund for tax years 2016 through 2019. Additionally, the settlement resulted in a reduced assessed value for MPM Silicones, LLC, thus causing a significant increase in the District's tax rate.

Despite these factors, the District has adopted a budget which remains within the State tax levy limit and continues to operate in a positive financial position. The District has been successful in passing budgets for several years and receiving positive voter approval for several construction projects. In

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2022**

December of 2012, the voters approved a \$9,679,902 construction project which focused on safety issues, energy efficiency, handicap accessibility and upgrades to the classroom that date back to the buildings original construction. The project was divided in three phases, all of which were complete as of the fall of 2018.

Additionally, in December of 2019, the voters approved a \$15,185,000 construction project. The proposed project includes two propositions; one focuses on building work such as upgrades to lighting, power, communications, fire alarms and updates and repairs to the mechanical system, cooling tower, plumbing system and flooring, walls and ceilings. This work will occur primarily in the art and technology wing of the building. The second proposition is for the replacement of the existing end-of-life sports track and replacing an existing soccer field which currently has drainage issues.

The District's continued conservative approach has again allowed us to make major investments in staff development, student achievement, program enhancements and technology upgrades. The District began its 1 to 1 Chromebook initiative in 2016 which provides for all students in grades 4 – 12 to have Chromebooks. In 2020, the District expanded this program to provide Chromebooks to all students in grade 3 as well. Student participation in VOTEC programs and early college studies has remained stable in the current year. STEM initiatives were started in the 2018 school year. A Cisco program was added in the high school.

The District has approximately 400 students in the K-6 and 340 students in the 7-12. Enrollment has remained stable for several years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate our accountability with the money it receives. If you have questions about this report or wish to request additional financial information, please contact:

Waterford - Halfmoon Union Free School
District Attn: Michael Healey
Superintendent of Schools
Middletown Road
Waterford, New York 12188
(518) 237 - 0800

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

Current Assets:	
Cash - unrestricted	\$ 3,541,663
Cash - restricted	9,091,899
Investments - restricted	3,023,789
State and Federal Aid Receivable	1,858,982
Due From Other Governments	44,421
Other Receivables, net	137,370
Inventories	19,136
Long-Term Accounts Receivable	48,265
Capital Assets, net	24,761,484
Lease Assets, net	94,073
Net Pension Asset, Proportionate Share	7,376,251
Total Assets	<u>49,997,333</u>
Deferred Outflows of Resources:	
Pensions	5,027,699
Other Postemployment Benefits	2,084,517
Total Deferred Outflows of Resources	<u>7,112,216</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 57,109,549</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 1,285,826
Retainage Payable	102,997
Accrued Liabilities	115,576
Due to Other Governments	110
Due to Teachers' Retirement System	761,077
Due to Employees' Retirement System	60,697
Bond Interest Accrued	13,779
Bond Anticipation Notes	10,000,000
Refundable Advances	23,453
Long-Term Liabilities - Due and Payable Within One Year:	
Bonds	1,040,000
Lease Liabilities	5,429
Long-Term Liabilities - Due and Payable After One Year:	
Bonds	7,015,000
Lease Liabilities	11,168
Compensated Absences	491,512
Other Postemployment Benefits Payable	17,195,925
Total Liabilities	<u>38,122,549</u>
Deferred Inflows of Resources:	
Pensions	9,357,736
Other Postemployment Benefits	6,536,984
Total Deferred Inflows of Resources	<u>15,894,720</u>

NET POSITION

Net Investment in Capital Assets	14,921,965
Restricted	4,003,187
Unrestricted	(15,832,872)
Total Net Position	<u>3,092,280</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 57,109,549</u>

See accompanying notes to financial statements.

B1.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position
FUNCTIONS AND PROGRAMS					
General Support	\$ 1,657,765	\$ -	\$ -	\$ -	\$ (1,657,765)
Instruction	8,323,822	141,966	1,343,935	-	(6,837,921)
Special Education	3,168,677	-	-	-	(3,168,677)
Pupil Transportation	1,074,572	-	-	-	(1,074,572)
Employee Benefits	1,572,666	-	-	-	(1,572,666)
Debt Service	269,298	-	-	-	(269,298)
Depreciation - Unallocated	1,158,727	-	-	-	(1,158,727)
Amortization - Unallocated	35,768				(35,768)
Capital Outlay	-	-	-	148,204	148,204
School Lunch Program	339,973	22,883	430,240	-	113,150
Total Functions and Programs	\$ 17,601,268	\$ 164,849	\$ 1,774,175	\$ 148,204	(15,514,040)
GENERAL REVENUES					
Real Property Taxes					11,808,323
Use of Money and Property					13,251
Sale of Property and Compensation for Loss					8,390
State Sources					7,461,579
Federal Sources					54,424
Miscellaneous					363,194
Premium on BAN obligation					122,136
Total General Revenues					19,831,297
Change in Net Position					4,317,257
Total Net Position - Beginning of Year, As Previously Reported					(1,296,284)
Cumulative Change in Accounting Principle - See Note 8					71,307
Total Net Position - Beginning of Year, as Restated					(1,224,977)
Total Net Position - End of Year					\$ 3,092,280

See accompanying notes to financial statements.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	School Lunch	Special Aid	Special Revenue	Special Revenue - Extraclass	Debt Service	Capital Projects	Total Governmental Funds
ASSETS								
Cash - unrestricted	\$ 3,408,084	\$ 26,478	\$ 107,101	\$ -	\$ -	\$ -	\$ -	\$ 3,541,663
Cash - restricted	793,575	-	-	29,143	53,700	-	8,215,481	9,091,899
Investments - restricted	2,522,986	-	-	-	-	500,803	-	3,023,789
State and Federal Receivable	647,537	77,394	985,847	-	-	-	148,204	1,858,982
Due From Other Governments	44,421	-	-	-	-	-	-	44,421
Due From Other Funds	1,115,136	-	36,827	-	-	103,176	26,000	1,281,139
Other Receivables, net	137,370	-	-	-	-	-	-	137,370
Inventories	-	19,136	-	-	-	-	-	19,136
Total Assets	<u>\$ 8,669,109</u>	<u>\$ 123,008</u>	<u>\$ 1,129,775</u>	<u>\$ 29,143</u>	<u>\$ 53,700</u>	<u>\$ 603,979</u>	<u>\$ 8,389,685</u>	<u>\$ 18,998,399</u>
LIABILITIES								
Accounts Payable	\$ 133,770	\$ -	\$ 14,582	\$ -	\$ -	\$ -	\$ 1,137,474	\$ 1,285,826
Accrued Liabilities	112,321	2,581	674	-	-	-	-	115,576
Due to Other Funds	62,827	383	1,114,465	-	196	-	103,268	1,281,139
Due to Other Governments	-	110	-	-	-	-	-	110
Due to Teachers' Retirement System	761,077	-	-	-	-	-	-	761,077
Due to Employees' Retirement System	60,697	-	-	-	-	-	-	60,697
Bond Anticipation Notes	-	-	-	-	-	-	10,000,000	10,000,000
Refundable Advances	-	23,453	-	-	-	-	-	23,453
Total Liabilities	<u>1,130,692</u>	<u>26,527</u>	<u>1,129,721</u>	<u>-</u>	<u>196</u>	<u>-</u>	<u>11,240,742</u>	<u>13,527,878</u>
FUND EQUITY (DEFICIENCY)								
Non-spendable	-	19,136	-	-	-	-	-	19,136
Restricted	3,316,561	-	-	29,143	53,504	603,979	-	4,003,187
Committed	-	-	-	-	-	-	-	-
Assigned	988,900	77,345	54	-	-	-	-	1,066,299
Unassigned	<u>3,232,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,851,057)</u>	<u>381,899</u>
Total Fund Equity (Deficiency)	<u>7,538,417</u>	<u>96,481</u>	<u>54</u>	<u>29,143</u>	<u>53,504</u>	<u>603,979</u>	<u>(2,851,057)</u>	<u>5,470,521</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Equity (Deficiency)	<u>\$ 8,669,109</u>	<u>\$ 123,008</u>	<u>\$ 1,129,775</u>	<u>\$ 29,143</u>	<u>\$ 53,700</u>	<u>\$ 603,979</u>	<u>\$ 8,389,685</u>	<u>\$ 18,998,399</u>

Amounts reported for governmental activities in the statement of net position are different due to the following:

Governmental fund equity per above	\$ 5,470,521
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	24,761,484
Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	94,073
Retainage Payable is not due and payable in the current period and, therefore, not reported in the funds.	(102,997)
Accrued Interest	(13,779)
Long-term liabilities, including bonds payable, loss on refunding, judgments and claims and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds	(25,742,437)
Lease liabilities	(16,597)
Net Pension Asset	7,376,251
Net Pension Liability	-
Deferred Inflows of Resources Related to Pensions and OPEB	(15,894,720)
Deferred Outflows of Resources Related to Pensions and OPEB	7,112,216
Receivable not available in the current period and, therefore, is not reported in the funds	48,265
Net position of governmental activities	<u>\$ 3,092,280</u>

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>School Lunch</u>	<u>Special Aid</u>	<u>Special Revenue</u>	<u>Special Revenue - Extraclass</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues								
Real Property Taxes and Tax Items	\$ 11,808,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,808,323
Charges for Services	141,966	-	-	-	-	-	-	141,966
Use of Money and Property	12,469	6	-	4	-	772	-	13,251
Sale of Property and Compensation for Loss	8,390	-	-	-	-	-	-	8,390
Miscellaneous	306,697	-	-	1,583	54,914	-	-	363,194
State Sources	7,461,579	7,191	147,307	-	-	-	148,204	7,764,281
Federal Sources	54,424	423,049	1,196,628	-	-	-	-	1,674,101
Sales	-	22,883	-	-	-	-	-	22,883
Total Revenues	19,793,848	453,129	1,343,935	1,587	54,914	772	148,204	21,796,389
Expenditures								
General Support	1,726,893	163,626	-	-	-	-	-	1,890,519
Instruction	10,092,637	-	1,380,762	2,600	55,710	-	-	11,531,709
Pupil Transportation	1,183,615	-	-	-	-	-	-	1,183,615
Employee Benefits	4,186,737	11,228	-	-	-	-	-	4,197,965
Debt Service	-	-	-	-	-	-	-	-
Principal	1,650,328	-	-	-	-	-	-	1,650,328
Interest	265,310	-	-	-	-	-	-	265,310
Cost of Sales	-	165,119	-	-	-	-	-	165,119
Capital Outlay	-	-	-	-	-	-	2,530,963	2,530,963
Total Expenditures	19,105,520	339,973	1,380,762	2,600	55,710	-	2,530,963	23,415,528
Excess (Deficiency) of Revenues Over Expenditures	688,328	113,156	(36,827)	(1,013)	(796)	772	(2,382,759)	(1,619,139)
Other Sources And (Uses)								
Interfund Transfers, net	(136,827)	-	36,827	-	-	-	100,000	-
Premium on BAN	-	-	-	-	-	122,136	-	122,136
Total Other Sources (Uses)	(136,827)	-	36,827	-	-	122,136	100,000	122,136
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	551,501	113,156	-	(1,013)	(796)	122,908	(2,282,759)	(1,497,003)
Fund Equity (Deficiency) - Beginning of Year	6,986,916	(16,675)	54	30,156	54,300	481,071	(568,298)	6,967,524
Fund Equity (Deficiency) - End of Year	\$ 7,538,417	\$ 96,481	\$ 54	\$ 29,143	\$ 53,504	\$ 603,979	\$ (2,851,057)	\$ 5,470,521

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net changes in fund equity - total governmental funds		\$ (1,497,003)
Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.		
	Depreciation expense \$ (1,158,727)	
	Capital outlays, including retainage <u>2,711,735</u>	1,553,008
Lease outlays are expenditures in government funds, but are capitalized in the statement of net position.		36,609
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.		(35,768)
Lease principal payments are expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.		5,328
Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues.		(3,988)
Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,645,000
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds including the following:		
Compensated absences	\$ (30,732)	
Other postemployment benefit	1,352,994	
TRS pension adjustments	1,109,410	
ERS pension adjustments	<u>182,399</u>	<u>2,614,071</u>
Change in net position - governmental activities		\$ <u><u>4,317,257</u></u>

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022

	Private Purpose Trusts
ASSETS	
Cash - unrestricted	\$ -
Cash - restricted	11,675
Due from other funds	-
	<hr/>
Total Assets	\$ 11,675
	<hr/>
LIABILITIES	
Extraclassroom activity balances	\$ -
Other liabilities	-
	<hr/>
Total Liabilities	\$ -
	<hr/>
NET POSITION	
Reserved for scholarships	\$ 11,675
	<hr/> <hr/>

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	\$ -
Investment earnings	-
	<hr/>
Total Additions	-
	<hr/>
DEDUCTIONS	
Scholarships and awards	-
	<hr/>
Total Deductions	-
	<hr/>
Change in Net Position	-
	<hr/>
Net Position - Beginning of Year	11,675
	<hr/>
Net Position - End of Year	\$ 11,675
	<hr/> <hr/>

See accompanying notes to financial statements.

B6.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Waterford-Halfmoon Union Free School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Waterford-Halfmoon Union Free School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District and its component unit. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of an entity included in the District's reporting entity. The District adopted provisions of GASB Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities for accounting and reporting purposes. As a result of applying this guidance and due to the administrative involvement defined in paragraph 8b footnote 1 to GASB 84, the District accounts for the student organization funds within the special revenue fund-extraclass.

The Extraclassroom Activity Fund

The extraclassroom activity fund of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity fund is independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity fund can be found at the District's business office, located at 125 Middletown Road, Waterford, New York.

B. Joint Venture

The District is a component district in Washington-Saratoga-Warren-Hamilton-Essex Counties Board of Cooperative Educations Services. A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-(4)(b)(7) of the General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, programs, 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, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2022, the Waterford-Halfmoon Union Free School District was billed \$2,097,047 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$346,528. Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

District-wide statements

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

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

Fund financial statements

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

The District reports the following major governmental funds:

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

I. Governmental Funds

General Fund

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

Capital Projects Fund

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

Special Revenue Funds

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

a. Special Aid Fund

This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are 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.

b. School Lunch Fund

Used to account for transactions of the lunch and breakfast programs.

c. Special Revenue Fund

Used to account for revenues legally restricted to expenditure for specified purposes such as scholarships.

d. Special Revenue Fund Extra-Class

Used to account for revenues restricted for extraclassroom activities.

Debt Service Fund

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

II. Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee and 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 District, and are not available to be used. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits individuals, private organizations and other governments. A scholarship is an example of a private purpose trust. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Custodial funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. There are no activities that meet the criteria to be reported as custodial.

D. Basis of Accounting/Measurement Focus

General Information

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

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

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

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

General Information

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other postemployment benefits payable, pensions, 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 installment purchase debt are reported as other sources.

E. Refundable Advances

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenue is recognized.

F. Property Taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 25, 2021. Taxes were collected during the period September 1 through October 31, 2021.

II. Enforcement

Uncollected real property taxes are subsequently enforced by the County of Saratoga, in which the District is located. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the county to the District no later than the forthcoming April 1.

G. Restricted Resources

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

H. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations established by 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. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

From Additional Revenues:

Expenses associated with donations	\$ <u>10,350</u>
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- d. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.
- e. Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

II. Encumbrances

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

III. Budget Basis of Accounting

Under GASB No. 34, budgetary comparison information is required to be presented for the General Fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Cash and Investments

The District investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Investments are stated at fair value. Certificates of deposit, if any, are classified as investments in these financial statements.

J. Accounts Receivable

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

K. Inventories and Prepaid Items

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

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

A portion of the fund equity in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

L. Interfund Transactions

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Interfund Transactions

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

Refer to Note 2.A.II for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

M. Equity Classifications

District-wide statements:

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

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

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

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

Fund statements:

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

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund equity includes the inventory recorded in the School Lunch Fund of \$19,136.

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund equity.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Fund statements:

The District has established the following restricted fund equity:

Debt Service

According to General Municipal Law §6-1, this reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond issue proceeds not utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Retirement Contributions

According to General Municipal Law §6-r, must be used for 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 reserve 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. A Board may adopt a resolution establishing sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payments into the sub-fund 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 General Municipal Law §6-r.

Tax Certiorari Reserve

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

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Fund statements:

Capital Reserve

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

Workers' Compensation

According to General Municipal Law §6-j, this reserve must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

Unemployment Insurance

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

Insurance

According to General Municipal Law §6-n, this reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Fund statements:

Special Revenue Fund

Restricted for scholarships for students that meet donor specified criteria.

Special Revenue Fund - Extraclass

Restricted for extraclassroom activities.

Restricted fund equity includes the following:

General Fund:	
Employee Benefit Accrued Liability	\$ 921,643
Retirement Contributions - ERS	586,232
Retirement Contributions - TRS	390,375
Tax Certiorari	1,000,001
Capital Reserve	10,005
Workers' Compensation	216,043
Unemployment Insurance	92,229
Insurance	<u>100,033</u>
Total General Fund	3,316,561
Special Revenue Fund	29,143
Special Revenue Fund- Extraclass	53,504
Debt Service Fund	<u>603,979</u>
Total Restricted Funds	<u>\$ 4,003,187</u>

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund equity as of June 30, 2022.

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund equity represents the residual amount of fund equity. Assigned fund equity also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted as the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund. Encumbrances reported in the General Fund amounted to \$33,826. Appropriated fund equity in the General Fund amounted to \$955,074. Assigned fund equity in the Special Aid Fund amounted to \$54 and in the School Lunch Fund amounted to \$77,345.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Encumbrances

Purpose of Encumbrances

General Fund	
General Support	\$ 6,540
Instruction	20,423
Employee Benefit	6,863
	<u>\$ 33,826</u>

Unassigned - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. Deficit fund equities in governmental funds are classified as unassigned. In funds other than General Fund, the unassigned classification is used to report a deficit fund equity resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2022 the District's unassigned fund equity exceeded the 4% limitation by \$2,394,726.

Net Position/Fund Equity

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Equity Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund equity). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund equity in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Equity:

The District's policy is to apply expenditures against nonspendable fund equity, restricted fund equity (to the extent appropriated), committed fund equity, assigned fund equity and unassigned fund equity at the end of the fiscal year. For all funds, nonspendable fund equities are determined first and then restricted fund equities for specific purposes are determined. Any remaining fund equity amounts for funds other than the General Fund are classified as restricted fund equity. In the General Fund, committed fund equity is determined next then assigned. The remaining amounts are reported as unassigned.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Postemployment Benefits

In addition to providing the retirement benefits described in Note 2.B.I., the District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure. See Note 4.

O. Due to/from Other Funds

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

P. Capital and Lease Assets

Capital Assets

Capital assets are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated assets are reported at estimated fair value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life in Years</u>
Buildings	\$ 1,000	SL	40
Building improvements	1,000	SL	40
Site improvements	1,000	SL	20
Furniture and equipment and vehicles	1,000	SL	5-20

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Capital and Lease Assets

Lease Assets

The District-wide financial statements lease assets are reported within the major class of the underlying asset and value at the future minimum lease payment. Amortization is over a 3 year period based on the contact terms and/or estimated replacement of the assets.

Q. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to the OPEB and Systems reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and investments and changes in assumptions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportionate share of the collective net pension liability (TRS and ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems and OPEB not included in pension expense. The second item is related to the Systems and OPEB report in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

R. Short-Term Debt

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

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

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

R. Short-Term Debt

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

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

S. Accrued Liabilities and Long-Term Obligations

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

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

T. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

The differences result primarily from the economic focus of the statement of activities, compared with the current financial resources focus of the governmental funds.

a. Total fund equity of governmental fund vs. net position of governmental activities:

Total fund equity of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital and lease assets and long-term liabilities, including pensions.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

T. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

- b. Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities:

Differences between the governmental funds statement of revenues, expenditures and changes in fund equity and the statement of activities fall into one of five broad categories. The differences represent:

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used in the Statement of Activities.

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension Differences

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

OPEB Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. Use of Estimates

The preparation of financial statements in conformity with 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other postemployment benefits, potential contingent liabilities, the lives of long-term assets, net pension asset and liability, and deferred inflows/outflows.

V. Vested Employee Benefits

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

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

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

W. Implementation of New Accounting Standards

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

GASB has issued Statement 87, *Leases*, effective for the year ending June 30, 2022. See Note 8.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB has issued Statement 92, *Omnibus 2020*, effective for the year ending June 30, 2022. This statement had no impact on the District.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

W. Implementation of New Accounting Standards

GASB has issued Statement 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement was implemented early as permitted. See Note 8.

GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB issued Statement 98, *The Annual Comprehensive Financial Report*, effective for the year ending June 30, 2022. This statement had no impact on the District.

X. Future Changes in Accounting Standards

GASB has issued Statement 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement 94, *Public-Private and Public-Public Partnerships*, effective for the year ending June 30, 2023.

GASB has issued Statement 99, *Omnibus 2022*, effective for the year ending June 30, 2023.

GASB has issued Statement 100, *Accounting Changes and Error Corrections*, effective for the year ending June 30, 2024.

GASB has issued Statement 101, *Compensated Absences*, effective for the year ending June 30, 2025.

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

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2022 all deposits were fully insured and collateralized by the District's agent in the District's name.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Investment and Deposit Policy

The District follows an investment and deposit policy, overall the objective of which is to adequately safeguard the principal amounts of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investment will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing and non-interest bearing demand accounts
- Time deposit accounts and Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issue, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and the United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Restricted Cash and Investments

General Fund - Restricted cash and investments of \$3,316,561 consist of \$921,643 restricted for Employee Benefit Accrued Liability Reserve, \$976,607 restricted for Retirement Contributions Reserve, \$1,000,001 restricted for Tax Certiorari, \$10,005 restricted for Capital Reserve, \$216,043 restricted for Workers' Compensation, \$92,229 restricted for Unemployment Insurance, and \$100,033 restricted for Insurance.

Debt Service Fund - Restricted investments of \$500,803 are restricted for debt service.

Capital Projects Fund - Restricted cash of \$8,215,481 is restricted for specific capital projects.

Special Revenue Fund - Restricted cash of \$29,143 is restricted for scholarships.

Special Revenue Fund - Extraclass - Restricted cash of \$53,700 is restricted for extraclassroom activities of District students.

Fiduciary Funds - Restricted cash of \$11,675 is restricted for scholarships.

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Investments

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the District's investments are valued based on Level 2 of the hierarchy. The District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2022, the District held \$3,023,789 in investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative as of year-end are \$4,232,768,655, which consisted of \$1,155,122,566 in repurchase agreements, \$646,343,774 in collateralized bank deposits, \$196,823,742 in FDIC insured bank deposits and \$2,234,478,573 in U.S. Government Treasury Securities.

The following valuation inputs are included as investments:

<u>Investments in Securities at Fair Value</u>	<u>Valuation Inputs</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
General Fund	\$ -	\$ 2,522,986	\$ -	\$ 2,522,986
Debt Service Fund	-	500,803	-	500,803
Total	<u>\$ -</u>	<u>\$ 3,023,789</u>	<u>\$ -</u>	<u>\$ 3,023,789</u>

The above amounts represent the fair value of the investment pool shares. For the year ended June 30, 2022, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of net position and balance sheet.

II. Interfund Balances and Activities

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund balances and activities at June 30, 2022 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 1,115,136	\$ 62,827	\$ -	\$ 136,827
Special Aid Fund	36,827	1,114,465	36,827	-
School Lunch	-	383	-	-
Debt Service Fund	103,176	-	-	-
Capital Projects Funds	26,000	103,268	100,000	-
Special Revenue Fund-Extraclass	<u>-</u>	<u>196</u>	<u>-</u>	<u>-</u>
Total Government Activities	1,281,139	1,281,139	136,827	136,827
Fiduciary Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,281,139</u>	<u>\$ 1,281,139</u>	<u>\$ 136,827</u>	<u>\$ 136,827</u>

The General Fund transfer to the Special Aid Fund is for the District's share of special education summer school programs its students attended. The Capital Projects Fund transfer from the General fund is for local share of projects.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

A. Assets

III. Capital Assets

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Land	\$ 120,000	\$ -	\$ -	\$ 120,000
Construction in Progress	568,298	2,636,561	-	3,204,859
Depreciation Assets				
Buildings and Improvements	35,772,517	-	-	35,772,517
Furniture and Equipment and vehicles	<u>1,573,788</u>	<u>178,171</u>	<u>-</u>	<u>1,751,959</u>
Total	<u>38,034,603</u>	<u>2,814,732</u>	<u>-</u>	<u>40,849,335</u>
Accumulated Depreciation				
Buildings and Improvements	13,749,101	1,078,218	-	14,827,319
Furniture and Equipment and vehicles	<u>1,180,023</u>	<u>80,509</u>	<u>-</u>	<u>1,260,532</u>
Total	<u>14,929,124</u>	<u>1,158,727</u>	<u>-</u>	<u>16,087,851</u>
 Total Capital Assets, Net	 <u>\$ 23,105,479</u>	 <u>\$ 1,656,005</u>	 <u>\$ -</u>	 <u>\$ 24,761,484</u>

B. Liabilities

I. Pension Plans

General Information

The District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). Collectively, TRS and ERS are referred to herein as the "Systems". These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. 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 of the State of New York. The system is governed by a 10 member Board of Trustees. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in the 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.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Plan Descriptions

Teachers' Retirement System

The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System

The New York State and Local Employees' Retirement 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. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244 or found at www.osc.state.ny.us/retire/publications/index.php.

Contributions

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

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Contributions

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>TRS</u>
2021-22	\$ 230,612	\$ 710,321
2020-21	196,935	667,066
2019-20	205,057	599,827

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2021	June 30, 2020
Net pension asset/(liability)	\$437,794	\$6,938,457
District's portion of the Plan's total net pension asset/(liability)	.0053556%	.0400390%

Pension Expense (Credit)

For the year ended June 30, 2022, the District recognized its proportionate share of pension expense of \$19,801 for ERS and (\$397,584) for TRS.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experiences	\$ 33,155	\$ 956,393	\$ 43,004	\$ 36,048
Changes of assumptions	730,629	2,282,204	12,329	404,145
Net difference between projected and actual earnings on pension plan investments	-	-	1,433,592	7,261,813
Changes in proportion and differences between contributions and proportionate share of contributions	163,040	84,165	91,318	75,487
Contributions subsequent to the measurement date	<u>60,697</u>	<u>717,416</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 987,521</u>	<u>\$ 4,040,178</u>	<u>\$ 1,580,243</u>	<u>\$ 7,777,493</u>

Deferred Outflows and Inflows of Resources Related to Pensions

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2023 for ERS and June 30, 2022 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2022	\$ -	\$ (889,527)
2023	(87,827)	(1,046,078)
2024	(141,716)	(1,321,718)
2025	(360,483)	(1,756,947)
2026	(63,393)	325,356
Thereafter	-	234,182

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

The total pension asset/(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 asset/(liability) to the measurement date. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest Rate	5.9%	6.95%
Salary Scale	4.4%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.7%	2.40%
Projected Cost of Living Adjustments	1.4% annually	1.3% annually

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

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

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 expected 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.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

The long term expected 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 the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
	<u>2022</u>	<u>2022</u>
Asset Class:		
Domestic equities	32%	3.30%
International equities	15	5.85
Private equity	10	6.50
Real estate	9	5.00
Opportunistic Absolute Return Strategies	3	4.10
Credit	4	3.78
Real assets	3	5.80
Fixed income	23	0.00
Cash	<u>1</u>	(1.00)
Total	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.50% for 2022.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-Term Expected</u>
	<u>2021</u>	<u>Real Rate of Return*</u>
		<u>2021</u>
Asset Class:		
Domestic equity	33%	6.8%
International equity	16	7.6
Global equity	4	7.1
Real estate equity	11	6.5
Private equity	8	10.0
Domestic fixed income	16	1.3
Global bonds	2	0.8
High-yield bonds	1	3.8
Private debt	1	5.9
Real estate debt	7	3.3
Cash equivalents	<u>1</u>	(0.2)
Total	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.4% for 2021.

Discount Rate

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

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

The following presents the District's proportionate share of the net pension (liability)/asset calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset/(liability)	\$ (1,126,877)	\$ 437,794	\$ 1,746,566
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset/(liability)	\$ 728,090	\$ 6,938,457	\$ 12,157,820

Changes in Assumptions

Changes in assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits for the period during which the changes occurred. Differences between projected and actual earnings in pension plan investments are amortized over a closed five-year period.

Collective Pension Expense

Collective pension expenses includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows or resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2022 is \$48,213 for ERS and (\$391,635) for TRS.

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$60,697.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 amounted to \$761,077.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Other Benefits

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

II. Indebtedness

Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Transactions in short-term debt are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN maturing 6/24/22 at 1.50%	\$ -	\$ 4,000,000	\$ 4,000,000	\$ -
BAN maturing 6/23/23 at 3.00%	\$ -	\$10,000,000	\$ -	\$ 10,000,000
Interest paid			\$ 26,000	
Less interest accrued in the prior year			-	
Plus interest accrued in the current year			5,737	
Total Expense			<u>\$ 31,737</u>	

Serial Bonds

The District borrows money in order to acquire 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. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt was comprised of:

Interest paid	\$ 239,310
Less interest accrued in the prior year	(9,791)
Plus interest accrued in the current year	8,042
Total Expense	<u>\$ 237,561</u>

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Short-Term Debt

Serial Bonds

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are report as other financing sources while discounts on debt issuances are reported as other financing uses. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Changes in Long-Term Debt

The changes in indebtedness during the year ended June 30, 2022 are summarized as follows:

	As Restated Balance July 1	Additions	Deletions	Balance June 30
Serial Bonds	\$ 9,700,000	\$ -	\$ (1,645,000)	\$ 8,055,000
Compensated absences	460,780	30,732	-	491,512
Lease liabilities	21,925	-	(5,328)	16,597
Other postemployment benefits (See Note 4)	<u>16,830,219</u>	<u>365,706</u>	<u>-</u>	<u>17,195,925</u>
Total	<u>\$ 27,012,924</u>	<u>\$ 396,438</u>	<u>\$ (1,650,328)</u>	<u>\$ 25,759,034</u>

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

The above liabilities are liquidated by the General Fund.

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, \$815,000 are considered defeased.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2022</u>
<u>Serial Bonds</u>				
Advanced Refunding	2014	2034	2.0-3.75%	\$ 700,000
Alterations	2010	2024	1.75-4.0%	790,000
Alterations	2015	2031	2.0-2.25%	3,000,000
Alterations	2019	2034	2.0-2.5%	<u>3,565,000</u>
Total Serial Bonds				<u>\$ 8,055,000</u>

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,040,000	\$ 196,206	\$ 1,236,206
2024	1,010,000	166,313	1,176,313
2025	660,000	137,881	797,881
2026	680,000	123,513	803,513
2027	690,000	109,010	799,010
Thereafter	<u>3,975,000</u>	<u>344,981</u>	<u>4,319,981</u>
Total	<u>\$ 8,055,000</u>	<u>\$ 1,077,904</u>	<u>\$ 9,132,904</u>

The District had authorized but unissued debt in the amount of \$15,185,000 at June 30, 2022. Note the \$10,000,000 is the short-term issuance related to this approved debt.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

III. Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2022, the District has exhausted 14.28% of its constitutional debt limit.

IV. Deferred Inflows of Resources

Deferred inflows of resources on the balance sheet - governmental funds arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period and is contingent on future outcomes not expected to occur within the availability period.

3. COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

General Information

The Waterford-Halfmoon Union Free School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, injuries to employees; errors and omissions; 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 two years.

Consortium of Self Insured Plans

The District participates in the Southern Adirondack Public Schools Workers' Compensation plan administered by the Board of Director which is composed of the chief executive office or other designated officer of the districts participating in Washington-Saratoga-Warren-Hamilton-Essex BOCES. Participants of the plan are required to make their current year contributions on July 15 and October 15 of each plan year. The plan year is July 1 through June 30. The Board may retain surplus to establish and maintain a claim contingency fund. If sufficient funds are not available the Board will determine the amount to be assessed to the participants. For the year ended June 30, 2022, \$76,716 was paid to the plan for workers' compensation premiums.

B. Other Items

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

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

4. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE

Plan Description

The District administers a defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single-employer defined benefit plan (the Plan). The Plan provides Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of Statement No. 75.

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 5 years of service requirement for tiers 2, 3 and 4 to qualify for other postemployment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Benefits Provided

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms - At the valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	124
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	<u>108</u>
Total Plan Members	<u><u>232</u></u>

Net OPEB Liability

The District's total OPEB liability of \$17,195,925 was measured as of July 1, 2021; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability at June 30, 2022 was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified:

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

4. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE

Actuarial Assumptions and Other Inputs

Discount rate	2.16% (Bond Buyer GO-20 Municipal Bond Index)
Healthcare cost trend rates	7.0% for 2022 decreasing 0.4% per year to an ultimate rate of 5.0% by 2027.

Mortality rates were based on RP-2017 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2020 with experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020 (generational mortality).

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit. Marriage assumption, it was assumed that active employees will maintain their current marital status. Each eligible employee will retire with the maximum number of sick days allowed and use them as contributions to their retiree premium. For current retirees, actual census information was used. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rate are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

Changes in the Net OPEB Liability

Changes in the District's net OPEB liability were as follows:

	Total OPEB Liability [a]	Plan Fiduciary Net Position [b]	Net OPEB Liability [a] - [b]
Balances at June 30, 2021	\$ 16,830,219	\$ -	\$ 16,830,219
Changes for the year:			
Service cost	366,852	-	366,852
Interest	370,537	-	370,537
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Contributions - employer	-	-	-
Net investment income	-	-	-
Changes of assumptions or other inputs (change in discount rate)	122,858	-	122,858
Benefit payments	(494,541)	-	(494,541)
Administrative expense	-	-	-
Net changes	<u>365,706</u>	<u>-</u>	<u>365,706</u>
Balances, June 30, 2022	<u>\$ 17,195,925</u>	<u>\$ -</u>	<u>\$ 17,195,925</u>

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

4. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE

Changes in the Net OPEB Liability

Changes of benefit terms reflect changes in assumptions and other inputs including a change in the discount rate from 2.21% in 2021 to 2.16% in 2022.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 18,989,171	\$ 17,195,925	\$ 15,207,483

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00% decrease to 4.0%) or 1 percentage point higher (8.00% decreasing to 6.00%) than the current healthcare cost trend rate:

	1% Decrease (6.00% Decreasing to 4.00%)	Healthcare Cost Trend Rate (7.00% Decreasing to 5.00%)	1% Increase (8.00% Decreasing to 6.00%)
Total OPEB Liability	\$ 15,245,320	\$ 17,195,925	\$ 18,929,489

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$(843,617). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (6,536,984)
Changes of assumptions	1,575,140	-
Changes in benefit terms	-	-
Contributions subsequent to the measurement period	509,377	-
	<u>\$ 2,084,517</u>	<u>\$ (6,536,984)</u>

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

4. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE

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

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

Year Ending June 30,	
2023	\$ (936,331)
2024	(936,331)
2025	(936,331)
2026	(1,020,838)
2027	(1,149,566)
Thereafter	17,553

5. LONG-TERM RECEIVABLE

During the year, the District entered into an agreement with the Library, which will be paid out over a five year period starting in 2020/2021, for the Library to repay the District for its portion of the tax certiorari paid by the District during the year. The remaining balance of \$44,421 is recorded as a receivable in the statement of net position.

6. TAX ABATEMENT

The Town enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. No tax abatements were entered into during the year ended June 30, 2022. The District did receive PILOT payments in the amount of \$112,217 for the year ended June 30, 2022.

7. LEASE ASSETS AND LIABILITIES

Lease Assets

A summary of the lease asset activity during the year June 30, 2022 is as follows:

	As Restated Balance July 1	Additions	Deletions	Balance June 30
Lease Assets				
Machinery and equipment	\$ 114,316	\$ 36,609	\$ -	\$ 150,925
Less accumulated amortization	<u>21,084</u>	<u>35,768</u>	<u>-</u>	<u>56,852</u>
Total Lease Assets, Net	<u>\$ 93,232</u>	<u>\$ 841</u>	<u>\$ -</u>	<u>\$ 94,073</u>

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

7. LEASE ASSETS AND LIABILITIES

Lease Assets

Lease liabilities are summarized as follows:

	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30, 2022</u>
Machinery and equipment	7/1/2021	4 years	\$ 5,744	1.90%	\$ 21,925	\$ 16,597

The computer equipment and printers were leased for the District with the terms noted above. This lease is not renewable and the District will not acquire the equipment at the end of the four years.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 5,429	\$ 315
2024	5,532	212
2025	5,636	107
2026	-	-
2027	-	-
	<u>\$ 16,597</u>	<u>\$ 634</u>

8. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the District implemented GASB Statement No. 87 *Leases* and GASB Statements No. 96 *Subscription-Based Information Technology Arrangements*. The implementation of the statement changes the reporting for leases and subscription-based information technology agreements.

Restatement of Net Position

For the year ended June 30, 2022, the District implemented GASB Statement No. 87 *Leases*. The District's net position has been restated as follows:

Statement of Net Position	
Net position beginning of year, as previously stated	\$ (1,296,284)
Lease assets, net	93,232
Lease liabilities	<u>(21,925)</u>
Net Position Beginning of Year, as Restated	<u>\$ (1,224,977)</u>

There were no cumulative effect on the Net Position related to implementation of GASB Statement No. 96.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

9. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. Deficit Fund Equity

There was a deficit fund equity in the Capital Projects Fund of \$2,851,057 for the year ended June 30, 2022. The deficit will be relieved when the project obtains permanent financing.

10. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a respiratory disease, to be a pandemic. It is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future operations. The District's operations are heavily dependent on real property taxes and state aid. The outbreak will likely have a continued material adverse impact on the economy and cost of education. The full impact of the COVID-19 outbreak continues to evolve as of the date these financial statements were available to be issued. In response to the COVID-19 outbreak, the Federal Government passed several COVID Relief acts which include funding for elementary and secondary education. The District was awarded three different stimulus packages known as Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPA). New York State required the CARES funds to be reported in the General Fund, as an offset to state aid reductions, referred to as the Pandemic Adjustment, while the CRRSA and ARPA funds are required to be reported in the special aid fund.

See the schedule of expenditures of federal awards for the COVID-19 funding received by the District. All stimulus funds may be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared. The District also provided free breakfast and lunches to all students (except those who opted out) through the Federal Summer Food Service Program as well as National School Lunch and Breakfast programs.

11. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 18, 2022, which is the date these financial statements were issued. All subsequent events requiring recording or disclosure as of June 30, 2022, have been incorporated into these financial statements herein.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance With Actual</u>
Revenues				
Local Sources				
Real property taxes	\$ 11,795,000	\$ 11,795,000	\$ 11,808,323	\$ 13,323
Charges for services	123,000	123,000	141,966	18,966
Use of money and property	10,000	10,000	12,469	2,469
Sale of property and compensation for loss	1,000	1,000	8,390	7,390
Miscellaneous	<u>170,000</u>	<u>179,837</u>	<u>306,697</u>	<u>126,860</u>
Total Local Sources	12,099,000	12,108,837	12,277,845	169,008
State sources	7,720,000	7,720,000	7,461,579	(258,421)
Federal sources	45,000	45,513	54,424	8,911
Other Sources				
Transfers from other funds	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
Total Revenue and Other Sources	19,899,000	19,909,350	<u>\$ 19,793,848</u>	<u>\$ (115,502)</u>
Appropriated Fund Balance				
Prior year encumbrances	46,437	46,437		
Appropriated reserves	22,000	22,000		
Appropriated fund equity	<u>870,576</u>	<u>870,576</u>		
Total Revenues and Other Sources	<u>\$ 20,838,013</u>	<u>\$ 20,848,363</u>		

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance With Actual and Encumbrances</u>
Expenditures					
General Support					
Board of education	\$ 31,500	\$ 31,435	\$ 17,881	\$ 280	\$ 13,274
Central administration	234,200	234,197	225,706	320	8,171
Finance	264,111	287,260	267,219	1	20,040
Staff	48,670	48,670	31,955	-	16,715
Central services	1,210,309	1,205,605	986,335	5,939	213,331
Special items	203,630	208,976	197,797	-	11,179
Total General Support	1,992,420	2,016,143	1,726,893	6,540	282,710
Instruction					
Instruction, administration and improvement	580,306	609,116	552,372	1,013	55,731
Teaching - regular school	5,341,253	4,947,956	4,600,942	8,799	338,215
Programs for children with handicapping conditions	3,101,300	3,449,680	3,168,677	-	281,003
Occupational education	493,400	505,400	476,080	-	29,320
Instructional media	497,395	519,338	482,704	4,121	32,513
Pupil services	933,172	905,167	811,862	6,490	86,815
Total Instruction	10,946,826	10,936,657	10,092,637	20,423	823,597
Other					
Pupil transportation	1,468,367	1,463,663	1,183,615	-	280,048
Employee benefits	4,414,500	4,411,173	4,186,737	6,863	217,573
Debt Service - Principal	1,645,000	1,645,000	1,650,328	-	(5,328)
Debt Service - Interest	238,900	238,900	265,310	-	(26,410)
Total Other	7,766,767	7,758,736	7,285,990	6,863	465,883
Total Expenditures	20,706,013	20,711,536	19,105,520	33,826	1,572,190
Other Uses					
Transfers to other funds	132,000	136,827	136,827	-	-
Total Expenditures and Other Uses	\$ 20,838,013	\$ 20,848,363	\$ 19,242,347	\$ 33,826	\$ 1,572,190
Net Change in Fund Equity			\$ 551,501		
Fund Equity-Beginning, As Restated			6,986,916		
Fund Equity-Ending			\$ 7,538,417		

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2022</u>		<u>2021</u>		Fiscal Year Ending *		<u>2018</u>
Total OPEB Liability							
Measurement date	7/1/2021		7/1/2020		7/1/2019	7/1/2018	7/1/2017
Service cost at end of year	\$ 366,852	\$	1,049,741	\$	999,754	\$ 834,160	\$ 834,160
Interest	370,537		841,586		846,906	735,634	665,330
Changes in benefit terms	-		-		-	(131,158)	-
Difference between expected and actual experience in the measurement of the total OPEB liability	-		(9,736,439)		-	974,437	-
Changes in assumptions and other inputs	122,858		1,566,618		901,102	(382,887)	(3,223,378)
Benefit payments	(494,541)		(686,469)		(673,179)	(653,572)	(573,308)
Net Change in Total OPEB Liability	365,706		(6,964,963)		2,074,583	1,376,614	(2,297,196)
Total OPEB Liability - beginning	16,830,219		23,795,182		21,720,599	20,343,985	22,641,181
Total OPEB Liability - ending	<u>\$ 17,195,925</u>	<u>\$</u>	<u>16,830,219</u>	<u>\$</u>	<u>23,795,182</u>	<u>\$ 21,720,599</u>	<u>\$ 20,343,985</u>
Covered-employee payroll	8,804,726	\$	8,103,798	\$	8,322,153	\$ 8,182,584	\$ 7,973,610
Total OPEB Liability as a percentage of covered-employee payroll	195.30%		207.68%		285.93%	265.45%	255.14%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of the measurement date as disclosed above.

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2022

	ERS Pension Plan Last 10 Fiscal Years						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.00536%	0.00443%	0.00487%	0.00470%	0.0050%	0.0052%	0.0055%
Proportionate share of the net pension liability (asset)	\$ (437,794)	\$ 4,410	\$ 1,288,290	\$ 332,740	\$ 162,807	\$ 490,017	\$ 886,458
Covered-employee payroll	\$ 1,464,661	\$ 1,320,524	\$ 1,362,355	\$ 1,505,908	\$ 1,552,881	\$ 1,552,801	\$ 1,537,273
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-29.89%	0.33%	94.56%	22.10%	10.48%	31.56%	57.66%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.7%	90.70%
	TRS Pension Plan Last 10 Fiscal Years						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.0400390%	0.0409510%	0.0400000%	0.0393900%	0.0408900%	0.0413830%	0.0413600%
Proportionate share of the net pension liability (asset)	\$ (6,938,457)	\$ 1,131,581	\$ (1,039,207)	\$ (712,271)	\$ (310,881)	\$ 443,228	\$ (4,295,951)
Covered-employee payroll	\$ 7,340,065	\$ 6,783,274	\$ 6,959,798	\$ 6,676,676	\$ 6,420,729	\$ 6,444,891	\$ 6,315,993
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-94.53%	16.68%	-14.93%	-10.67%	-4.84%	6.88%	-68.02%
Plan fiduciary net position as a percentage of the total pension asset	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022**

ERS Pension Plan
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 227,244	\$ 221,809	\$ 216,877	\$ 216,843	\$ 233,133	\$ 260,647	\$ 278,678
Contributions in relation to the contractually required contribution	<u>(227,244)</u>	<u>(221,809)</u>	<u>(216,877)</u>	<u>(216,843)</u>	<u>(233,133)</u>	<u>(260,647)</u>	<u>(278,678)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,464,661	\$ 1,320,524	\$ 1,362,355	\$ 1,505,908	\$ 1,552,881	\$ 1,552,801	\$ 1,537,273
Contributions as a percentage of covered-employee payroll	15.52%	16.80%	15.92%	14.40%	15.01%	16.79%	18.13%

TRS Pension Plan
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 647,657	\$ 615,827	\$ 709,063	\$ 628,783	\$ 759,438	\$ 846,757	\$ 1,089,101
Contributions in relation to the contractually required contribution	<u>(647,657)</u>	<u>(615,827)</u>	<u>(709,063)</u>	<u>(628,783)</u>	<u>(759,438)</u>	<u>(846,757)</u>	<u>(1,089,101)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,340,065	\$ 6,783,274	\$ 6,959,798	\$ 6,676,676	\$ 6,420,729	\$ 6,444,891	\$ 6,315,993
Contributions as a percentage of covered-employee payroll	8.82%	9.08%	10.19%	9.42%	11.83%	13.14%	17.24%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND
SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2022**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 20,791,576
Add: Prior year's encumbrances	<u>46,437</u>
Original Budget	20,838,013
Additions:	
Budget Amendments	<u>10,350</u>
Final Budget	<u><u>\$ 20,848,363</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 [subsequent year's] voter-approved expenditure budget	\$ 20,955,754
Maximum allowed (4% of 2022-23 [subsequent year's] budget)	838,230

General Fund Fund Equity Subject to Section 1318 of Real Property Tax Law*:

Unrestricted Fund Equity:		
Assigned Fund Equity	\$ 988,900	
Unassigned Fund Equity	<u>3,232,956</u>	
Total Unrestricted Fund Equity	<u>4,221,856</u>	
Less:		
Appropriated Fund Equity	955,074	
Encumbrances included in Committed and Assigned Fund Equity	<u>33,826</u>	
Total Adjustments	<u>988,900</u>	
General Fund Fund Equity Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,232,956</u></u>	
Actual percentage		15.43%

- * Per office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund equity subject to Section 1318 of the Real Property Tax law is: unrestricted fund equity (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund equity, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund equity.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES -
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022**

PROJECT TITLE	SED Project Number	Expenditures						Methods of Financing				Transfers to Debt Service	Fund Equity (Deficiency) June 30, 2022
		Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total		
Front Entrance of Elementary Wing	004-22; 004-23, 004-025	\$ 9,679,902	\$ 9,679,902	\$ 9,700,784	\$ -	\$ 9,700,784	\$ (20,882)	\$ 9,679,902	\$ -	\$ 20,882	\$ 9,700,784	\$ -	\$ -
Emergency Lighting Project	0004-24	500,000	500,000	253,499	-	253,499	246,501	-	-	253,499	253,499	-	-
Smart Schools Bond Act	N/A	200,000	200,000	236,981	148,204	385,185	(185,185)	-	385,185	-	385,185	-	-
18-19 Capital Outlay Project	004-026	100,000	100,000	100,000	-	100,000	-	-	-	100,000	100,000	-	-
Phase 2A of Capital Project	Not Yet Assigned	15,185,000	15,185,000	568,298	2,382,759	2,951,057	12,233,943	-	-	100,000	100,000	-	(2,851,057)
Totals		<u>\$ 25,664,902</u>	<u>\$ 25,664,902</u>	<u>\$ 10,859,562</u>	<u>\$ 2,530,963</u>	<u>\$ 13,390,525</u>	<u>\$ 12,274,377</u>	<u>\$ 9,679,902</u>	<u>\$ 385,185</u>	<u>\$ 474,381</u>	<u>\$ 10,539,468</u>	<u>\$ -</u>	<u>\$ (2,851,057)</u>

WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2022

Capital Assets, Net		\$	24,761,484
Add:			
Cash on hand	\$	<u>8,215,481</u>	8,215,481
Deduct:			
Bond anticipation note		10,000,000	
Short-term portion of bonds payable		1,040,000	
Long-term portion of bonds payable		<u>7,015,000</u>	
			<u>(18,055,000)</u>
Net Investment in Capital Assets		\$	<u><u>14,921,965</u></u>

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

To the President and Members
of the Board of Education of the
Waterford-Halfmoon Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Waterford-Halfmoon Union Free School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-004 and 2022-005 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 accompanying schedule of findings and questioned costs as items 2022-001, 2022-002 and 2022-003.

District's Response to Findings

The *Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marvin and Company, P.C.

Latham, NY

November 18, 2022

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

To the President and Members
of the Board of Education of
Waterford-Halfmoon Union Free School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Waterford-Halfmoon Union Free School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our 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 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 District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 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 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we considered to be significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-006 and 2022-007 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings in our audit described in the accompanying schedule of findings questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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.

Marvin and Company, P.C.

Latham, NY

November 18, 2022

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title Program Title	Assistance Listing/ Federal CFDA Number	Pass- Through Grantor's Number	Passed Through to Subrecipient	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-22-0824	\$ -	\$ 231,615
Special Education - Preschool Grants	84.173	0033-22-0824	-	9,392
Total Special Education Cluster				241,007
Improving Teacher Quality State Grants - Title IIA	84.367	0147-21-2725	-	8,252
Improving Teacher Quality State Grants - Title IIA	84.367	0147-22-2725	-	11,663
Total Title IIA				19,915
Title I Grants to Local Educational Agencies	84.010	0021-21-2725	-	5,618
Title I Grants to Local Educational Agencies	84.010	0021-22-2725	-	122,900
Total Title I				128,518
Student Support and Academic Enrichment Program	84.424	0204-21-2725	-	7,765
Student Support and Academic Enrichment Program	84.424	0204-22-2725	-	13,738
Total Student Support and Academic Enrichment Program				21,503
Education Stabilization Funds				
COVID-19 Governor's Emergency Education Relief Fund (GEER 1)	84.425C	5895-21-2725	-	49
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER 1)	84.425D	5890-21-2725	-	439
COVID-19 CRRSA Governor's Emergency Education Relief Fund (GEER 2)	84.425C	5896-21-2725	-	34,225
COVID-19 CRRSA Elementary and Secondary School Emergency Relief Fund (ESSER 2)	84.425D	5891-21-2725	-	339,304
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund Full Day UPK Expansion	84.425U	5870-22-9302	-	110,531
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-2725	-	301,625
Total Education Stabilization Funds				786,173
Total U.S. Department of Education				\$ 1,197,116
<u>U.S. Department of Agriculture</u>				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
COVID-19 School Breakfast Program	10.553	Not Applicable	\$ -	\$ 72,228
Food Distribution	10.555	Not Applicable	-	33,568
COVID-19 National School Lunch Program - Emergency Operational Cost	10.555	Not Applicable	-	12,341
COVID-19 National School Lunch Program	10.555	Not Applicable	-	286,475
COVID-19 Special Milk Program for Children	10.556	Not Applicable	-	3,544
COVID-19 Summer Food Service Program for Children	10.559	Not Applicable	-	14,292
Total Child Nutrition Cluster				422,448
COVID- 19 Pandemic Electronic Benefit Transfer Administration Costs	10.649	Not Applicable	-	601
Total U.S. Department of Agriculture				423,049
Total Expenditures of Federal Awards				\$ 1,620,165

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the Waterford-Halfmoon Union Free School District (District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The federal expenditures are recognized under the Uniform Guidance.

3. SCOPE OF AUDIT

The Waterford-Halfmoon Union Free School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

4. NON-CASH ASSISTANCE

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$33,568.

5. INDIRECT COST RATE

The Waterford-Halfmoon Union Free School District did not elect to use the 10% de minimus cost rate.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Type of auditor's report issued on compliance for major programs unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of major programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Education Stabilization Funds
84.425C	COVID-19 Governor's Emergency Education Relief Fund
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund
84.425C	COVID-19 CRRSA Governor's Emergency Education Relief Fund
84.425D	COVID-19 CRRSA Act Elementary and Secondary School Emergency Relief Fund
84.425U	COVID-19 ARP Elementary and Secondary School Emergency Relief Fund Full Day UPK Expansion
84.425U	COVID-19 ARP Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Noncompliance Material to the Financial Statements

2022-001 Compliance with New York State Real Property Tax Law

Statement of Condition: The unassigned fund balance of the general fund exceeds 4% of the 2022-23 general fund budget by \$2,394,726.

Criteria: NYS Real Property Tax Law Section 1318 limits the amount of unassigned fund balance a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

Cause of Condition: The cumulative effect of expenditures being significantly under budget and excess fund balance.

Effect of Condition: The District was not in compliance with NYS Real Property Tax Law.

Context: As part of our audit procedures compliance with the NYS Real Property Tax Law Section 1318 limits is reviewed.

Recommendation: The District should continue to implement the Board of Education approved plan to address and use the excess in future years.

Views of the Responsible Officials and Planned Corrective Actions: The District will review the fund balance plan and operate to correct the issue.

2022-002 Compliance with General Municipal Law

Statement of Condition: The reserve for employee benefit accrued liability exceeds the compensated absences balance at June 30, 2022 by \$430,131.

Criteria: General Municipal Law 6p limits the amount included in the reserve for employee benefit accrued liability to no more than the amount accrued in the compensated absences long-term liability account.

Cause of Condition: The District has historically had excess amounts in their reserve.

Effect of Condition: The District was not in compliance with General Municipal Law.

Context: As part of our audit procedures compliance with the General Municipal Law 6p is reviewed

Recommendation: The District should continue to use the reserve balance to the extent allowed each year and work towards reducing the balance to be in compliance.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Noncompliance Material to the Financial Statements

2022-002 Compliance with General Municipal Law (Continued)

Views of the Responsible Officials and Planned Corrective Actions: The District will review the reserve plan and work to adjust the reserve accordingly.

2022-003 Compliance with Education Law

Statement of Condition: The tax certiorari reserve exceeds pending tax claims at June 30, 2022 by \$950,000.

Criteria: Section 3651 of the Education Law stipulates that the total held in this reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings in accordance with Article 7 of the Property Tax Law.

Cause of Condition: The District funded the reserve for \$1 million, based on anticipated future claims.

Effect of Condition: The District was not in compliance with Education Law.

Context: As part of our audit procedures compliance with the Education Law Section 3651 limit is reviewed.

Recommendation: The District should monitor this reserve and fund it only to the extent to which it has been served with tax certiorari claims related to the current school year and 3 years prior.

Views of the Responsible Officials and Planned Corrective Actions: The District believes this is a justified amount in the reserve. The District is aware there is assessment petitions coming and this is a plan to be prepared.

Significant Deficiencies

2022-004 Audit Adjustments

Criteria: To accurately present the financial position of the District, general ledger accounts should be reconciled and monitored throughout the year and at year end by management. The accuracy of financial data is crucial to the budget process and monthly report monitoring.

Statement of Condition: Multiple adjusting journal entries were proposed as a result of audit procedures to properly reflect year end balances.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Significant Deficiencies

2022-004 Audit Adjustments (continued)

Context: There were transactions that was not properly recorded during the year, these adjustments related to expenditures, liabilities, revenue and receivable in the capital projects fund and revenue and receivables in the school lunch fund.

Effect: In the capital projects fund, expenditures were understated by \$453,482, liabilities were understated by \$582,658, revenues were overstated by \$5,954,972, bond anticipation notes were understated by \$6,000,000 and receivables were understated by \$148,204. In the school lunch fund revenues and receivables were understated by \$18,665.

Cause: The adjusting journal entries identified during the audit appeared to be caused by transactions not being recorded at year end.

Recommendation: We recommend that management review and monitor account balances at year end more closely and implement a formal closing process for end of year reconciliations and cut-off.

View of Responsible Officials and Planned Corrective Actions: The District had a complete change in Business Office staff. The District will create an end of year checklist to be ready for the Auditors.

2022-005 Timesheets

Criteria: Timesheets are an important aspect of the internal control process. All timesheets should be reviewed for accuracy and approved by an appropriate individual.

Statement of Condition: The timesheets that were provided had hours that did not agree to the hours that were paid on the payroll register. Additionally, some of the timesheets did not include an approval.

Context: Sampled payroll transactions noting out of the 43 payroll transactions selected 16 timesheets had hours paid that did not agree with hours per the timesheet or were unapproved. Additionally, majority of employees work a standard work week with a standard rate of pay based on contractual agreements. Additional pay received outside of contractual pay is typically insignificant as compared to contractual pay.

Effect: Unauthorized, improper or incorrect payroll transactions could be processed without the proper review.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Significant Deficiencies

2022-005 Timesheets (continued)

Cause: There was an electronic timekeeping system that was implemented during the 21/22 fiscal year. There was significant turnover in the business office including the individuals who spearheaded the electronic system. As a result, some of the nuances of the system were unknown to the new employees and time constraints prevented the District from being able to correct pay within the electronic system and track the electronic approvals of time. The District instead manually corrected payrolls within nVision only to ensure employees were paid for the time worked and the pay was proper and obtained verbal approvals of hours worked from Supervisors.

Recommendation: We recommend the District obtain training on the new electronic timekeeping system and consider use of manual timesheets in addition to electronic until the District has determined the electronic timekeeping system is functioning as intended and can be relied on to support payroll transactions. We also recommend any approvals be obtained in writing.

View of Responsible Officials and Planned Corrective Actions: The District has moved all hourly employees to Annualized. This will limit the number of employees paid from the electronic timesheet system. The timesheets being processed will be paper.

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR.516(a):

Significant Deficiencies

2022-006 Documentation of Personnel Expenses

Information on Federal Program: U.S Department of Education, Education Stabilization Funds (COVID-19 Governor's Emergency Education Relief Fund (GEER 1) 84.425C, COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER 1) 84.425D, COVID-19 CRRSA Governor's Emergency Education Relief Fund (GEER 2) 84.425C, COVID-19 CRRSA Elementary and Secondary School Emergency Relief Fund (ESSER 2) 84.425D, COVID-19 ARP Elementary and Secondary School Emergency Relief Fund Full Day UPK Expansion 84.425U, COVID-19 ARP Elementary and Secondary School Emergency Relief Fund 84.425U) passed through the New York State Education Department.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR.516(a):

Significant Deficiencies

2022-006 Documentation of Personnel Expenses (continued)

Statement of Condition: During our testing of payroll expenditures charged to these programs it was that a teacher and a social worker that were being charged to the grants and the time and effort reports (payroll certifications) being signed by this individual acknowledging and noting that their salaries were being allocated to these federal programs could not be located.

Criteria: Compliance under Part 200.430 Compensation-personal services under compliance requirement Allowable Costs/Cost Principles 2 Documentation of Employee Time and Effort.

Statement of Cause: While the District has policies and procedures in place requiring completion of payroll certifications there was turnover in the positions responsible for overseeing this process and the new individuals responsible could not locate the forms.

Statement of Effect: We were unable to review payroll certifications of time and effort reports acknowledged by the employee that their services were being allocated to the federal program as the District could not locate them.

Questioned Costs: None

Perspective Information: As part of testing of compliance, a selection of employees charged to the grants was selected for testing of compliance. Of the 18 individuals selected for testing, certifications for two employees could not be located.

Identification of Repeat Finding: No

Recommendation We recommend that compensating controls be implemented to monitor compliance with existing policies and procedures to ensure individuals whose time and effort of providing special education services is acknowledged by the payroll certifications.

Views of the Responsible Officials and Planned Corrective Actions: The District will work to collect federal certifications for all employees paid from grants.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR.516(a):

Significant Deficiencies

2022-007 Child Nutrition Cluster - Procurement

Information on Federal Program: U.S Department of Agriculture Child Nutrition Cluster (COVID-19 National School Lunch Program, COVID-19 School Breakfast Program, and COVID-19 Summer School Food Service Program CFDA No. 10.553, 10.555, and 10.559) passed through the New York State Education Department.

Criteria: CFR Section 200.318 stipulates that a non-Federal entity must use its own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in Part 200 Subpart D. Additionally, 2 CFR Section 200.213 stipulates that no awards, subawards, or contracts be awarded to parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Statement of Condition: During our discussions with management and reverification of use of same vendors as previous year, we noted that the District is not verifying the eligibility of vendors to participate in Federal assistance programs.

Statement of Cause: The District did not review compliance requirements related to procurement outlined in 2 CFR Section 200.318 and Section 200.213.

Statement of Effect: The District is not in compliance with 2 CFR Section 200.213. The District is not performing required procedures, as a result, vendors that are not eligible for participation in Federal assistance programs or activities could be selected or the District could be overpaying for goods and services.

Questioned Costs: None

Perspective Information: As part of required follow up of prior year audit findings, a review of vendors charged to the school lunch fund and therefore represent purchases with federal dollars was performed. Of the District's vendors charged to the fund, none were suspended or debarred from participation in Federal assistance programs or activities.

Repeat Finding: Yes

Recommendation: We recommend that the District review the requirements of 2 CFR Section 200.213 and ensure that a review of the eligibility of potential vendors to participate in Federal assistance programs or activities is performed prior to disbursing funds to the vendor.

Views of the Responsible Officials and Planned Corrective Actions: The District will monitor vendors to ensure they are able to accept federal monies.

**WATERFORD-HALFMOON UNION FREE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Finding 2021-001	<p>Compliance with New York State Real Property Tax Law</p> <p><i>Condition:</i> The unassigned fund balance of the general fund exceeded 4% of the 2021-22 general fund budget.</p> <p><u>Current Status</u></p> <p>Comment was repeated as item 2022-001.</p>
Finding 2021-002	<p>Compliance with General Municipal Law</p> <p><i>Condition:</i> The reserve for employee benefit accrued liability exceeded the compensated absences balance at June 30, 2021 by \$470,993.</p> <p><u>Current Status</u></p> <p>Comment was repeated as item 2022-002.</p>
Finding 2021-003	<p>Child Nutrition Cluster- Procurement</p> <p><i>Condition:</i> The District is not verifying the eligibility of vendors to participate in Federal assistance programs.</p> <p><u>Current Status</u></p> <p>Comment was repeated as item 2022-007.</p>
Finding 2021-004	<p>Child Nutrition Cluster- Verification of Free and Reduced Price Applications</p> <p><i>Condition:</i> The District did not perform an income verification during the 2020/21 school year.</p> <p><u>Current Status</u></p> <p>Comment was corrected and therefore not repeated.</p>