

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2023
INCLUDING REPORTS ON FEDERAL AWARDS
AND EXTRACLASSROOM ACTIVITY FUNDS

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
JUNE 30, 2023
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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Wallkill Central School District
Wallkill, New York

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund, of the Wallkill Central School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Wallkill Central School 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, each major fund and the fiduciary fund, of the Wallkill Central School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wallkill Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 4 through 16 and 73 through 77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wallkill Central School District's basic financial statements. The supplemental schedules on pages 78 through 80 are required by the New York State Education Department and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 78 through 80 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023 on our consideration of the Wallkill Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wallkill Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wallkill Central School District's internal control over financial reporting and compliance.

Montgomery, New York
October 10, 2023

WALLKILL CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis

Introductory Section

The following is a discussion and analysis of Wallkill Central School District's financial performance for the year ended June 30, 2023. The section is a summary of the Wallkill Central School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. 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, 2023 are as follows:

- In June, District residents approved the proposed 2023-2024 budget in the amount of \$85,467,681. The District submitted a budget within the tax levy limit, therefore, requiring simple majority of voters for approval. The District is estimated to receive \$35,200,000 in State Aid for the 2023-2024 school year. The District will be using \$780,000 in fund balance and \$1,571,000 in reserves to balance the budget.
- All three (3) bargaining units are under contract. The WAA and the District agreed to new terms that run through June 30, 2027. The Teachers (WTA) have terms that run through June 30, 2026. The CSEA (non-instructional) has terms that runs through June 30, 2027.
- The District used fund balance to add, \$400,000 to the Capital Reserve, add \$540,000 to the TRS Sub-Fund Reserve, add \$3,750,000 to the ERS Reserve and add \$908,786 to Workers Compensation Reserve. These additional monies will assist with the funding of future budgets and future capital work. The District has established a plan for the use of the reserves.
- The District successfully submitted and subsequently received approval of our NYS School Transparency Report for 2022-2023 (this is the final year of this report). Additionally, the District submitted the required ESSA Financial Report in December 2022.
- The District has received additional funding from the federal government that can be utilized over a 3-4-year period. The District was allocated \$2,660,247 from the CRRSA that must be expensed by September 30, 2023. The District was allocated \$4,278,722 from the ARP federal relief bill which must be expensed by September 30, 2024. The District has submitted applications for both grants and they all have been approved.
- The District has begun Phase I work on its capital project. The capital project construction for Phase I work will take place over the summer of 2023 and summer of 2024. This project was approved by voters in May 2022. In addition, Phase II documents have been submitted to SED for approval and are currently in the queue awaiting SED feedback. The District intends to start Phase II work in the summer of 2024.

WALLKILL CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Overview of the Financial

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

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* 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 sections of required supplementary information and supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year among other schedules.

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

WALLKILL CENTRAL SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Major Features of the District-Wide and Fund Financial Statements			
	District-Wide	Fund Financial 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, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<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 or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) 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

WALLKILL CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

District-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debt) 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 basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps 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 disclosed in Note 2 explains the relationship (or differences) between them.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund. 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.

WALLKILL CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Financial Analysis of the District as a Whole

Beginning of year net position decreased by \$6,518,902 from (\$126,777,009), to (\$133,295,911). The District's net position at June 30, 2023 is (\$133,295,911). The following table provides a summary of the District's net position:

Summary of Net Position

	School District Activities			
	June 30, 2023	June 30, 2022	Increase/ (Decrease)	% Change
Current Assets	\$ 45,001,753	\$ 43,201,533	\$ 1,800,220	4.17%
Non Current Assets	40,293,755	68,424,500	(28,130,745)	-41.11%
Total Assets	85,295,508	111,626,033	(26,330,525)	-23.59%
Deferred Outflows of Resources	65,769,742	79,017,886	(13,248,144)	-16.77%
Current Liabilities	5,573,966	4,090,557	1,483,409	36.26%
Long-Term Liabilities	212,050,384	218,730,370	(6,679,986)	-3.05%
Total Liabilities	217,624,350	222,820,927	(5,196,577)	-2.33%
Deferred Inflows of Resources	66,736,813	94,600,001	(27,863,188)	-29.45%
Net Position:				
Net Investment in Capital Assets	32,211,460	29,171,410	3,040,050	10.42%
Restricted	34,482,043	64,375,696	(29,893,653)	-46.44%
Unrestricted, (As Restated)	(199,989,414)	(220,324,115)	20,334,701	9.23%
Total Net Position	<u>\$ (133,295,911)</u>	<u>\$ (126,777,009)</u>	<u>\$ (6,518,902)</u>	-5.14%

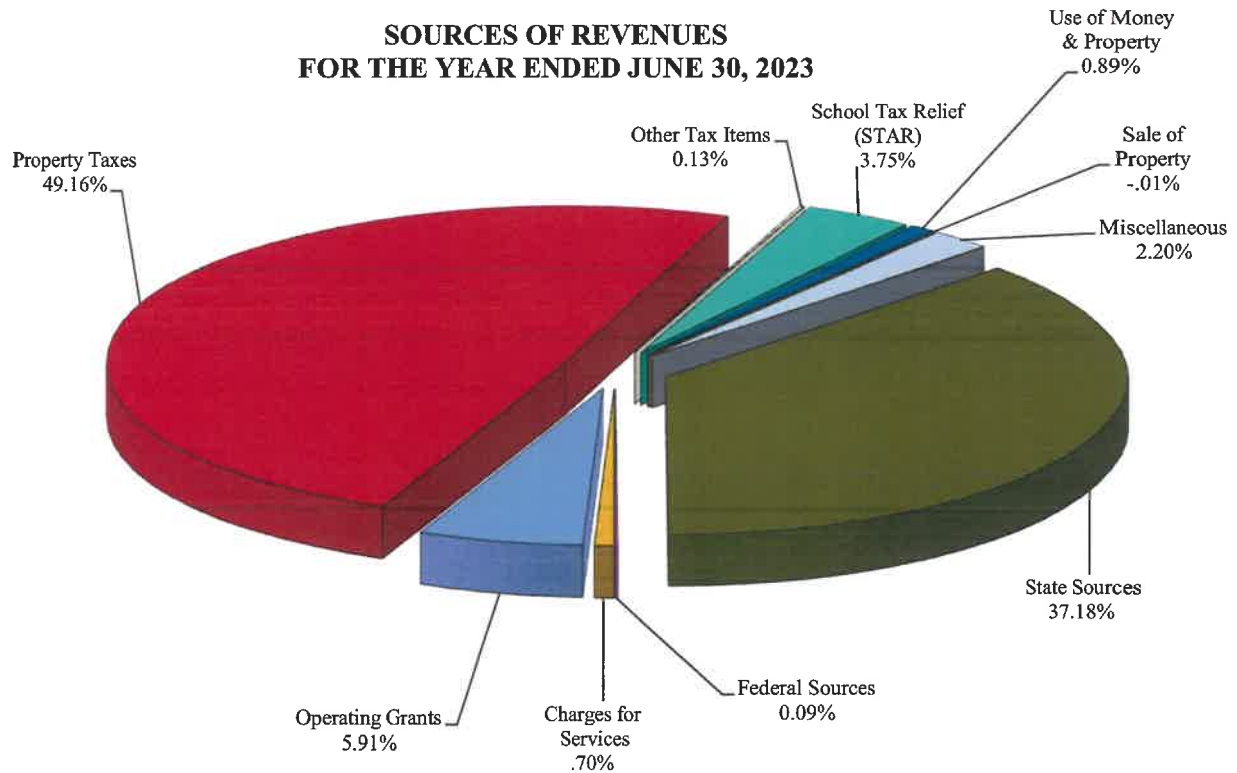
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the year ended June 30, 2023 and 2022:

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION

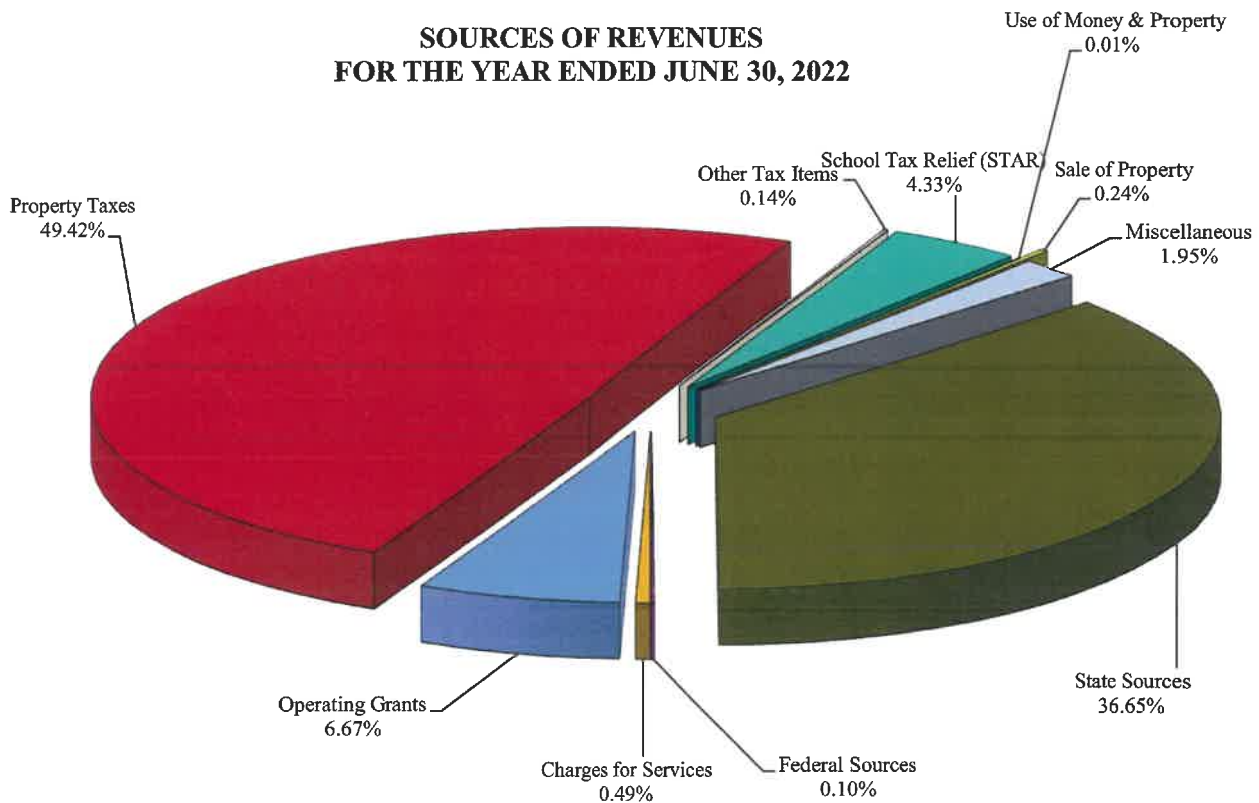
	FOR THE YEAR ENDED JUNE 30, 2023		FOR THE YEAR ENDED JUNE 30, 2022		\$ Change	% Change
		%		%		
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 607,344	0.70%	\$ 404,998	0.49%	\$ 202,346	49.96%
Operating Grants	5,118,998	5.91%	5,546,016	6.67%	(427,018)	-7.70%
GENERAL REVENUES:						
Property Taxes	42,556,165	49.16%	41,079,233	49.41%	1,476,932	3.60%
Other Tax Items	113,933	0.13%	112,757	0.14%	1,176	1.04%
School Tax Relief (STAR)	3,250,341	3.75%	3,600,150	4.33%	(349,809)	-9.72%
Use of Money & Property	768,169	0.89%	11,373	0.01%	756,796	6654.32%
Sale of Property	(5,741)	-0.01%	198,676	0.24%	(204,417)	-102.89%
Miscellaneous	1,901,264	2.20%	1,622,505	1.95%	278,759	17.18%
State Sources	32,191,461	37.18%	30,459,125	36.65%	1,732,336	5.69%
Federal Sources	79,995	0.09%	82,371	0.10%	(2,376)	-2.88%
					-	
TOTAL REVENUES	<u>86,581,929</u>	100.00%	<u>83,117,204</u>	99.99%	<u>3,464,725</u>	
<u>EXPENSES</u>						
General Support	7,694,669	8.26%	8,852,627	11.69%	(1,157,958)	-13.08%
Instruction	43,437,387	46.66%	40,119,660	52.98%	3,317,727	8.27%
Pupil Transportation	7,313,044	7.85%	6,175,255	8.16%	1,137,789	18.42%
Community Services	565,923	0.61%	395,246	0.52%	170,677	43.18%
Employee Benefits	30,580,472	32.85%	16,901,318	22.32%	13,679,154	80.94%
Debt Service Interest	268,662	0.29%	325,351	0.43%	(56,689)	-17.42%
Depreciation	1,276,951	1.37%	1,309,163	1.73%	(32,212)	-2.46%
Capital Outlay	425,364	0.46%	35,690	0.05%	389,674	1091.83%
School Lunch Program	<u>1,538,359</u>	1.65%	<u>1,602,640</u>	2.12%	<u>(64,281)</u>	-4.01%
TOTAL EXPENSES	<u>93,100,831</u>	100.00%	<u>75,716,950</u>	100.00%	<u>17,383,881</u>	22.96%
CHANGES IN NET POSITION	<u>\$ (6,518,902)</u>		<u>\$ 7,400,254</u>		<u>\$ (13,919,156)</u>	

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK

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

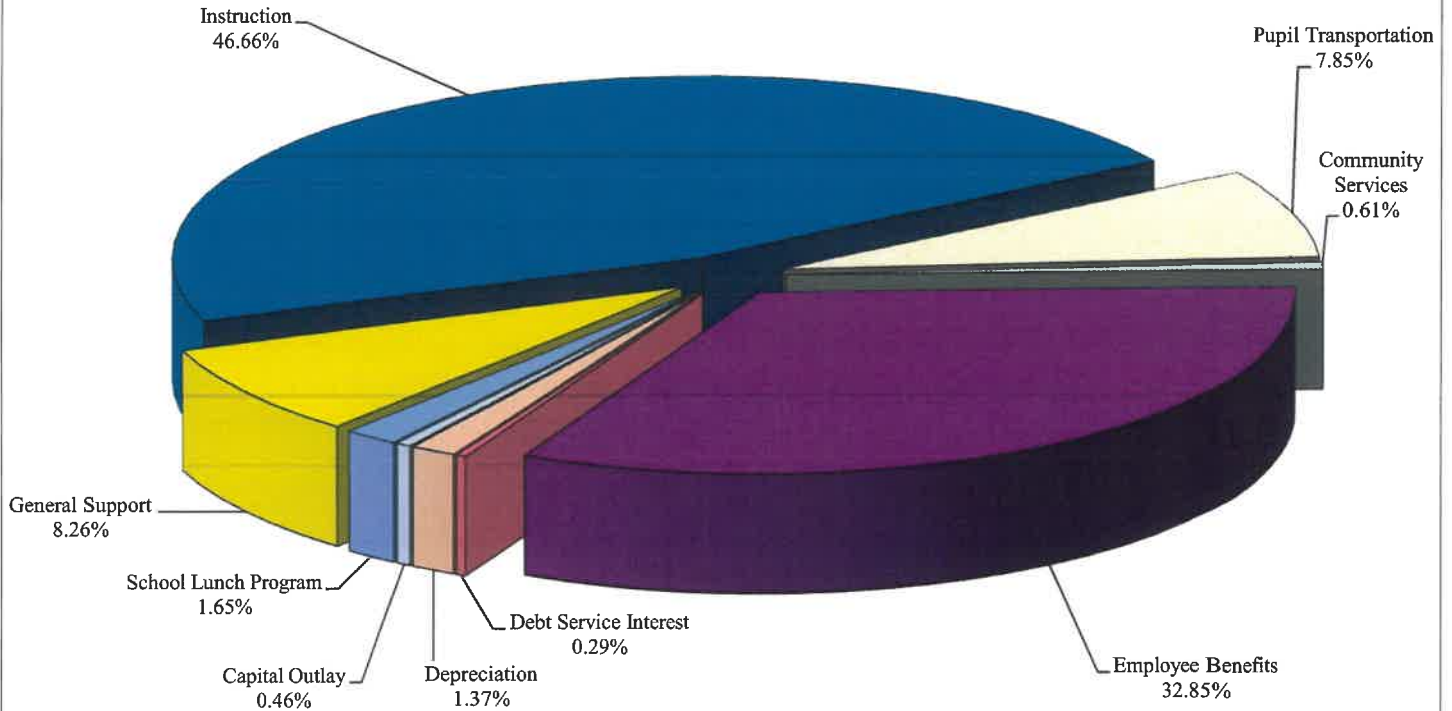


**SOURCES OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2022**

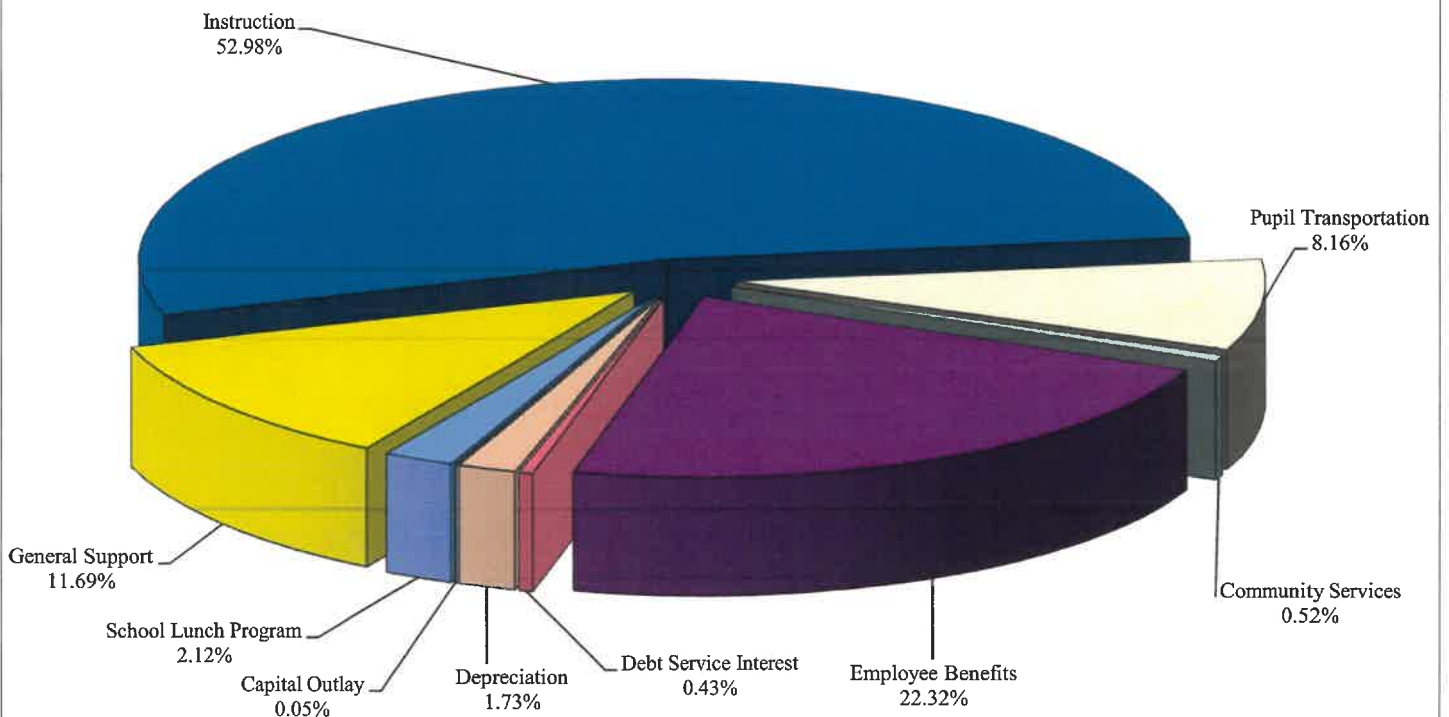


WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK

EXPENSES FOR THE YEAR ENDED JUNE 30, 2023



EXPENSES FOR THE YEAR ENDED JUNE 30, 2022

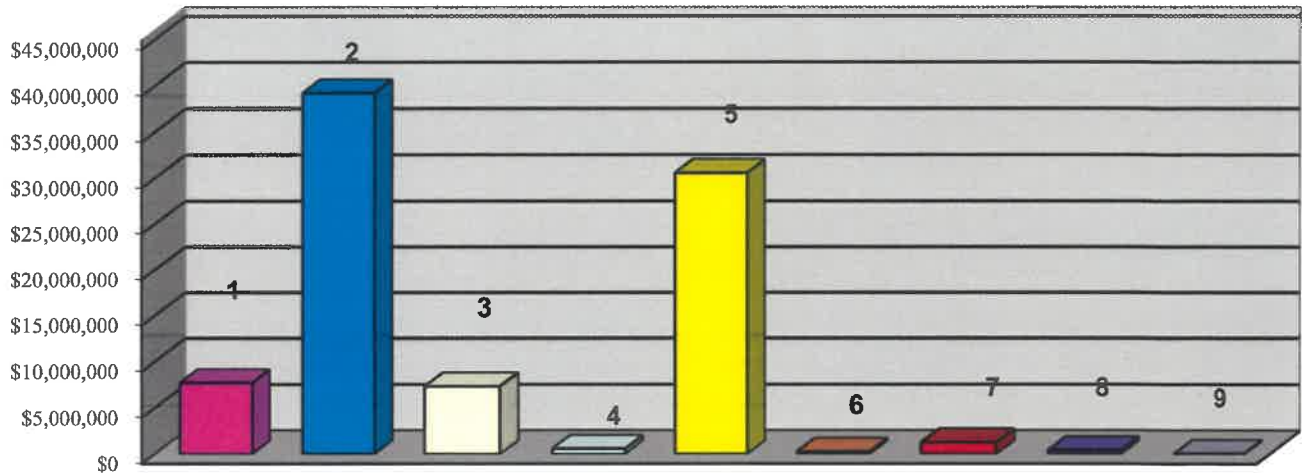


WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

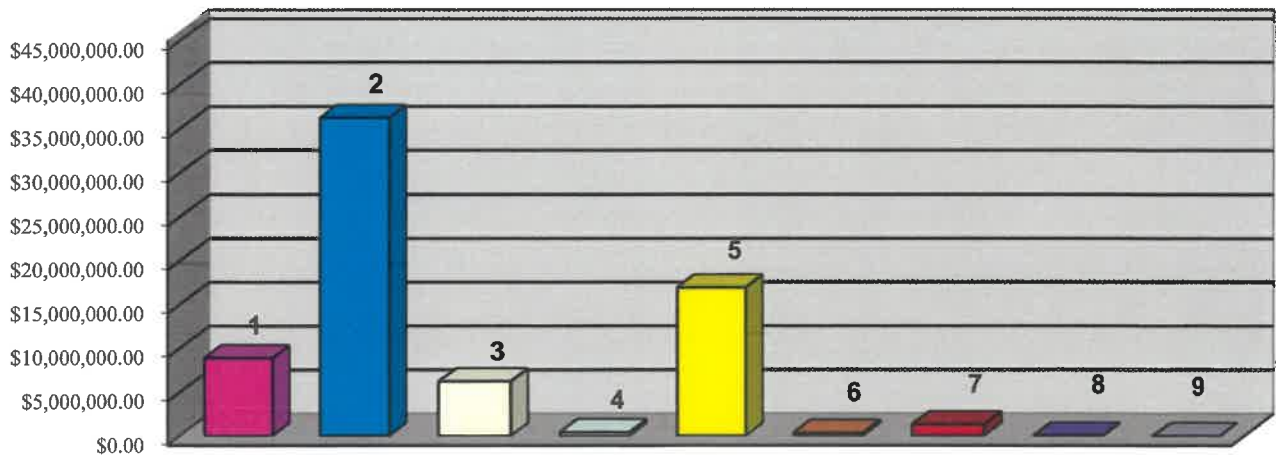
The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2022-2023	NET COST OF SERVICES 2022-2023	TOTAL COST OF SERVICES 2021-2022	NET COST OF SERVICES 2021-2022
General Support	1	\$ 7,694,669	\$ 7,694,669	\$ 8,852,627	\$ 8,852,627
Instruction	2	43,437,387	39,200,587	40,119,659	36,198,369
Pupil Transportation	3	7,313,044	7,313,044	6,175,255	6,175,255
Community Services	4	565,923	565,923	395,246	395,246
Employee Benefits	5	30,580,472	30,580,472	16,901,318	16,901,318
Debt Service - Interest	6	268,662	268,662	325,351	325,351
Depreciation	7	1,276,951	1,276,951	1,309,163	1,309,163
Capital Outlay	8	425,364	425,364	35,690	35,690
School Lunch Program	9	1,538,359	48,817	1,602,640	(427,084)
		<u>\$ 93,100,831</u>	<u>\$ 87,374,489</u>	<u>\$ 75,716,949</u>	<u>\$ 69,765,935</u>

NET COSTS 2022-2023



NET COSTS 2021-2022



WALLKILL CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Financial Analysis of the District's Funds

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

	June 30, 2023				
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	\$ 0	26,488,895	\$ 1,146,980	\$ 3,418,710	\$ 31,054,585
Special Aid	0	16,937	0	0	16,937
School Lunch	888	694,750	0	0	695,638
Capital Projects	0	7,016,692	0	0	7,016,692
Debt Service	0	35,209	0	0	35,209
Miscellaneous Special Revenue	0	229,560	0	0	229,560
	<u>\$ 888</u>	<u>\$ 34,482,043</u>	<u>\$ 1,146,980</u>	<u>\$ 3,418,710</u>	<u>\$ 39,048,621</u>

	June 30, 2022				
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	\$ 0	\$ 32,821,877	\$ 1,593,145	\$ 3,268,557	\$ 37,683,579
Special Aid	0	16,936	0	0	16,936
School Lunch	2,573	762,371	0	0	764,944
Capital Projects	0	0	0	(229,550)	(229,550)
Debt Service	0	178,909	0	0	178,909
Miscellaneous Special Revenue	0	185,469	0	0	185,469
	<u>\$ 2,573</u>	<u>\$ 33,965,562</u>	<u>\$ 1,593,145</u>	<u>\$ 3,039,007</u>	<u>\$ 38,600,287</u>

General Fund Budgetary Highlights

In the General Fund, for the year ended June 30, 2023, actual revenues were greater than revised budgeted revenues by \$1,150,491 or 1.45 % primarily due to \$710,250 additional miscellaneous sources primarily from refunds of prior years' expenses and \$607,658 additional funds received from interest. Actual expenditures and encumbrances were less than the revised budgeted expenditures by \$5,588,485 (6.02%). Costs within various budget codes were less than budgeted amounts in particular; the areas of Employee Benefits were less than budgeted by \$2,481,282, Programs for Children with Handicapping Conditions was less than budgeted by \$1,125,917, Teaching Regular School was less than budgeted by \$609,360, Central Services was less than budgeted by \$341,992, and Pupil Services was less than budgeted by \$436,686.

For year 2023-2024, the District has appropriated \$780,000 of fund balance to reduce the tax levy.

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

- New York State Aid revenues are being impacted due to statewide budget constraints.
- Employee Costs and Benefits, such as, teachers and employees retirement continue to rise.
- Changes in legislation regarding school finance.
- Impending changes in educational standards.
- Energy costs that are significantly being increased.

WALLKILL CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

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

The New York State Legislature enacted legislation, Chapter 97 of the Laws of 2011 that establishes a “property tax cap” on the amount that a school district’s property tax levy can increase each year. This legislation specifies that property taxes levied by a school district generally cannot increase by more than two percent, or the rate of inflation, whichever is less. The law does allow school districts to levy an additional amount for certain excludable expenditures. School districts can adopt a tax levy that exceeds the statutory limit, if the budget that is presented to the public is approved by sixty percent of the votes cast.

Other Fund Highlights

The Special Aid Fund ended the year with a fund balance of \$16,937. The revenues of this fund are expenditure driven meaning that the District receives funds based on the amount of expenditures for each grant. The District is responsible for paying 20% of the expenditures of the Summer Handicap program and as such transferred \$166,641 from the General Fund budgeted amounts to the Special Aid Fund to cover these costs for the current year.

The School Lunch Program Fund ended the year with a fund balance of \$695,638. The expenditures exceeded revenues by \$69,309. The District contracted Whitsons Culinary Group to provide the lunch services for year 2022-2023.

The Capital Projects Fund ended the year with a fund balance of \$7,016,692. Capital reserve funds were transferred to the Capital fund during the year in the amount of \$10,559,986 to pay for initial costs of the construction projects. Capital expenditures for the fiscal year totaled \$3,582,797.

The Debt Service Fund ended the year with a fund balance of \$35,209. This fund balance will be appropriated in future years to offset principal and interest payments.

The Miscellaneous Special Revenue Fund ended the year with a fund balance of \$229,560. Revenues exceeded expenditures by \$44,091.

Capital Asset and Debt Administration

Capital Assets

The District’s investment in capital assets, net of accumulated depreciation and amortization, as of June 30, 2023 was \$40,549,021. The total increase in this net investment was 5.61% for the District as a whole (see schedule on page 15). The District’s investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2022, was \$38,396,148. The District expended \$3,562,333 to acquire and construct capital assets during the year ended June 30, 2023. Capital assets disposed of during the year cost \$40,157 with accumulated depreciation of \$34,166. Depreciation expense for the year was 1,276,951. The district acquired right of use assets during the year in the amount of \$18,094. Right of use assets retired had a cost of \$148,642 and related accumulated depreciation of \$148,642. Amortization expense for the current year was \$144,612.

WALLKILL CENTRAL SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Capital Assets (Continued)

CAPITAL ASSETS

Net of Accumulated Depreciation and Amortization

	School District Activities		
	June 30, 2023	June 30, 2022	% Change
<u>Non-Depreciable Assets:</u>			
Land	\$ 747,060	\$ 747,060	0.00%
Construction in Progress	3,324,743	173,731	1813.73%
<u>Depreciable Assets:</u>			
Land Improvements	63,908	83,134	-23.13%
Building and Improvements	34,963,699	36,003,884	-2.89%
Furniture and Equipment	1,139,296	931,141	22.35%
Vehicles	55,051	75,416	-27.00%
<u>Amortizable Assets:</u>			
Equipment	255,265	381,782	-33.14%
TOTALS	\$ 40,549,022	\$ 38,396,148	5.61%

Long-Term Debt

At the end of the year, the District had total bonded and installment purchase debt outstanding of \$6,757,245. This amount is backed by the full faith and credit of the Wallkill Central School District with debt service fully funded by voter approved property taxes. Activity in bonded debt outstanding during the year was as follows:

	Beginning Balance	Issued	Paid	Ending Balance
Refunded Serial Bond - 2020	\$ 2,055,000	\$ 0	\$ 820,000	\$ 1,235,000
Serial Bond	3,175,000	0	910,000	2,265,000
Energy Performance Contract	3,670,757	0	413,512	3,257,245
Total Bonded Debt Outstanding	<u>\$ 8,900,757</u>	<u>\$ 0</u>	<u>\$ 2,143,512</u>	<u>\$ 6,757,245</u>

WALLKILL CENTRAL SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Bond Ratings

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

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brian Devincenzi, Assistant Superintendent for Support Services, at the District's business offices at 1500 Route 208 PO Box 310 Wallkill, NY 12589.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

ASSETS

Unrestricted Cash	\$ 6,803,965
Restricted Cash	34,482,043
State & Federal Aid Receivable	3,235,970
Other Receivables, Net	223,622
Inventories	888
Right to Use Assets, Net	255,265
Non Depreciable Capital Assets	4,071,803
Depreciable Capital Assets, Net	36,221,954
TOTAL ASSETS	<u>85,295,510</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	19,319,400
Other Postemployment Benefits	46,416,404
Deferred Charges on Refunding	33,938
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>65,769,742</u>

LIABILITIES

Accounts Payable	415,076
Accrued Liabilities	142,177
Bond Interest on Matured Bonds	16,177
Bond Anticipation Notes Payable	1,373,045
Due to Other Governments	35,352
Due to Fiduciary Funds	298
Due to Teachers' Retirement System	3,284,029
Due to Employees' Retirement System	179,443
Unearned Revenues	128,369

Long-term Liabilities:

Due and Payable Within One Year:	
Bonds Payable (including deferred amount on refunding)	1,137,962
Installment Purchase Debt	425,716
Compensated Absences	133,214
Lease Liability	45,113
Due and Payable In More Than One Year:	
Bonds Payable (including deferred amount on refunding)	2,505,926
Installment Purchase Debt	2,831,529
Compensated Absences	1,702,248
Lease Liability	52,209
Net Pension Liability - Proportionate Share	6,656,483
Other Postemployment Benefits	196,559,984
TOTAL LIABILITIES	<u>217,624,350</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	1,615,224
Other Postemployment Benefits	65,121,589
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>66,736,813</u>

NET POSITION

Net Investment in Capital Assets	32,211,460
Restricted	34,482,043
Unassigned (Deficit)	(199,989,414)
TOTAL NET POSITION	<u>\$ (133,295,911)</u>

See notes to financial statement.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

FUNCTIONS & PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE & CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS	
General Support	\$ (11,384,774)	\$ 0	\$ 0	\$ (11,384,774)
Instruction	(67,460,585)	33,230	4,203,570	(63,223,785)
Pupil Transportation	(11,198,476)	0	0	(11,198,476)
Community Services	(565,923)	0	0	(565,923)
Debt Service - Interest	(268,662)	0	0	(268,662)
Capital Outlay	(425,364)	0	0	(425,364)
School Lunch Program	(1,797,047)	574,114	915,428	(307,505)
TOTAL FUNCTIONS & PROGRAMS	\$ (93,100,831)	\$ 607,344	\$ 5,118,998	(87,374,489)
Real Property Taxes				42,556,165
Other Tax Items				3,364,274
Use of Money & Property				768,169
Sale of Property & Compensation for Loss				(5,741)
Miscellaneous				1,901,264
State Sources				32,191,461
Federal Sources				79,995
TOTAL GENERAL REVENUES				80,855,587
CHANGE IN NET POSITION				(6,518,902)
NET POSITION, BEGINNING OF YEAR				(126,777,009)
NET POSITION, END OF YEAR				\$ (133,295,911)

See notes to financial statement.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

ASSETS											TOTAL
GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	MISCELLANEOUS SPECIAL REVENUE	GOVERNMENTAL FUNDS					
Unrestricted Cash	\$ 4,819,157	\$ 133,339	\$ 1,674,073	\$ 0	\$ 0	\$ 6,803,965					
Restricted Cash	26,496,520	694,750	7,016,692	27,584	229,560	34,482,043					
State & Federal Aid Receivable	2,021,144	60,570	0	0	0	3,235,970					
Due from Other Funds	1,154,256	19,398	0	7,625	0	2,237,622					
Other Receivables, Net	1,989,052	0	0	0	0	223,622					
Inventories	223,622	0	0	0	0	888					
	0	888	0	0	0						
TOTAL ASSETS	\$ 35,549,495	\$ 908,945	\$ 8,690,765	\$ 35,209	\$ 229,560	\$ 46,984,110					
LIABILITIES & FUND BALANCES											
LIABILITIES											
Accounts Payable	\$ 313,860	\$ 8,180	\$ 93,036	\$ 0	\$ 0	\$ 415,076					
Accrued Liabilities	132,864	0	0	0	0	132,864					
Bond Interest on Matured Bonds	16,177	0	0	0	0	16,177					
BAN Payable	0	0	1,373,045	0	0	1,373,045					
Due to Other Governments	0	34,872	480	0	0	35,352					
Due to Other Funds	435,323	1,501,569	301,028	0	0	2,237,920					
Due to Teachers' Retirement System	3,284,029	0	0	0	0	3,284,029					
Due to Employees' Retirement System	179,443	0	0	0	0	179,443					
Unearned Revenues	0	8,578	119,791	0	0	128,369					
Compensated Absences Payable	133,214	0	0	0	0	133,214					
TOTAL LIABILITIES	4,494,910	1,553,199	1,674,073	0	0	7,935,489					
FUND BALANCES											
Nonspendable	0	888	0	0	0	888					
Restricted	26,488,895	694,750	7,016,692	35,209	229,560	34,482,043					
Assigned	1,146,980	0	0	0	0	1,146,980					
Unassigned	3,418,710	0	0	0	0	3,418,710					
TOTAL FUND BALANCES	31,054,585	16,937	7,016,692	35,209	229,560	39,048,621					
TOTAL LIABILITIES, & FUND BALANCES											
	\$ 35,549,495	\$ 908,945	\$ 8,690,765	\$ 35,209	\$ 229,560	\$ 46,984,110					

See notes to financial statement.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
ASSETS				
Unrestricted Cash	\$ 6,803,965	\$ 0	\$ 0	\$ 6,803,965
Restricted Cash	34,482,043	0	0	34,482,043
State & Federal Aid Receivable	3,235,970	0	0	3,235,970
Due from Other Funds	2,237,622	0	(2,237,622)	0
Other Receivables, Net	223,622	0	0	223,622
Inventories	888	0	0	888
Right to Use Assets, Net	0	255,265	0	255,265
Non Depreciable Capital Assets	0	4,071,803	0	4,071,803
Depreciable Capital Assets, Net	0	36,221,954	0	36,221,954
TOTAL ASSETS	46,984,110	40,549,022	(2,237,622)	85,295,510
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	0	19,319,400	0	19,319,400
Other Postemployment Benefits	0	46,416,404	0	46,416,404
Deferred Charges	0	33,938	0	33,938
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0	65,769,742	0	65,769,742
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 46,984,110	\$ 106,318,764	\$ (2,237,622)	\$ 151,065,252
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES / NET POSITION				
LIABILITIES				
Accounts Payable	\$ 415,076	\$ 0	\$ 0	\$ 415,076
Accrued Liabilities	132,864	9,313	0	142,177
Bond Interest on Matured Bonds	16,177	0	0	16,177
BAN Payable	1,373,045	0	0	1,373,045
Due to Other Governments	35,352	0	0	35,352
Due to Other Funds	2,237,920	0	(2,237,920)	0
Due to Fiduciary Funds	0	0	298	298
Due to Teachers' Retirement System	3,284,029	0	0	3,284,029
Due to Employees' Retirement System	179,443	0	0	179,443
Bonds Payable (including deferred amount on refunding)	0	3,643,888	0	3,643,888
Installment Purchase Debt	0	3,257,245	0	3,257,245
Compensated Absences	133,214	1,702,248	0	1,835,462
Unearned Revenues	128,369	0	0	128,369
Lease Liability	0	97,322	0	97,322
Net Pension Liability - Proportionate Share	0	6,656,483	0	6,656,483
Other Postemployment Benefits	0	196,559,984	0	196,559,984
TOTAL LIABILITIES	7,935,489	211,926,483	(2,237,622)	217,624,350
DEFERRED INFLOWS OR RESOURCES				
Pensions	0	1,615,224	0	1,615,224
Other Postemployment Benefits	0	65,121,589	0	65,121,589
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	7,935,489	278,663,296	(2,237,622)	284,361,163
FUND BALANCES / NET POSITION	39,048,621	(172,344,532)	0	(133,295,911)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES / NET POSITION	\$ 46,984,110	\$ 106,318,764	\$ (2,237,622)	\$ 151,065,252

See notes to financial statement.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	MISCELLANEOUS SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>							
Real Property Taxes	\$ 42,556,165	\$	\$	\$	\$	\$	\$ 42,556,165
Other Tax Items	3,364,274	0	0	0	0	0	3,364,274
Charges for Services	33,230	0	0	0	0	0	33,230
Use of Money & Property	682,658	0	0	75,033	10,478	0	768,169
Sale of Property & Compensation for Loss	250	0	0	0	0	0	250
Miscellaneous	1,296,250	0	0	0	0	0	1,296,250
State Sources	32,191,461	478,211	24,577	0	0	605,014	32,694,249
Federal Sources	79,995	3,725,359	890,851	0	0	0	4,696,205
Sales	0	0	574,114	0	0	0	574,114
TOTAL REVENUES	80,204,283	4,203,570	1,489,542	75,033	10,478	605,014	86,587,920
<u>EXPENDITURES</u>							
General Support	7,433,090	258,688	0	0	0	0	7,691,778
Instruction	39,436,513	3,755,837	0	0	0	0	43,192,350
Pupil Transportation	7,153,797	159,247	0	0	0	0	7,313,044
Community Services	5,000	0	0	0	0	560,923	565,923
Employee Benefits	19,216,438	101,439	0	0	0	0	19,317,877
Debt Service:							
Principal	2,361,773	0	0	0	0	0	2,361,773
Interest	308,991	0	0	0	0	0	308,991
Cost of Sales	0	0	1,538,359	0	0	0	1,538,359
Capital Outlay	270,005	95,000	39,895	3,582,797	0	0	3,987,697
TOTAL EXPENDITURES	76,185,607	4,370,211	1,578,254	3,582,797	0	560,923	86,277,792
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	4,018,676	(166,641)	(88,712)	(3,507,764)	10,478	44,091	310,128
<u>OTHER SOURCES & USES</u>							
Bond Anticipation Notes Paid from Current Year Appropriations	0	0	0	138,202	0	0	138,202
Operating Transfers In	154,178	166,641	19,403	10,559,986	0	0	10,900,208
Operating Transfers (Out)	(10,746,030)	0	0	0	(154,178)	0	(10,900,208)
TOTAL OTHER SOURCES & USES	(10,591,852)	166,641	19,403	10,698,188	(154,178)	0	138,202
NET CHANGE IN FUND BALANCE	(6,573,176)	0	(69,309)	7,190,424	(143,700)	44,091	448,330
FUND BALANCES, BEGINNING OF YEAR	37,683,579	16,937	764,947	(229,550)	178,909	185,469	38,600,291
Other Changes in Fund Balance	(55,818)	0	0	55,818	0	0	0
FUND BALANCES, END OF YEAR	\$ 31,054,585	\$ 16,937	\$ 695,638	\$ 7,016,692	\$ 35,209	\$ 229,560	\$ 39,048,621

See notes to financial statement.

WALKILL CENTRAL SCHOOL DISTRICT

WALKILL, NEW YORK

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

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
<u>REVENUES</u>						
Real Property Taxes	\$ 42,556,165	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,556,165
Other Tax Items	3,364,274	0	0	0	0	3,364,274
Charges for Services	33,230	0	0	0	0	33,230
Use of Money & Property	768,169	0	0	0	0	768,169
Sale of Property & Compensation for Loss	250	0	(5,991)	0	0	(5,741)
Miscellaneous	1,901,264	0	0	0	0	1,901,264
State Sources	32,694,249	0	0	0	0	32,694,249
Federal Sources	4,696,205	0	0	0	0	4,696,205
Sales	574,114	0	0	0	0	574,114
TOTAL REVENUES	86,587,920	0	(5,991)	0	0	86,581,929
<u>EXPENDITURES</u>						
General Support	7,691,778	0	28,430	0	3,664,566	11,384,774
Instruction	43,192,350	121,411	1,349,499	0	22,797,325	67,460,585
Pupil Transportation	7,313,044	0	25,539	0	3,859,893	11,198,476
Community Services	565,923	0	0	0	0	565,923
Employee Benefits	19,317,877	11,262,595	0	0	(30,580,472)	0
Debt Service:						
Principal	2,361,773	0	0	(2,361,773)	0	0
Interest	308,991	(3,680)	0	(36,649)	0	268,662
Cost of Sales	1,538,359	0	0	0	258,688	1,797,047
Capital Outlay	3,987,697	0	(3,562,333)	0	0	425,364
TOTAL EXPENDITURES	86,277,792	11,380,326	(2,158,865)	(2,398,422)	0	93,100,831
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	310,128	(11,380,326)	2,152,874	2,398,422	0	(6,518,902)
<u>OTHER SOURCES & USES</u>						
Bond Anticipation Notes Paid from Current Appropriations	138,202	0	0	(138,202)	0	0
Operating Transfers In	10,900,208	0	0	0	(10,900,208)	0
Operating Transfers (Out)	(10,900,208)	0	0	0	10,900,208	0
TOTAL OTHER SOURCES & USES	138,202	0	0	(138,202)	0	0
NET CHANGE FOR THE YEAR	\$ 448,330	\$ (11,380,326)	\$ 2,152,874	\$ 2,260,220	\$ 0	\$ (6,518,902)

See notes to financial statement.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ASSETS</u>	
Cash	\$ 2,080,498
Due from Other Funds	<u>298</u>
TOTAL ASSETS	<u>\$ 2,080,796</u>
<u>LIABILITIES & NET POSITION</u>	
<u>LIABILITIES</u>	<u>\$ 0</u>
TOTAL LIABILITIES	<u>0</u>
<u>NET POSITION</u>	
Restricted for Scholarships	<u>2,080,796</u>
TOTAL LIABILITIES & NET POSITION	<u>\$ 2,080,796</u>

See notes to financial statement.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 3,500
Investment Earnings	<u>45,792</u>
TOTAL ADDITIONS	<u>49,292</u>
<u>DEDUCTIONS</u>	
Scholarships & Awards	<u>29,846</u>
TOTAL DEDUCTIONS	<u>29,846</u>
CHANGE IN NET POSITION	19,446
NET POSITION, BEGINNING OF YEAR	<u>2,061,350</u>
NET POSITION, END OF YEAR	<u><u>\$ 2,080,796</u></u>

See notes to financial statement.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of the Wallkill Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Where comparative amounts are presented, certain reclassifications may have been made to the prior year amounts so that they would be in conformity with the current year's presentation. Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The Wallkill Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

1. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are 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 Funds have been included in this report. The District accounts for assets held as an agent for various student organizations in the Miscellaneous Special Revenue Fund.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

B. Joint Venture

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

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

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

During the year ended June 30, 2023, the Wallkill Central School District was billed \$8,834,923 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,007,124. Financial statements for BOCES are available from the BOCES administrative office at 175 Route 32 North New Paltz, NY 12561.

C. Basis of Presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, 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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Net Position presents the financial position of the District at June 30, 2023. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended in those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

C. Basis of Presentation (Continued)

2. Funds Statements

The fund statements provide information about the District's 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:

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

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

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

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

Miscellaneous Special Revenue Fund: This fund is used to account for Extraclassroom Activity Funds.

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

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

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

The District reports the following fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third-party awards and scholarships for students. 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.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

D. Measurement Focus and Basis of Accounting

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. Non-exchange 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 year for which the taxes are levied. Revenue from grants and donations is recognized in the 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 year.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and became a lien on August 23rd. Taxes were collected by the District during the period September 1, 2022 through November 3, 2022.

Uncollected real property taxes are subsequently enforced by the Ulster & Orange Counties, which are the counties the District is located in. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement, to the District no later than the following April 1.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is 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.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

G. Interfund Transactions

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

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (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.

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 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

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

I. Cash and Investments

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

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

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

J. Accounts Receivable

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

K. Inventories and Prepaid Items

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. There were no prepaid items at June 30, 2023.

L. Other Assets/Restricted Assets

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

M. Capital Assets

Capital assets are reported at cost for acquisitions. For assets acquired prior to June 30, 2002, estimated historical costs, based on an independent third-party appraisal were used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 1,500	Straight Line	50 years
Buildings and Improvements	1,500	Straight Line	20-50 years
Furniture and Equipment	1,500	Straight Line	5-20 years
Vehicles	1,500	Straight Line	5-20 years

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

N. Right to Use Assets

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

O. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first deferred outflow is related to pensions reported in the Statement of Net Position. For additional information on these deferred outflows related to pensions, See Note 10. The second deferred outflow is related to other postemployment benefits reported in the Statement of Net Position. For additional information on these deferred outflows related to other postemployment benefits, see Note 12.

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 District reports deferred inflows of resources in the Statement of Net Position related to pensions reported in the district-wide statements. For additional information on deferred inflows related to pensions, see Note 10. The District also reports deferred inflows of resources in the Statement of Net Position related to other postemployment benefits reported in the district-wide statements. For additional information on deferred inflows related to other postemployment benefits see Note 12.

P. Unearned Revenue

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Q. Vested Employee Benefits

1. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical/personal time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Q. Vested Employee Benefits (Continued)

1. Compensated Absences (Continued)

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken in varying time periods. Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

2. Other Benefits

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

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 RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

R. Short-Term Debt (Continued)

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

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

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 and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

T. Equity Classifications

1. District-wide Statements

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

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

Restricted net position - reports net position when constraints placed on the assets or deferred outflows of resources 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 all other 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.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

T. Equity Classifications (Continued)

2. Funds Statements

In the fund statements there are five classifications of fund balances:

Non-spendable – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$888.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of 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 balance. The District has established the following restricted fund balances:

Reserve for Debt Service

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

Repair Reserve

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent years. This reserve is accounted for in the General Fund.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

T. Equity Classifications (Continued)

2. Funds Statements (Continued)

Retirement Contribution Reserve – TRS Sub Fund

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

Tax Certiorari Reserve

According to Education 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 year after deposit of these monies. The reserve is accounted for in the General fund.

Unemployment Insurance

According to General Municipal Law §6-m, 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 year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding year’s budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Liability Claims and Property Loss

According to Education Law §1709(8) (c), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

T. Equity Classifications (Continued)

2. Funds Statements (Continued)

Workers' Compensation

According to General Municipal Law §6-j, 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 year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding year's budget. The reserve is accounted for in the General fund.

Capital Reserve

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

Restricted fund balance at June 30, 2023 consisted of the following:

General Fund:

Capital Reserve	\$ 4,318,310	
Repair Reserve	33	
Workers' Compensation Reserve	4,725,331	
Unemployment Insurance Reserve	427,414	
Property Loss Reserve and Liability Reserve	256,229	
Tax Certiorari Reserve	395,277	
Retirement Contribution Reserve	15,235,704	
Retirement Contribution Reserve - TRS Sub Fund	1,080,006	
Other - Mid Hudson Teacher Center Risk Retention	50,591	
	<hr/>	
		\$ 26,488,895
Special Aid Fund		16,937
School Lunch Fund		694,750
Capital Fund		7,016,692
Debt Service Fund		35,209
Miscellaneous Special Revenue Fund		229,560
		<hr/>
Total Restricted Fund Balance		<u>\$ 34,482,043</u>

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

T. Equity Classifications (Continued)

2. Funds Statements (Continued)

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Board of Education. The District did not classify any of its fund balances as committed as of June 30, 2023.

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

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

Order of Use of Fund Balance:

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

Limitation on Unexpended Surplus Funds:

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

U. New Accounting Standards

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

U. New Accounting Standards (Continued)

commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District has implemented Statement 91, as required

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

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

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

GASB has issued Statement 99, *Omnibus 2022*, the objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The District has implemented paragraphs 11-23 of Statement 99, as required.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

V. Future Changes in Accounting Standards

GASB has issued Statement 99, *Omnibus 2022*, the objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The District is currently studying paragraphs 4 through 10 of the Statement and plans to adopt it when required, which will be for the June 30, 2024 financial statements.

GASB has issued Statement 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*, the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2024 financial statements.

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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.

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

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2023 were as follows:

Original Cost of Capital Assets	\$ 68,994,161
Accumulated Depreciation	<u>(28,700,404)</u>
	<u>\$ 40,293,757</u>

2. The cost of right to use assets (equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those right to use assets among the assets of the District as a whole, with the present value capitalized and amortization expensed annually over the period of use. The balances at June 30, 2023 are as follows:

Original Cost of Right to Use Assets	\$ 610,508
Accumulated Amortization	<u>(355,243)</u>
	<u>\$ 255,265</u>

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

3. In the Statement of Net Position, a liability is recognized for the District's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the District participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the District's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at June 30, 2023 were as follows:

Deferred Outflows of Resources - Pensions	19,319,400
Net Pension Liability - Proportionate Share	(6,656,483)
Deferred Inflows of Resources - Pensions	(1,615,224)
	<u>\$ 11,047,693</u>

4. Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The balance at June 30, 2023 was as follows:

Deferred Charges	<u>\$ 33,938</u>
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5. Interest is accrued in the Statement of Net Position, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expended when it is due, and thus requires the use of current financial resources. This liability at June 30, 2023 was as follows:

Accrued Interest	<u>\$ 9,313</u>
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WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

6. Long-term liabilities and related deferred inflows are reported in the Statement of Net Position, but not in the Balance Sheet, because the liabilities are not due and payable in the current period. The balances at June 30, 2023 were as follows:

Bonds Payable	\$ 3,500,000
Installment Purchase Debt	3,257,245
Deferred Amount on Refunding	143,888
Compensated Absences	1,702,248
Leases	97,322
Deferred Outflows of Resources - OPEB	(46,416,404)
Other Postemployment Benefits	196,559,984
Deferred Inflows of Resources - OPEB	65,121,589
	<u>\$ 223,965,872</u>

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

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

1. Long-Term Revenue Differences

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

2. Capital Related Differences

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

3. Long-Term Debt Transaction Differences

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

4. Pension Plan Transaction Differences

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

5. Other Post Employment Benefit (OPEB) Related Differences

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

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

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds (Schedule 5)	\$ 86,726,122
Upon disposition of assets totaling \$40,157, the cost exceeded the accumulated depreciation of \$34,166.	(5,991)
Repayment of BANS is reported as revenue in the governmental funds, but is recorded as a liability in the Statement of Net Postion and does not affect the Statement of Activities and Changes in Net Position.	<u>(138,202)</u>
Total revenues in the Statement of Activities (Schedule 2)	<u>\$ 86,581,929</u>

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

Explanation of Differences between Governmental Funds Operating Statement
and the Statement of Activities (Continued)
Total Expenditures & Other Uses/Expenses

Total expenditures reported in governmental funds (Schedule 5)	\$	86,277,792
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<p>When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$3,562,333 were more than depreciation of \$1,276,951 and the remaining depreciation.</p>		(2,285,382)
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<p>When the lease of right to use assets are financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are paid for. However, in the Statement of Activities, the present value of those assets is capitalized and the expense is allocated over the period of use and reported as amortization expense. This is the amount by which amortization of \$144,611 was more than the present value of right to use assets of \$18,094 purchased in the current year.</p>		126,517
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<p>In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated Absences earned are less than the amount paid.</p>		121,411
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<p>Interest payable is recognized as an accrued liability in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable this year is less than the interest payable last year.</p>		(3,680)
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WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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

In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost and changes in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. In the governmental funds, however, OPEB expenditures are measured by the amount of financial resources used (essentially the amounts actually paid.). This is the amount by which the OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year.

9,503,230

In the Statement of Activities , pension expense related to ERS and TRS defined benefit pension plans is measured as the change in the District's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which the pension expense was exceeded by the amount of financial resources expended during the fiscal year.

1,759,365

Premiums and discounts on long-term debt issuances, bond issuance costs and deferred amounts from debt refunding are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities This is the amount that was amortized during the current year.

(36,649)

Payment of lease principle is an expenditure in the governmental funds, but reduces liabilities in the Statement of Net Position, and does affect the Statement of Activities.

(80,060)

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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

Repayment of BANS, bond and installment debt principal is an expenditure in the governmental funds, but reduces liabilities in the Statement of Net Position, and does not affect the Statement of Activities.

(2,281,713)

Total expenses in the Statement of Activities
(Schedule 2)

\$ 93,100,831

NOTE 3. STEWARDSHIP AND COMPLIANCE.

A. Budgets

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

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

Appropriations are adopted at the program line item level.

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3. STEWARDSHIP AND COMPLIANCE. (Continued)

A. Budgets (Continued)

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the year ended June 30, 2023.

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

B. Encumbrances

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

NOTE 4. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS.

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

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

Uncollateralized	\$ 0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 42,693,147

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$34,482,043 within the governmental funds.

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5. CAPITAL ASSETS.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 747,060	\$ 0	\$ 0	\$ 747,060
Construction in Progress	173,731	3,151,012	0	3,324,743
Total Nondepreciable Assets	<u>920,791</u>	<u>3,151,012</u>	<u>0</u>	<u>4,071,803</u>
Capital assets that are depreciated:				
Land Improvements	434,151	0	0	434,151
Buildings and Improvements	58,376,856	0	0	58,376,856
Furniture & Equipment	5,418,326	411,321	(40,157)	5,789,490
Vehicles	<u>321,861</u>	<u>0</u>	<u>0</u>	<u>321,861</u>
Total Depreciable Assets	<u>64,551,194</u>	<u>411,321</u>	<u>(40,157)</u>	<u>64,922,358</u>
Less: Accumulated	<u>(27,457,619)</u>	<u>(1,276,951)</u>	<u>34,166</u>	<u>(28,700,404)</u>
Capital Assets, Net	<u>\$ 38,014,366</u>	<u>\$ 2,285,382</u>	<u>\$ (5,991)</u>	<u>\$ 40,293,757</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 25,539
Instruction	1,225,873
Transportation	<u>25,539</u>
Total Depreciation	<u>\$ 1,276,951</u>

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 6. RIGHT OF USE ASSETS.

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Right to use assets that are amortized:				
Furniture & Equipment	\$ 741,056	\$ 18,094	\$ (148,642)	\$ 610,508
Less: Accumulated Amortization	(359,274)	(144,611)	148,642	(355,243)
Right of Use Assets, Net	<u>\$ 381,782</u>	<u>\$ (126,517)</u>	<u>\$ 0</u>	<u>\$ 255,265</u>

Amortization expense was charged to governmental functions as follows:

General Support	\$ 2,892
Instruction	<u>141,719</u>
Total Amortization	<u>\$ 144,611</u>

NOTE 7. SHORT TERM LIABILITIES.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance
BAN matures 06/28/2023	\$ 0	\$ 431,785	\$ 431,785	\$ 0
BAN matures 06/28/2024	0	1,373,045	0	1,373,045
Total Short-Term Debt	<u>\$ 0</u>	<u>\$ 1,804,830</u>	<u>\$ 431,785</u>	<u>\$ 1,373,045</u>

Interest Paid	\$ 14,525
Less Interest Accrued in the Prior Year	0
Plus Interest Accrued in the Current Year	<u>0</u>
Interest Expense	<u>\$ 14,525</u>

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8. LONG-TERM LIABILITIES.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds Payable	\$ 5,230,000	\$ 0	\$ 1,730,000	\$ 3,500,000	\$ 1,090,000
Deferred Amount on Refunding	191,850	0	47,962	143,888	47,962
Installment Purchase Debt	3,670,757	0	413,512	3,257,245	425,716
Total Bonds and Notes Payable	9,092,607	0	2,191,474	6,901,133	1,563,678
Other Liabilities:					
Compensated Absences	1,722,737	254,625	141,900	1,835,462	133,214
Leases Payable	177,382	0	80,060	97,322	45,113
Other Postemployment Benefits	207,737,644	(5,987,131)	5,190,529	196,559,984	0
Net Pension Liability Proportionate Share	0	6,656,483	0	6,656,483	0
Total Other Liabilities	209,637,763	923,977	5,412,489	205,149,251	178,327
Total Long-Term Liabilities	\$ 218,730,370	\$ 923,977	\$ 7,603,963	\$ 212,050,384	\$ 1,742,005

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8. LONG-TERM LIABILITIES. (Continued)

Existing serial bond and installment purchase obligations are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Balance
Serial Bonds:				
Serial Bond - Refunded	05/20/20	06/15/26	1.59171%	\$ 1,235,000
Serial Bond	06/27/18	06/27/32	2.00% -4.00%	2,265,000
Installment Purchase Debt	05/13/14	05/13/30	3.00%	3,257,245
				<u>\$ 6,757,245</u>

The following is a summary of maturing bond debt service requirements:

For the Year Ended June 30,	Bonds and Notes Payable	
	Principal	Interest
2024	\$ 1,515,716	\$ 218,242
2025	843,281	155,877
2026	881,217	128,941
2027	699,534	100,774
2028	728,245	80,013
2027 and thereafter	<u>2,089,252</u>	<u>120,114</u>
TOTAL	<u>\$ 6,757,245</u>	<u>\$ 803,961</u>

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 the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

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

Interest paid	\$ 308,991
Less: Interest accrued in the prior year	(12,993)
Amortization of deferred amounts	
on refunding and bond issue costs	(36,649)
Plus: Interest accrued in the current year	<u>9,313</u>
Total interest expense	<u>\$ 268,662</u>

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9. LEASES.

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance June 30, 2023
Installment Purchase Agreement #20	11/19/2020	48 months	\$ 1,405	1.080%	\$ 65,990	\$ 23,698
Installment Purchase Agreement #22	3/1/2022	48 months	1,578	3.820%	70,163	49,375
NYCOMCO	5/1/2021	60 months	705	3.000%	39,333	20,352
Pitney Bowes	10/26/2019	60 months	265	3.000%	14,785	3,897
						<u>\$ 97,322</u>

The District leased copiers and IT equipment through Ulster BOCES. These leases are paid over a four year period. The interest rate on the leases varies based on the interest rate at the commencement of the lease.

The District leased phone systems through NYCOMCO, beginning May 2021 for a term of five years. This lease is not renewable and the District will not acquire the equipment at the end of the five years.

The District leased postage equipment through Pitney Bowes, beginning October 2019 for a term of five years. This lease is not renewable and the District will not acquire the equipment at the end of the five years.

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

For the Year Ended June 30,	Leases Payable	
	Principal	Interest
2024	\$ 45,113	\$ 2,334
2025	34,032	1,316
2026	18,177	260
2027	0	0
2028	0	0
2029 and thereafter	0	0
TOTAL	<u>\$ 97,322</u>	<u>\$ 3,910</u>

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS.

Employees' Retirement System Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). ERS and the New York State and Local Police and Fire Retirement System (PFRS) are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2022, he was elected for a new term commencing January 1, 2023. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. Separately issued financial statements for the System can be accessed on the Comptroller's website at www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Teachers' Retirement System Plan Description

The New York State Teachers Retirement System (the TRS System) was created and exists pursuant to Article 11 of the New York State Education Law. The System is the administrator of a cost-sharing, multiple-employer public employee retirement system (PERS), administered by a 10-member Board to provide pension and ancillary benefits to teachers employed by participating employers in the State of New York, excluding New York City. For additional Plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the System's website located at www.nystrs.org.

ERS Benefits Provided

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

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Tiers 1 and 2 (Continued)

retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

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

Tiers 3, 4, and 5

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

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Tiers 3, 4, and 5 (Continued)

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

Tier 6

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

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied 1 for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

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

Special Plans

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

Disability Retirement Benefits

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

TRS Benefits Provided

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

Tier 1

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

Tier 2

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Tier 3

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

Tier 4

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

Tier 5

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

Tier 6

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

Service Retirements

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

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

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Tier 5 members are generally eligible for a service retirement benefit of 1.67% per year of credited service times FAS for less than 25 years of service, 2% per year for 25 - 30 years of service, and 60% of FAS plus 1.5% per year for service beyond 30 years. Tier 5 members may retire as early as age 55 with 10 years of service credit. An age factor applies to Tier 5 members who retire before age 57 or retire between age 57 and 62 with less than 30 years of service.

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

Vested Benefits

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

Disability Retirement

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

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service and certain retirees. For active members, the benefit is based on final salary, age and the number of years of credited service. For retired members, it is also based on the number of years in retirement.

Prior and Military Service

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

Tier Reinstatement

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

Permanent Cost of Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the Consumer Price Index (CPI) not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of the maximum annual benefit. The applicable percentage payable beginning September 2022 is 3.0%.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the Consumer Price Index (CPI) with a maximum per annum increase of 3.0%.

Contributions

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

<u>Year</u>	<u>NYSTRS</u>	<u>NYSERS</u>
2022-2023	\$ 3,010,871	\$ 598,302
2021-2022	2,806,077	820,804
2020-2021	2,730,282	758,004

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

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

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

	ERS	TRS
Actuarial Valuation Date	March 31, 2023	June 30, 2022
Net Pension Asset/(Liability)	\$ (3,559,604)	\$ (3,096,879)
District's Portion of the Plan's Total		
Net Pension Asset/(Liability)	0.0165995%	0.161389%

At March 31, 2023, the District's proportion of the NYSERS net pension asset/(liability) was 0.0165995%; there was a increase of 0.0012737% from its proportion measured as of March 31, 2022.

At June 30, 2022, the District's proportion of the NYSTRS net pension asset/(liability) was 0.161389%, which was an decrease of 0.006868% from its proportion measured as of June 30, 2021.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

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

For the year ended June 30, 2023, the District's recognized pension expense of \$1,348,040 for ERS and \$4,015,655 for TRS. At June 30, 2023 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows or Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 379,126	\$ 3,245,137	\$ 3,624,263
Changes of Assumptions	1,728,773	6,007,421	7,736,194
Net difference between projected and actual earnings on pension plan investments	0	4,001,461	4,001,461
Changes in proportion and difference between the District's contributions and proportionate share of contributions	242,847	524,321	767,168
District's contributions subsequent to the measurement date	<u>179,443</u>	<u>3,010,871</u>	<u>3,190,314</u>
Total	<u>\$ 2,530,189</u>	<u>\$ 16,789,211</u>	<u>\$ 19,319,400</u>

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

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

	Deferred Inflows or Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 99,967	\$ 62,056	\$ 162,023
Changes of Assumptions	19,106	1,247,510	1,266,616
Net difference between projected and actual earnings on pension plan investments	20,913	0	20,913
Changes in proportion and difference between the District's contributions and proportionate share of contributions	33,137	132,535	165,672
District's contributions subsequent to the measurement date	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 173,123</u>	<u>\$ 1,442,101</u>	<u>\$ 1,615,224</u>

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

Year Ended:	<u>ERS</u>	<u>TRS</u>
2023	\$ 0	\$ (2,403,738)
2024	(547,273)	(1,296,902)
2025	128,845	432,565
2026	(767,805)	(7,928,066)
2027	(991,391)	(1,054,307)
Thereafter	0	(85,789)

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

Actuarial Assumptions

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

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

	ERS	TRS										
Inflation Rate	2.9%	2.40%										
Projected Salary Increases	4.4%	Rates of increase differ based on service. They have been calculated										
		<table><tr><th>Service</th><th>Rate</th></tr><tr><td>5</td><td>5.18%</td></tr><tr><td>15</td><td>3.64%</td></tr><tr><td>25</td><td>2.50%</td></tr><tr><td>35</td><td>1.95%</td></tr></table>	Service	Rate	5	5.18%	15	3.64%	25	2.50%	35	1.95%
Service	Rate											
5	5.18%											
15	3.64%											
25	2.50%											
35	1.95%											
Projected Cost of Living Adjustments	1.5%	1.3% Compounded annually										
Investment Rate of Return, Including Inflation	5.9% compounded annually, net of investment expenses, including inflation	6.95% compounded annually, net of pension plan investment expense, including inflation										
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience										
Mortality Improvement	Society of Actuaries Scale MP-2021	Society of Actuaries Scale MP-2021										

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)
Actuarial Assumptions (Continued)

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 each the target asset allocation percentage and by adding expected inflation.

The Long Term Expected Rates of Return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2022 for TRS and March 31, 2023 for ERS are summarized in the following table:

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

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

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

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

Discount Rate

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

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

The following presents the District's proportionate share of the ERS and TRS net pension liability calculated using the discount rates referred to above, 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 or 1-percentage-point higher than the current rate referred to above:

	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
<u>ERS</u>			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (8,602,037)	\$ (3,559,604)	\$ 653,935
	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
<u>TRS</u>			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (28,554,674)	\$ (3,096,879)	\$ 18,312,960

Pension plan fiduciary net position

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

	<u>ERS</u> March 31, 2023	<u>TRS</u> June 30, 2022
Measurement Date		
Employers' total pension asset/(liability)	\$ (232,627,259)	\$ (133,883,473,797)
Plan net position	(211,183,223)	(131,964,582,107)
Employer's net pension asset/(liability)	<u>\$ (21,444,036)</u>	<u>\$ (1,918,891,690)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	90.78%	98.6%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contributions for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$179,443 of employer contributions. Employee contributions are remitted monthly.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10. PENSION PLANS. (Continued)

Payables to the Pension Plan (Continued)

For TRS, employer and employee contributions for the year ended June 30, 2023 are paid to the System in September, October and November 2023 through state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the year ended June 30, 2020. Employer contributions are based on paid TRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$3,284,029.

NOTE 11. INTERFUND BALANCES AND ACTIVITY.

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,989,052	\$ 435,323	\$ 154,178	\$ 10,746,030
Special Aid Fund	221,547	1,501,569	166,641	0
School Lunch Fund	19,398	0	19,403	0
Capital Fund	0	301,028	10,559,986	0
Debt Service Fund	7,625	0	0	154,178
Total Governmental Activities	2,237,622	2,237,920	10,900,208	10,900,208
Fiduciary Agency Fund	298	0	0	0
Totals	<u>\$ 2,237,920</u>	<u>\$ 2,237,920</u>	<u>\$ 10,900,208</u>	<u>\$ 10,900,208</u>

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

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS.

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

Benefits Provided – The District’s OPEB plan subsidizes the cost of healthcare eligible retired employees, their spouses and their dependent children. Eligibility is based on the respective rules of the New York State and Local Employees Retirement System (ERS) and the New York State Teachers Retirement System (TRS), as well as the provisions of the District’s agreements with its employees. The following eligibility rules currently apply to the District’s employees:

- Teachers: 10 years of District service
- Support Staff: 10 years of District service
- Confidential Secretaries: 10 years of District service
- Administrators: 10 years of District service
- Assistant Superintendents & Superintendent: 10 years of District service

Medical and prescription drug benefits are offered to retirees on a District-subsidized basis. Upon attaining age 65, or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for hospital insurance and supplementary medical insurance, with the District’s plan providing an additional layer of coverage. The District reimburses retirees’ and their spouses’ Medicare Part B premiums, but not those of surviving spouses.

The benefit terms are dependent on which group (contract) each employee falls under. Contribution rates for new retirees are as follows:

Group with Applicable DOH Cut-off	Provider Options *	District Contributions (% of premium)			Reimburse Part B Premium		
		Years of Service	Individual	Spouse **	Individual	Spouse	Surviving Spouse
Teachers	DEHIC	10+	95%	75%	Y	Y	N
Support Staff	NYSHIP	10 to 14	65%	50%	Y	Y	N
		15 to 19	85%	65%	Y	Y	N
		20+	95%	75%	Y	Y	N
Confidential Secretaries	NYSHIP	10+	95%	75%	Y	Y	N
Administrators hired on or prior to 07/01/1998	NYSHIP	10+	50%	35%	Y	Y	N
Administrators hired after 07/01/1998	DEHIC	10+	95%	75%	Y	Y	N
Assistant Superintendents & Superintendent	NYSHIP	10+	100%	100%	Y	Y	N

* Note: There are other provider options (CDPHP, MVP); however the District’s contribution shall not exceed what it would have contributed to DEHIC or NYSHIP, based on Group.

** Note: Spouse Rate = Family Rate - Individual Rate.

Retired teachers are eligible for subsidized dental and vision benefit where the District pays a fixed subsidy amount of \$1,690 to apply to the purchase of dental and vision insurance. There is no subsidized dental and vision benefit for all other group members.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

Employees Covered by Benefit Terms – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	330
Active employees	<u>380</u>
Total Employees Covered by Benefit Terms	<u><u>710</u></u>

Total OPEB Liability

The District's total OPEB liability of \$196,559,984 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

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

Inflation Rate	2.7%
Projected Salary Increases, Including Wage Inflation	Varies by years of service and retirement system
Discount Rate	4.13%
Healthcare Cost Trend Rates	Medical: 6.75 from 2022 to 2023, decreasing to an ultimate rate of 4.14% by 2076. NYSHIP 2023 actual premium increases were used in lieu of the 6.75% first year assumption. Part B Reimbursement: -3.06% decrease from 2022 to 2023, followed by projected Part B premium increase shown in the Medicare Trustees report, and ultimately decreasing gradually to an ultimate rate of 4.14% by 2076. Dental/Vision: None
Current Retirees' Share of Benefit Related Costs	Retirees pay based on their specific cost sharing arrangement.
Future Retirees' Share of Benefit Related Costs	Retirees pay based on their specific cost sharing arrangement.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

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

The demographic assumptions include the rates of mortality, withdrawal, retirement, and disability. They are based on the NYS ERS assumptions first effective on April 1, 2020 and NYS TRS assumptions first used on June 30, 2015 with the exception of mortality rates. The mortality rates are based on recent mortality tables published by SOA (Pub-2010) Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group), projected fully generationally using MP-2020.

Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 207,737,644</u>
<u>Changes for the Year:</u>	
Service cost	7,228,326
Interest	7,518,722
Differences between expected and actual experience	(7,566,173)
Changes in assumptions or other inputs	(13,168,006)
Benefit payments	<u>(5,190,529)</u>
Net Changes	<u>(11,177,660)</u>
Balance at June 30, 2023	<u><u>\$ 196,559,984</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13 percent) or 1 percentage point higher (5.13 percent) than the current discount rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$ 231,652,289	\$ 196,559,984	\$ 168,597,865

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

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

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 164,650,396	\$ 196,559,984	\$ 238,191,244

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$9,503,230. At June 30, 2023, the District reported the following deferred inflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,979,948	\$ 10,103,563
Changes of assumptions or other inputs	39,436,456	55,018,026
District's contributions subsequent to the measurement date	<u>0</u>	<u>0</u>
Total	<u>\$ 46,416,404</u>	<u>\$ 65,121,589</u>

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

Fiscal Year Ending June 30,	Amount
2023	\$ 53,289
2024	53,289
2025	(524,044)
2026	4,874,594
2027	11,286,034
Thereafter	2,962,023

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13. RETIREMENT INCENTIVES.

The Wallkill Central School District approved a local retirement incentive whereby certain teachers who were eligible to retire during the 2022-2023 year under the New York State Teacher's Retirement System, were offered a retirement incentive. Four teachers retired who were eligible for the incentive. These individuals will receive a non-elective employer contribution of \$23,000 each. This incentive is charged to expenditures in the governmental funds in the current year and totaled \$92,000 for the fiscal year.

NOTE 14. RISK MANAGEMENT.

General Information

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

Pool, Non-Risk Retained

The District participates in the Dutchess Educational Health Consortium, a non-risk retained public entity risk pool operated for the benefit of individual governmental units located within the County. The District pays an annual premium to the plan for this coverage. The plan is considered a self-sustaining risk pool that will provide coverage for its members. The District has transferred all related risk to the Pool.

Pool, Risk Sharing

The District participates in the Ulster County Workers' Compensation Fund, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The total undiscounted liability for the Plan as of June 30, 2023, was \$21,664,971. For June 30, 2023, the plan had assets in excess of the liability.

NOTE 15. COMMITMENTS AND CONTINGENCIES.

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

The District entered into an Installment Purchase Agreement (IPA) with BOCES in the amount of \$159,584 at the end of the year however, the District did not receive the equipment until after year end. The lease liability and corresponding right to use assets will be recorded in the 23/24 fiscal year.

The District has several claims that are currently being litigated with the support of legal counsel. The results of these litigations are unknown at this time.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16. ENCUMBRANCES.

Encumbrances represent contracts, purchase orders, payroll commitments, tax payables, or legal penalties that are chargeable to an account. They cease to be encumbrances when paid or when the actual liability amount is determined and recorded as an expenditure. As discussed in Note 1, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2023 the amount of encumbrances expected to be honored upon performance by the vendor in the subsequent year were as follows:

General Fund	\$ 366,980
School Lunch Fund	15,289
Capital Projects Fund	<u>5,329,105</u>
Total Encumbrances	<u>\$ 5,711,374</u>

NOTE 17. DONOR-RESTRICTED ENDOWMENTS.

Endowment funds are restricted by the donor for the purpose of student scholarships and awards. Expenditures from donor-restricted endowments funds are made in compliance with the wishes expressed by the donor.

NOTE 18. TAX ABATEMENTS.

The Town of Newburgh entered into a property tax abatement agreement that reduce the District's gross tax revenues. The property tax abatement agreements are entered into with local businesses under the state municipal law for the purpose of attracting or retaining businesses within the town. For the year ended June 30, 2023, the District abated property taxes totaling \$89,654 under the property tax abatement agreement and received payments in lieu of tax (PILOT) payments totaling \$5,375.

NOTE 19. SUBSEQUENT EVENTS.

The District has evaluated subsequent events through October 10, 2023 the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

NOTE 20. OTHER CHANGES IN FUND BALANCE.

The District misposted expenses of \$55,818 to the Smart School Bond project in the capital fund in the prior year. This error was discovered in the current year and was corrected by reclassifying the expenses to the general fund which affected the fund balance at the beginning of the year.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18
<u>Total OPEB Liability</u>						
Service cost	\$ 7,228,326	\$ 10,658,725	\$ 9,763,019	\$ 6,629,777	\$ 3,496,790	\$ 3,647,987
Interest	7,518,722	5,675,501	5,203,452	6,455,071	5,404,121	4,957,978
Differences between expected and actual experience	(7,566,173)	220,663	1,131,854	(8,442,636)	13,284,862	0
Changes in assumptions or other inputs	(13,168,006)	(58,488,725)	2,198,153	48,097,055	23,351,769	(7,015,175)
Benefit payments	(5,190,529)	(4,823,136)	(4,116,570)	(4,521,621)	(4,290,145)	(3,625,000)
Net change in total OPEB liability	(11,177,660)	(46,756,972)	14,179,908	48,217,646	41,247,397	(2,034,210)
Total OPEB liability-beginning	207,737,644	254,494,616	227,734,341	179,516,695	138,269,298	140,303,508
Total OPEB liability-ending	<u>\$ 196,559,984</u>	<u>\$ 207,737,644</u>	<u>\$ 241,914,249</u>	<u>\$ 227,734,341</u>	<u>\$ 179,516,695</u>	<u>\$ 138,269,298</u>
Covered-employee payroll	\$ 33,100,010	\$ 33,083,410	\$ 32,636,468	\$ 32,021,502	\$ 31,086,885	\$ 30,516,161
Total OPEB liability as a percentage of covered-employee payroll	593.80%	627.90%	741.20%	711.20%	577.50%	453.10%

Notes to Schedule:

Changes in assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

6/30/2018	3.87%
6/30/2019	3.51%
6/30/2020	2.21%
6/30/2021	2.16%
6/30/2022	3.54%
6/30/2023	4.13%

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

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

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) REVISED BUDGET
<u>REVENUES</u>				
LOCAL SOURCES:				
Real Property Taxes	\$ 45,784,030	\$ 45,784,030	\$ 42,556,165	\$ (3,227,865)
Other Tax Items	110,000	110,000	3,364,274	3,254,274
Charges for Services	154,000	154,000	33,230	(120,770)
Use of Money & Property	75,000	75,000	682,658	607,658
Sale of Property & Compensation for Loss	0	0	250	250
Miscellaneous	586,000	586,000	1,296,250	710,250
STATE SOURCES	32,269,762	32,269,762	32,191,461	(78,301)
FEDERAL SOURCES	75,000	75,000	79,995	4,995
OTHER SOURCES:				
Operating Transfers In	154,178	154,178	154,178	0
TOTAL REVENUES	79,207,970	79,207,970	\$ 80,358,461	\$ 1,150,491
APPROPRIATED FUND BALANCE				
TOTAL REVENUES & APPROPRIATED FUND BALANCE	\$ 82,327,115	\$ 92,887,102		

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
EXPENDITURES					
GENERAL SUPPORT:					
Board of Education	\$ 28,595	\$ 27,932	\$ 20,512	\$ 26	\$ 7,394
Central Administration	327,602	331,743	330,064	0	1,679
Finance	738,154	778,437	765,980	0	12,457
Staff	318,100	278,526	209,815	9,079	59,632
Central Services	4,961,160	5,160,714	4,702,193	116,529	341,992
Special Items	1,505,175	1,445,097	1,404,526	9	40,562
INSTRUCTIONAL:					
Instruction, Administration & Improvement	2,524,765	2,495,423	2,271,920	55,041	168,462
Programs for Children with Handicapping Conditions	10,335,842	10,353,203	9,195,736	31,550	1,125,917
Teaching - Regular School	22,593,429	22,607,776	21,969,349	29,067	609,360
Occupational Education	1,989,014	1,988,616	1,895,214	573	92,829
Teaching - Special Schools	123,300	121,240	1,892	5,000	114,348
Instructional Media	1,401,345	1,401,346	1,145,680	38,005	217,661
Pupil Services	3,444,356	3,437,214	2,956,722	43,806	436,686
PUPIL TRANSPORTATION	6,237,400	7,177,411	7,153,797	0	23,614
COMMUNITY SERVICES	5,000	5,000	5,000	0	0
EMPLOYEE BENEFITS	22,774,159	21,697,719	19,216,437	0	2,481,282
CAPITAL OUTLAY	311,483	311,483	270,005	38,295	3,183
DEBT SERVICE:					
Debt Service - Principal	2,281,713	2,258,431	2,361,773	0	(103,342)
Debt Service - Interest	306,523	310,443	308,991	0	1,452
OTHER USES:					
Operating Transfers Out	82,207,115	82,187,754	76,185,606	366,980	5,635,168
TOTAL EXPENDITURES & OTHER USES	120,000	10,699,348	10,746,031	0	(46,683)
TOTAL EXPENDITURES & OTHER USES	\$ 82,327,115	\$ 92,887,102	86,931,637	\$ 366,980	\$ 5,588,485
NET CHANGES IN FUND BALANCE			\$ (6,573,176)		

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

WALL KILL CENTRAL SCHOOL DISTRICT
WALL KILL, NEW YORK
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	NYSERS Pension Plan Last 10 Fiscal Years*									
	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
District's proportion of the net pension asset/(liability)	0.0165995%	0.0153258%	0.0157743%	0.0159408%	0.0158606%	0.0154547%	0.0158117%	0.0166499%	0.0160641%	0.0160641%
District's proportionate share of the net pension asset/(liability)	\$ (3,559,604)	\$ 1,252,821	\$ (15,707)	\$ (4,221,215)	\$ (1,123,771)	\$ (499,327)	\$ (1,485,698)	\$ (2,672,355)	\$ (542,684)	\$ (725,914)
District's covered-employee payroll	\$ 5,341,179	\$ 5,341,179	\$ 5,454,189	\$ 5,216,388	\$ 4,919,312	\$ 4,728,601	\$ 4,740,397	\$ 4,514,656	\$ 4,555,293	\$ 4,390,684
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-66.64%	23.46%	-0.29%	-80.92%	-22.84%	-10.56%	-31.34%	-59.19%	-11.91%	-16.53%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.15%

	NYSTRS Pension Plan Last 10 Fiscal Years*									
	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
District's proportion of the net pension asset/(liability)	0.161389%	0.168257%	0.163105%	0.164744%	0.166209%	0.168863%	0.169317%	0.167886%	0.168377%	0.169048%
District's proportionate share of the net pension asset/(liability)	\$ (3,096,879)	\$ 29,157,313	\$ (4,507,041)	\$ 4,280,073	\$ 3,005,503	\$ 1,283,529	\$ (1,813,457)	\$ 17,437,954	\$ 18,756,201	\$ 1,112,765
District's covered-employee payroll	\$ 29,260,161	\$ 28,613,429	\$ 27,640,767	\$ 27,567,973	\$ 27,120,038	\$ 26,789,666	\$ 26,185,661	\$ 25,189,922	\$ 24,776,522	\$ 24,117,110
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-10.58%	101.83%	-16.31%	15.53%	11.08%	4.79%	-6.93%	69.23%	75.70%	4.61%
Plan fiduciary net position as a percentage of the total pension liability	98.6%	113.2%	97.8%	102.2%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

	NYSERS Pension Plan Last 10 Fiscal Years*									
	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014
Contractually required contribution										
Contributions in relation to the contractually required contribution	\$ 598,302	\$ 820,804	\$ 758,004	\$ 723,711	\$ 702,607	\$ 695,675	\$ 651,643	\$ 876,553	\$ 864,812	\$ 773,019
Contribution deficiency (excess)	598,302	820,804	758,004	723,711	702,607	695,675	651,643	876,553	864,812	773,019
Covered Employee Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions as a percentage of its covered-employee payroll	\$ 5,484,060	\$ 5,341,179	\$ 5,454,189	\$ 5,216,388	\$ 4,919,312	\$ 4,728,601	\$ 4,740,397	\$ 4,514,656	\$ 4,555,293	\$ 4,390,684
	10.91%	15.37%	13.90%	13.87%	14.28%	14.71%	13.75%	19.42%	18.98%	17.61%

NYSTRS Pension Plan
Last 10 Fiscal Years*

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Contractually required contribution	\$ 2,806,077	\$ 2,730,282	\$ 2,448,972	\$ 2,927,719	\$ 2,657,764	\$ 3,147,786	\$ 3,472,219	\$ 4,415,793	\$ 4,026,185	\$ 2,855,466
Contributions in relation to the contractually required contribution	2,806,077	2,730,282	2,448,972	2,927,719	2,657,764	3,147,786	3,472,219	4,415,793	4,026,185	2,855,466
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Employee Payroll	\$ 28,633,429	\$ 28,649,342	\$ 27,640,767	\$ 27,567,973	\$ 27,120,038	\$ 26,789,666	\$ 26,185,661	\$ 25,189,922	\$ 24,776,522	\$ 24,117,110
Contributions as a percentage of its covered-employee payroll	9.8%	9.53%	8.86%	10.62%	9.80%	11.75%	13.26%	17.53%	16.25%	11.84%

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

CHANGE FROM ADOPTED TO FINAL BUDGET

ADOPTED BUDGET	\$ 81,713,970
ADDITIONS:	
Encumbrances from Prior Year	<u>613,145</u>
ORIGINAL BUDGET	82,327,115
BUDGET REVISIONS	
Use of Capital Reserve	<u>10,559,987</u>
FINAL BUDGET	<u><u>\$ 92,887,102</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 Voter-approved expenditure budget maximum allowed (4% of 2023-2024 budget of \$85,467,681)	\$ 3,418,706
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 1,146,980
Unassigned Fund Balance	<u>3,418,710</u>
Total Unrestricted Fund Balance	<u><u>\$ 4,565,690</u></u>
Less:	
Appropriated Fund Balance	\$ 780,000
Encumbrances Included in Assigned Fund Balance	<u>366,980</u>
Total Adjustments	<u><u>\$ 1,146,980</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,418,710</u></u>
Actual Percentage	4.00%

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

PROJECT NUMBER	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	EXPENDITURES TO DATE			AVAILABLE BALANCE
			PRIOR YEARS	CURRENT YEAR	INTERFUND TRANSFER	
					TOTAL	
Smart Schools Bond Act	\$ 2,640,175	\$ 2,639,701	\$ 1,852,344	\$ 0	\$ 1,852,344	\$ 787,357
BOCES Capital Project	5,613,202.00	5,613,202.00	0	431,785	0	5,181,417
Districtwide Capital Project - Leptondale	3,818,883.00	3,818,883.00	18,090	202,560	0	3,598,233
Districtwide Capital Project - John G. Bordon Middle	982,025.00	982,025.00	0	189,069	0	792,956
Districtwide Capital Project - Ostrander	5,615,053.00	5,615,053.00	23,087	229,388	0	5,362,578
Districtwide Capital Project - Plattskill (Plu Ele)	4,252,194.00	4,252,194.00	0	0	0	4,252,194
Districtwide Capital Project - Plattskill	2,256,821.00	2,256,821.00	0	215,111	0	2,041,710
Districtwide Capital Project - MS	5,604,645.00	5,604,645.00	26,418	205,275	0	5,372,952
Districtwide Capital Project - HS	11,779,313.00	11,779,313.00	84,716	312,375	0	11,382,222
Districtwide Capital Project - Plattskill	621,159.00	621,159.00	21,421	205,275	0	394,463
Districtwide Capital Project - High School	8,869,907.00	8,869,907.00	0	1,591,959	0	7,277,948
TOTALS	\$ 52,053,377	\$ 52,052,903	\$ 2,026,076	\$ 3,382,797	\$ 0	\$ 46,444,030

PROJECT NUMBER	PROCEEDS OF OBLIGATIONS	METHODS OF FINANCING			FUND BALANCE June 30, 2023
		STATE AID	LOCAL SOURCES	INTERFUND REVENUE	
				TOTAL	
Smart Schools Bond Act	\$ 0	\$ 1,852,344	\$ 0	\$ 0	\$ 0
BOCES Capital Project	138,202	0	0	0	\$ (203,583)
Districtwide Capital Project - Leptondale	0	0	0	0	\$ (220,650)
Districtwide Capital Project - John G. Bordon Middle	0	0	0	0	\$ (189,069)
Districtwide Capital Project - Ostrander	0	0	0	0	\$ (232,475)
Districtwide Capital Project - Plattskill (Plu Ele)	0	0	0	0	\$ 0
Districtwide Capital Project - Plattskill	0	0	0	0	\$ (215,111)
Districtwide Capital Project - MS	0	0	0	0	\$ (231,693)
Districtwide Capital Project - HS	0	0	10,635,019	0	\$ 10,635,019
Districtwide Capital Project - Plattskill	0	0	0	0	\$ (226,096)
Districtwide Capital Project - High School	0	0	0	0	\$ (1,591,959)
TOTALS	\$ 138,202	\$ 1,852,344	\$ 10,635,019	\$ 0	\$ 7,016,692

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

CAPITAL ASSETS, NET		\$ 40,293,757
RIGHT TO USE ASSETS, NET		<u>255,265</u>
Total Capital Assets		40,549,022
ADDITIONS:		
Deferred Charges on Refunding		33,938
DEDUCTIONS:		
Capital Asset Bond Anticipation Note	\$ 1,373,045	
Short-term Portion of Bonds Payable (including unamortized Bond Premium \$47,962)	1,137,962	
Long-term Portion of Bonds Payable (including unamortized Bond Premium \$191,850)	2,505,926	
Short-term Portion of Installment Debt	425,716	
Long-term Portion of Installment Debt	2,831,529	
Short-term Portion of Leases Payable	45,113	
Long-term Portion of Leases Payable	<u>52,209</u>	
Total Deductions		<u>(8,371,500)</u>
NET INVESTMENT IN CAPITAL ASSETS		<u>\$ 32,211,460</u>

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



Nugent & Haeussler, P.C.

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

To the President and Members
of the Board of Education of the
Wallkill Central School District
Wallkill, New York

Peter J. Bullis, CPA, FACFEI, DABFA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
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Norman M. Sassi, CPA
Walter J. Jung, CPA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary fund of Wallkill Central School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Wallkill Central School District's basic financial statements and have issued our report thereon dated October 10, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wallkill Central School District's internal control over financial reporting (internal control) to determine the 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 Wallkill Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Wallkill Central School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Jugend & Haussler, P.C.

Montgomery, New York

October 10, 2023



Nugent & Haeussler, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

ESTABLISHED 1925

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

To the President and Members
of the Board of Education of the
Wallkill Central School District
Wallkill, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wallkill Central School District's 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 Wallkill Central School District's major federal programs for the year ended June 30, 2023. Wallkill Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

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

Wallkill Central School District

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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


Montgomery, New York
October 10, 2023

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PASS-THROUGH TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Cash Assistance				
National School Breakfast Program	10.553	N/A		\$ 152,416
National School Lunch Program	10.555	N/A		584,101
Cash Assistance Subtotal				736,517
Non-Cash Assistance (food distribution)				
National School Lunch Program	10.555	N/A		151,194
Pandemic EBT Administrative Costs	Covid-19 10.649	N/A		3,140
TOTAL U.S. DEPT. OF AGRICULTURE, CHILD NUTRITION CLUSTER				890,851
<u>FEDERAL COMMUNICATIONS COMMISSION</u>				
Emergency Connectivity Fund	Covid-19 32.009	N/A		7,459
TOTAL FEDERAL COMMUNICATIONS COMMISSION				7,459
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed-through NYS Education Department:				
Special Education Cluster:				
IDEA - Part B, Section 611	84.027	0032-23-1003	\$ 48,134	\$ 784,658
IDEA - Part B, Section 619	84.173	0033-23-1003	11,310	28,082
Total Special Education Cluster			\$ 59,444	812,740
Title I Parts A & D, Basic Program	84.010	0021-23-3435		432,888
Title I, School In Need of Improvement	84.010	0011-23-3146		104,948
Title II Part A, Teacher & Principal Training & Recruiting	84.367	0147-23-3435		54,656
Title III Part A, Immigrant Education	84.365	0149-22-3435		2,562
Title IV, Part A	84.424	0204-23-3435		29,593
				624,647
Education Stabilization Fund				
Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA) - GEER II	Covid-19 84.425C	5896-21-3435		24,286
Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSA) - ESSER II	Covid-19 84.425D	5891-21-3435		770,736
American Rescue Plan - (ARP) - ESSER 3	Covid-19 84.425U	5880-21-3435		1,111,618
American Rescue Plan - (ARP) - ESSER - SLR Summer Enrichment	Covid-19 84.425U	5882-21-3435		72,488
American Rescue Plan - (ARP) - ESSER - SLR Comprehensive	Covid-19 84.425U	5883-21-3435		71,627
American Rescue Plan - (ARP) ESSER - SLR Learning Loss	Covid-19 84.425U	5884-21-3435		229,758
Total Education Stabilization Fund				2,280,513
TOTAL U.S. DEPARTMENT OF EDUCATION				3,717,900
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - FEMA	Covid-19 97.036	DR-4480-NY		13,845
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 4,630,055

The accompanying notes are an integral part of the schedule.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION.

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Because the schedule of expenditures of federal awards presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net assets, or cash flows of the District.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by New York State and the District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures. There is no other indirect cost allocation plan in effect.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

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

NOTE 2. NON-CASH ASSISTANCE.

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted \$151,194 of commodities under the Commodity Supplemental Food Program (Federal Assistance Listing Number 10.555).

NOTE 3. OTHER DISCLOSURES.

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

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

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

Internal Control over Financial Reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal Control over Major Programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

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

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

IDENTIFICATION OF MAJOR PROGRAMS:

FEDERAL ASSISTANCE

LISTING NUMBERS

84.425

NAME OF FEDERAL PROGRAM OR CLUSTER

Education Stabilization Fund

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

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

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements as required to be reported in accordance with the Uniform Guidance.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Significant Deficiencies in Internal Control

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

B. Compliance Findings

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



Nugent & Haeussler, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Wallkill Central School District
Wallkill, New York

Peter J. Bullis, CPA, FACFEI, DABFA
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Norman M. Sassi, CPA
Walter J. Jung, CPA

Opinion

We have audited the accompanying financial statements of Wallkill Central School District's Extraclassroom Activity Fund, which comprise the statement of assets, liabilities, and fund balance-cash basis as of June 30, 2023 and the related statement of receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of Wallkill Central School District's Extraclassroom Activity Fund as of June 30, 2023, and its receipts and disbursements-cash basis for the year then ended, in accordance with the cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wallkill Central School District Extraclassroom Activity Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Wallkill Central School District's Extraclassroom Activity Funds' 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 Wallkill Central School District's Extraclassroom Activity Funds' 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.

*August * Hausler, P.C.*

Montgomery, New York
October 10, 2023

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2023

ASSETS

Cash in Checking	\$ 229,562
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FUND BALANCE

Fund Balance, Beginning of Year	\$ 185,470
Excess of Receipts over Disbursements	<u>44,092</u>
Fund Balance, End of Year	<u>\$ 229,562</u>

See notes to financial statement.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
EXTRACURRICULAR ACTIVITY FUND
SUMMARY OF RECEIPTS & DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	CASH BALANCE JUNE 30, 2022	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2023
Class of 2019	\$ 163	\$ 0	\$ -	\$ 163
Class of 2021	5,958	0	1,137	4,821
Class of 2022	481	448	400	529
Class of 2023	31,660	146,687	170,042	8,305
Class of 2024	7,047	53,093	29,527	30,613
Class of 2025	1,670	16,976	4,743	13,903
Class of 2026	0	14,031	7,460	6,571
Band	9,083	46,464	49,440	6,107
Be-You-Tiful	2,268	10,989	12,047	1,210
Chorus	8,186	54,460	55,403	7,243
Creative Writing Club	677	0	22	655
Drama	21,880	20,398	10,009	32,269
Synthesis Club	581	1,905	1,910	576
Language	81	2,674	2,089	666
Leo Club	601	938	866	673
National Honor Society	1,383	2,881	3,134	1,130
S.A.D.D. /S.H.A.C.	418	0	50	368
S.G.A.	13,769	16,071	15,267	14,573
Technology Club	142	590	395	337
Varsity Club	54,705	138,205	123,397	69,513
Yearbook	2,667	11,144	7,407	6,404
Middle School Band	8,395	35,061	36,038	7,418
M.S. Drama Club	3,849	2,990	1,221	5,618
M.S. Student Council	6,290	26,118	26,507	5,901
M.S. Yearbook	3,370	2,891	2,265	3,996
M.S. Tech Club	146	0	146	0
	<u>\$ 185,470</u>	<u>\$ 605,014</u>	<u>\$ 560,922</u>	<u>\$ 229,562</u>

See notes to financial statement.

WALLKILL CENTRAL SCHOOL DISTRICT
WALLKILL, NEW YORK
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

- (a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Wallkill Central School District. We have included the Extraclassroom Activity Fund balances within the Miscellaneous Special Revenue Fund of the financial statements. The separate audit report of the Extraclassroom Activity Funds is required due to the fact that the transactions of this fund are controlled by student management.
- (b) The books and records of the Wallkill Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.
- (c) The Extraclassroom Activity Funds are used to record the activity of all student-related activities within the District. These funds are under the control of an appointed central treasurer who maintains cash receipts and cash disbursement books. All receipts are collected by the student activity treasurer and disbursements must be approved by the student management.