

FINANCIAL REPORT
AUDITED

HANCOCK CENTRAL SCHOOL DISTRICT
For the Year Ended June 30, 2023

Audited for:

Board of Education
HANCOCK CENTRAL SCHOOL DISTRICT

Audited By:

RBT CPAs, LLP
11 Racquet Road
Newburgh, NY 12550
(845) 567-9000

HANCOCK CENTRAL SCHOOL DISTRICT

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Hancock Central School District
67 Education Lane
Hancock, NY 13783

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), 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 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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues and expenditures compared to budget, schedule of changes in the School District's total OPEB liability and related ratios, schedule of the School District's proportionate share of the net pension asset/(liability) and related ratios, and schedule of employer contributions information 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 School District's basic financial statements. The combining nonmajor fund financial statements and the schedule of indebtedness are not a required part of the basic financial statements.

The supplementary 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 combining nonmajor fund financial statements and the schedule of indebtedness are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hancock Central School District's 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* ("Uniform Guidance") is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Adopted Budget to Final Budget and Section 1318 Real Property Tax Law Limit Calculation, Capital Project Fund – Project Length Schedule, and the Schedule of Net Investment in Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
October 13, 2023

HANCOCK CENTRAL SCHOOL DISTRICT REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The accompanying discussion and analysis of the Hancock Central School District's ("the School District") financial performance has been prepared to provide an overview of the School District's financial activities for the year ended June 30, 2023. The discussion and analysis is only an introduction and should be read in conjunction with the School District's financial statements.

Financial Highlights

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$514,941. This amount was within the statutory limit.
- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of \$6,623,842, an increase of \$4,961,368 during the current fiscal year. This increase is due largely to the School District obtaining financing to help support the budget and capital expenditures related to District-wide Repairs projects.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded assets and deferred outflows of resources at the close of its most recent fiscal year by \$(2,966,341). The School District's total net position increased by \$1,097,466 for the year ended June 30, 2023. This is mainly a result of a substantial liability decrease in Other Post-Employment Benefits ("OPEB") relating to GASB Statement No. 75.
- For the year ending June 30, 2023, the School District recorded a liability of \$19,156,653 relating to OPEB. New York State has not authorized any legal mechanism to fund this liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements consist of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Basic Financial Statements

The first two statements in the basic financial statements are the district-wide Financial Statements. They provide short and long-term information about the School District's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the School District. These statements provide more detail than the district-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental and fiduciary statements and (2) the reconciliations to the district-wide financial statements.

The next section of the financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

**HANCOCK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

District-wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

- The statement of net position presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The statement of activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The governmental activities of the School District include instruction, pupil transportation, school lunch program and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- The School District maintains six individual governmental funds. The General Fund, Capital Projects Fund, School Lunch Fund, Debt Service Fund, Miscellaneous Special Revenue Fund and Special Aid Fund are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund included in Required Supplementary Information to demonstrate compliance with the budget.
- The Fiduciary Funds (inclusive of student activity funds) are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

**HANCOCK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DISTRICT-WIDE FINANCIAL ANALYSIS

HANCOCK CENTRAL SCHOOL DISTRICT'S NET POSITION

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 7,170,177	\$ 6,983,190	\$ 186,987	2.68%
Net Pension Asset	-	3,166,934	(3,166,934)	100.00%
Capital Assets, Net	20,143,124	19,254,871	888,253	4.61%
Total Assets	27,313,301	29,404,995	(2,091,694)	-7.11%
Deferred Outflows of Resources				
Pensions	2,397,589	2,400,924	\$ (3,335)	-0.14%
Other Postemployment Benefits	3,723,042	2,948,647	774,395	26.26%
Total Deferred Outflows of Resources	6,120,631	5,349,571	771,060	14.41%
Current Liabilities	1,430,813	6,012,072	(4,581,259)	-76.20%
Long-Term Liabilities	29,316,972	22,303,211	7,013,761	31.45%
Total Liabilities	30,747,785	28,315,283	2,432,502	8.59%
Deferred Inflows of Resources				
Pensions	224,882	4,257,722	(4,032,840)	-94.72%
Other Postemployment Benefits	5,427,606	6,245,368	(817,762)	-13.09%
Total Deferred Inflows of Resources	5,652,488	10,503,090	(4,850,602)	-46.18%
Net Position:				
Net Investment in Capital Assets	10,772,278	9,743,871	1,028,407	10.55%
Restricted	5,241,303	8,081,548	(2,840,245)	-35.14%
Unrestricted	(18,979,922)	(21,889,226)	2,909,304	13.29%
Total Net Position	\$ (2,966,341)	\$ (4,063,807)	\$ 1,097,466	27.01%

**HANCOCK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

By far, the largest component of the School District's net position, \$10,772,278 reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Those assets subject to external restrictions total \$5,241,303. The remaining balance is an unrestricted deficit of \$(18,979,922), primarily attributable to the accrual of other post-employment benefit obligations promulgated under the requirements of Governmental Accounting Standards Board Statement No. 75.

In addition, as a requirement of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date, new items are included in the Statement of Net Position. As of June 30, 2023, the School District reported a net pension asset/liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This asset/liability and the net deferrals are not in custody of, nor are they accessible by the School District. Rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note IX of the financial statements for more information on these pension items.

The negative unrestricted net position balance of \$(18,979,922) continues to be the result of recognizing the liability for Other Post - Employment Benefits ("OPEB"), without any legal mechanism to set-aside funds for this liability. For the 2022-2023 fiscal year, this liability increased by a net amount of \$1,942,090 to a balance of \$(19,156,653).

**HANCOCK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DISTRICT-WIDE FINANCIAL ANALYSIS

HANCOCK CENTRAL SCHOOL DISTRICT'S CHANGES IN NET POSITION

	2023	%	2022	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 304,078	33.85%	\$ 291,330	33.13%	\$ 12,748	4.38%
Operating Grants and Contributions	594,287	66.15%	588,072	66.87%	6,215	1.06%
Total Program Revenue	898,365	100.00%	879,402	100.00%	18,963	2.16%
General Revenues:						
Real Property Taxes	3,842,018	28.51%	3,800,125	32.52%	41,893	1.10%
Other Tax Items	513,343	3.81%	535,608	4.58%	(22,265)	-4.16%
Use of Money and Property	60,928	0.45%	5,562	0.05%	55,366	995.43%
Loss on Disposal of Assets	(26,627)	-0.20%	62,685	0.54%	(89,312)	-142.48%
Miscellaneous	176,550	1.31%	249,076	2.13%	(72,526)	100.00%
State Sources	7,761,885	57.60%	6,823,592	58.39%	938,293	13.75%
Federal Sources	1,148,333	8.52%	208,650	1.79%	939,683	450.36%
Total General Revenues	13,476,430	100.00%	11,685,298	100.00%	1,791,132	15.33%
Total Revenues	14,374,795		12,564,700		1,810,095	14.41%
Program Expenses:						
General Support	3,100,940	23.36%	2,033,307	17.86%	1,067,633	52.51%
Instruction	8,407,858	63.32%	7,708,278	67.70%	699,580	9.08%
Pupil Transportation	977,828	7.36%	1,050,273	9.22%	(72,445)	-6.90%
School Lunch Program	403,390	3.04%	332,301	2.92%	71,089	21.39%
Interest on Debt	387,313	2.92%	262,077	2.30%	125,236	47.79%
Total Expenses	13,277,329	100.00%	11,386,236	100.00%	\$ 1,891,093	16.61%
Change in Net Position	<u>\$ 1,097,466</u>		<u>\$ 1,178,464</u>			

The major changes from 2022-23 are as follows:

Revenues:

- State sources increased by 938,293 due to the State aid increase.
- Federal sources increased by \$939,683 due to the District receiving ARPA funds.

Expenses:

- General Support increased by \$1,067,633 mainly due to an increase in overall costs and due to the change in the actuarial valuation of the Pensions.
- Instructional Program expenses increased by \$699,580. This increase is mainly due to the change in the actuarial valuation of the Pensions.

**HANCOCK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Hancock Central School Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds: The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the School District's financing for spending at the end of the fiscal year.

Fund Balance Reporting

The School District classifies its fund balances into the following categories:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Note: According to the Office of the State Comptroller, school districts in New York State will not have committed fund balance to report.

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

**HANCOCK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Total Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds, reported combined fund balances of \$6,623,842, an increase of \$4,961,368 from the prior year. \$806,014 constitutes assigned fund balance, all of which is assigned for purchases on order, projects and assigned for fund purpose. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed. The restricted fund balance includes restrictions for General Fund employment benefits of \$637,713, for retirement contributions of \$1,221,963, for unemployment benefits of \$33,347, for repairs of \$494, for tax certiorari of \$222,864, for insurance of \$610,180, for capital bus of \$1,225,455 and for Capital Projects of \$1,289,287.

The summary of the combined fund balances are as follows:

Nonspendable	\$	3,090
Restricted		5,680,847
Assigned		806,014
Unassigned		133,891

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$6,440,601 of which \$514,941 or 4.00% of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the amount of unreserved fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

The fund balance of the School District's General Fund increased by \$247,942 during the current fiscal year.

**HANCOCK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

General Fund Budgetary Highlights

During the year, the School District revised the General Fund budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital Assets: At June 30, 2023, the School District had \$20,143,124 net of accumulated depreciation invested in a broad range of capital assets, including land, vehicles, buildings and improvements, furniture and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

The increase in capital assets during the current fiscal year is a result of increased costs due to ongoing capital projects.

Debt: As of June 30, 2023, the School District had \$9,370,846 in general obligation and other long-term debt outstanding.

More detailed information about the School District's capital assets and long-term debt is presented in the notes to the financial statements.

Pension

At June 30, 2023, the School District reported a liability of \$787,803 for its proportionate share of the ERS net pension liability. This liability was measured at March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2022. The TRS net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. At June 30, 2023 the School District reported a liability of \$325,558 for its proportionate share of the net pension liability of TRS.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Hancock Central School District
Attn: Lori Asquith
Superintendent of Schools
67 Education Lane
Hancock, NY 13783

HANCOCK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 891,849
Restricted Cash	5,241,303
Accounts Receivable	138,785
State and Federal Aid Receivable	674,147
Due from Other Governments	215,412
Due From Fiduciary Funds (Note V)	5,591
Inventories	3,090
	<u>7,170,177</u>
Capital Assets, not being depreciated	1,217,149
Capital Assets, being depreciated - net	18,925,975
Total Capital Assets, net (Note VI)	<u>20,143,124</u>
Total Assets	<u>27,313,301</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension (Note IX)	2,397,589
Other Postemployment Benefits (Note X)	3,723,042
Total Deferred Outflows of Resources	<u>6,120,631</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>33,433,932</u>
LIABILITIES	
Accounts Payable	92,392
Accrued Liabilities	80,387
Unearned Revenue	1,441
Due to Fiduciary Funds (Note V)	1,191
Due to Other Governments	326
Due to Retirement Systems	392,873
Non-Current Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Note VIII)	820,000
Unamortized Bond Premium	42,203
Due and Payable More Than One Year:	
Bonds Payable (Note VIII)	7,960,000
Unamortized Bond Premium	548,643
Compensated Absences (Note VIII)	538,315
Net Pension Liability-Proportionate Share (Note IX)	1,113,361
Other Postemployment Benefits (Note X)	19,156,653
Total Liabilities	<u>30,747,785</u>
DEFERRED INFLOWS OF RESOURCES	
Pension (Note IX)	224,882
Other Postemployment Benefits (Note X)	5,427,606
Total Deferred Inflows of Resources	<u>5,652,488</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>36,400,273</u>
NET POSITION	
Net Investment in Capital Assets	10,772,278
Restricted	5,241,303
Unrestricted	(18,979,922)
Total Net Position	<u>\$ (2,966,341)</u>

See accompanying notes to basic financial statements.

**HANCOCK CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>FUNCTIONS/PROGRAMS</u>					
Primary Government:					
Governmental Activities:					
General Support	\$ (3,100,940)	\$ -	\$ -	\$ -	\$ (3,100,940)
Instruction	(8,407,858)	279,601	360,344	-	(7,767,913)
Pupil Transportation	(977,828)	-	-	-	(977,828)
School Lunch Program	(403,390)	24,477	233,943	-	(144,970)
Interest on Debt	(387,313)	-	-	-	(387,313)
Total Primary Government	<u>\$ (13,277,329)</u>	<u>\$ 304,078</u>	<u>\$ 594,287</u>	<u>\$ -</u>	<u>(12,378,964)</u>
General Revenues:					
Real Property Taxes					3,842,018
Other Tax Items					513,343
Use of Money and Property					60,928
Loss on Disposal of Assets					(26,627)
Miscellaneous					176,550
State Sources					7,761,885
Federal Sources					1,148,333
Total General Revenues					<u>13,476,430</u>
Change in Net Position					1,097,466
Net Position - Beginning					<u>(4,063,807)</u>
Net Position - Ending					<u>\$ (2,966,341)</u>

See accompanying notes to basic financial statements.

HANCOCK CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Special Aid	Capital Projects	School Lunch	Non-Major	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 680,265	\$ 20,288	152,114	\$ 29,540	\$ 9,642	\$ 891,849
Restricted Cash	5,241,303	-	-	-	-	5,241,303
Accounts Receivable	138,335	-	-	450	-	138,785
State and Federal Aid Receivable	510,529	149,708	-	13,910	-	674,147
Due from Other Governments	215,412	-	-	-	-	215,412
Due from Other Funds (Note V)	192,008	-	-	-	93,506	285,514
Inventories	-	-	-	3,090	-	3,090
Total Assets	<u>\$ 6,977,852</u>	<u>\$ 169,996</u>	<u>\$ 152,114</u>	<u>\$ 46,990</u>	<u>\$ 103,148</u>	<u>7,450,100</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 89,561	\$ 2,831	\$ -	\$ -	\$ -	92,392
Accrued Liabilities	58,112	-	-	-	-	58,112
Unearned Revenues	-	519	-	922	-	1,441
Due to Other Funds (Note V)	-	166,646	93,620	20,848	-	281,114
Due to Other Governments	-	-	-	326	-	326
Due to Retirement Systems (Note IX)	389,578	-	-	3,295	-	392,873
Total Liabilities	<u>537,251</u>	<u>169,996</u>	<u>93,620</u>	<u>25,391</u>	<u>-</u>	<u>826,258</u>
Fund Balances:						
Nonspendable	-	-	-	3,090	-	3,090
Restricted	5,241,303	-	439,544	-	-	5,680,847
Assigned	684,357	-	-	18,509	103,148	806,014
Unassigned	514,941	-	(381,050)	-	-	133,891
Total Fund Balances	<u>6,440,601</u>	<u>-</u>	<u>58,494</u>	<u>21,599</u>	<u>103,148</u>	<u>6,623,842</u>
Total Liabilities and Fund Balances	<u>\$ 6,977,852</u>	<u>\$ 169,996</u>	<u>\$ 152,114</u>	<u>\$ 46,990</u>	<u>\$ 103,148</u>	<u>\$ 7,450,100</u>

See accompanying notes to basic financial statements.

HANCOCK CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 891,849	\$ -	\$ -	\$ 891,849
Restricted Cash	5,241,303	-	-	5,241,303
Accounts Receivable	138,785	-	-	138,785
State and Federal Aid Receivable	674,147	-	-	674,147
Due From Other Governments	215,412	-	-	215,412
Due From Other Funds	285,514	-	(279,923)	5,591
Inventories	3,090	-	-	3,090
Capital Assets, net	-	20,143,124	-	20,143,124
Total Assets	7,450,100	20,143,124	(279,923)	27,313,301
Deferred Outflows of Resources - Pension ERS		581,070		581,070
Deferred Outflows of Resources - Pension TRS	-	1,816,519	-	1,816,519
Deferred Outflows of Resources - OPEB	-	3,723,042	-	3,723,042
Total Assets and Deferred Outflows	\$ 7,450,100	\$ 26,263,755	\$ (279,923)	\$ 33,433,932
LIABILITIES				
Accounts Payable	\$ 92,392	\$ -	\$ -	\$ 92,392
Accrued Liabilities	58,112	22,275	-	80,387
Unearned Revenues	1,441	-	-	1,441
Due to Other Funds	281,114	-	(279,923)	1,191
Due to Other Governments	326	-	-	326
Due to Retirement Systems	392,873	-	-	392,873
Bonds Payable	-	8,780,000	-	8,780,000
Unamortized Bond Premium		590,846	-	590,846
Compensated Absences	-	538,315	-	538,315
ERS Net Pension Liability-Proportionate Share	-	787,803	-	787,803
TRS Net Pension Liability-Proportionate Share	-	325,558	-	325,558
Other Postemployment Benefits	-	19,156,653	-	19,156,653
Total Liabilities	826,258	30,201,450	(279,923)	30,747,785
Deferred Inflows of Resources - Pension ERS	-	41,489	-	41,489
Deferred Inflows of Resources - Pension TRS	-	183,393	-	183,393
Deferred Inflows of Resources - OPEB	-	5,427,606	-	5,427,606
Total Liabilities and Deferred Inflows	826,258	35,853,938	(279,923)	36,400,273
Total Fund Balances/Net Position	6,623,842	(9,590,183)	-	(2,966,341)
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	\$ 7,450,100	\$ 26,263,755	\$ (279,923)	\$ 33,433,932

See accompanying notes to basic financial statements.

HANCOCK CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General	Special Aid	Capital Projects	School Lunch	Non-Major	Total Governmental Funds
Revenues:						
Real Property Taxes	\$ 3,842,018	\$ -	\$ -	\$ -	\$ -	\$ 3,842,018
Other Tax Items	513,343	-	-	-	-	513,343
Charges for Services	279,601	-	-	-	-	279,601
Use of Money and Property	60,923	-	-	5	-	60,928
Sale of Property and Compensation for Loss	20	-	-	-	-	20
State Aid	7,761,885	21,877	-	4,988	-	7,788,750
Federal Aid	11,289	1,392,803	-	229,955	-	1,634,047
Food Sales	-	-	-	21,522	-	21,522
Miscellaneous	115,570	52,708	-	1,955	30,000	200,233
Total Revenues	12,584,649	1,467,388	-	258,425	30,000	14,340,462
Expenditures:						
General Support	2,213,029	52,707	-	-	175,581	2,441,317
Instruction	4,668,719	439,214	-	-	-	5,107,933
Pupil Transportation	496,318	7,456	-	-	-	503,774
Employee Benefits	2,798,873	-	-	71,315	-	2,870,188
Cost of Food Sales	-	-	-	334,128	-	334,128
Debt Service	1,231,419	-	-	-	-	1,231,419
Capital Outlay	416,549	-	1,545,637	-	-	1,962,186
Total Expenditures	11,824,907	499,377	1,545,637	405,443	175,581	14,450,945
Excess/(Deficiency) of Revenues Over Expenditures	759,742	968,011	(1,545,637)	(147,018)	(145,581)	(110,483)
Other Financing Sources/(Uses):						
Proceeds from Obligations	-	-	4,245,000	-	-	4,245,000
BANs Redeemed from Appropriations	-	-	175,025	-	-	175,025
Premium on Bond Issuance	-	-	-	-	651,826	651,826
Operating Transfers In	-	4,325	1,839,811	100,000	-	1,944,136
Operating Transfers Out	(511,800)	(972,336)	-	-	(460,000)	(1,944,136)
Total Other Financing Sources/(Uses)	(511,800)	(968,011)	6,259,836	100,000	191,826	5,071,851
Change in Fund Balances	247,942	-	4,714,199	(47,018)	46,245	4,961,368
Fund Balances - Beginning	6,192,659	-	(4,655,705)	68,617	56,903	1,662,474
Fund Balances - Ending	\$ 6,440,601	\$ -	\$ 58,494	\$ 21,599	\$ 103,148	\$ 6,623,842

See accompanying notes to basic financial statements.

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

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 3,842,018	\$ -	\$ -	\$ -	\$ -	\$ 3,842,018
Other Tax Items	513,343	-	-	-	-	513,343
Charges for Services	279,601	-	-	-	-	279,601
Use of Money and Property	60,928	-	-	-	-	60,928
Loss on Disposal of Assets	20	-	(26,647)	-	-	(26,627)
State Aid	7,788,750	-	-	-	-	7,788,750
Federal Aid	1,634,047	-	-	-	-	1,634,047
Food Sales	21,522	-	-	-	-	21,522
Miscellaneous	200,233	-	-	-	60,980	261,213
Total Revenues	14,340,462	-	(26,647)	-	60,980	14,374,795
Expenditures:						
General Support	2,441,317	-	63,094	-	596,529	3,100,940
Instruction	5,107,933	-	807,066	-	2,492,859	8,407,858
Pupil Transportation	503,774	-	177,126	-	296,928	977,828
Employee Benefits	2,870,188	585,390	-	-	(3,455,578)	-
Cost of Food Sales	334,128	-	-	-	69,262	403,390
Debt Service	1,231,419	(24,081)	-	(820,025)	-	387,313
Capital Outlay	1,962,186	-	(1,962,186)	-	-	-
Total Expenditures	14,450,945	561,309	(914,900)	(820,025)	-	13,277,329
Excess/(Deficiency) of Revenues Over Expenditures	(110,483)	(561,309)	888,253	820,025	60,980	1,097,466
Other Financing Sources/(Uses)						
Proceeds from Obligations	4,245,000	-	-	(4,245,000)	-	-
BANs Redeemed from Appropriations	175,025	-	-	(175,025)	-	-
Premium on Bond Issuance	651,826	-	-	(590,846)	(60,980)	-
Operating Transfers In	1,944,136	-	-	-	(1,944,136)	-
Operating Transfers Out	(1,944,136)	-	-	-	1,944,136	-
Total Other Financing Sources/(Uses)	5,071,851	-	-	(765,871)	(60,980)	-
Change in Fund Balances	\$ 4,961,368	\$ (561,309)	\$ 888,253	\$ 54,154	\$ -	\$ 1,097,466

See accompanying notes to basic financial statements.

HANCOCK CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Public Library	Private Purpose Trusts	Other Custodial Funds	Extraclassroom Activity Funds
ASSETS				
Cash and Cash Equivalents	\$ 94,090	\$ 87,927	\$ 50,146	\$ 58,726
Due from Other Funds	1,191	-	-	-
Total Assets	<u>\$ 95,281</u>	<u>\$ 87,927</u>	<u>\$ 50,146</u>	<u>\$ 58,726</u>
LIABILITIES				
Accounts Payable	\$ 8,131	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	50,146	-
Due to Other Funds	5,591	-	-	-
Due to Retirement System	1,651	-	-	-
Total Liabilities	<u>15,373</u>	<u>-</u>	<u>50,146</u>	<u>-</u>
NET POSITION				
Reserved for Scholarships	-	87,927	-	-
Individuals, Organizations and Other Governments	79,908	-	-	58,726
Total Net Position	<u>79,908</u>	<u>87,927</u>	<u>-</u>	<u>58,726</u>
Total Liabilities and Net Position	<u>\$ 95,281</u>	<u>\$ 87,927</u>	<u>\$ 50,146</u>	<u>\$ 58,726</u>

See accompanying notes to basic financial statements.

HANCOCK CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Public Library	Private Purpose Trusts	Other Custodial Funds	Extraclassroom Activity Funds
ADDITIONS				
Contributions	\$ 10,522	\$ 33,975	\$ -	\$ -
Interest	1,158	385	-	224
Taxes	89,652	-	-	-
Charges	1,984	-	-	-
Unclassified	-	-	-	6,837
Sales	540	-	-	-
Grants	16,043	-	-	9,148
Fundraisers	-	-	-	41,855
State Aid	2,605	-	-	-
Total Additions	122,504	34,360	-	58,064
DEDUCTIONS				
Scholarships and Awards	-	37,198	-	150
Salaries	56,319	-	-	-
Employee Benefits	10,461	-	-	-
Equipment	651	-	-	-
Contractual Expenses	29,351	-	-	-
Trips	-	-	-	18,495
Fundraisers	-	-	-	15,387
Unclassified	-	-	-	4,111
Supplies	-	-	-	4,096
Total Deductions	96,782	37,198	-	42,239
Change in Fiduciary Net Position	25,722	(2,838)	-	15,825
Net Position - Beginning of Year	54,186	90,765	-	42,901
Net Position - End of Year	\$ 79,908	\$ 87,927	\$ -	\$ 58,726

See accompanying notes to basic financial statements.

HANCOCK CENTRAL SCHOOL DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hancock Central School District (the "School District"), as presently constituted, was established in 1934 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The President of the Board serves as the chief fiscal officer and the Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, which is the School District, (b) organizations for which the School District is financially accountable and (c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

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

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Hancock Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds are available. The School District accounts for assets held as an agent for various student organizations in a custodial fund.

Public Library

In an agreement dated August 9, 1955, the Read Foundation conveyed the title to real property and its contents to Hancock Central School District. The School District agreed to carry on the library in perpetuity. The Public Library has its own Treasurer and Trustees. For reporting purposes it is shown as a Private Purpose Trust Fund in the accompanying financial statements.

HANCOCK CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Joint Venture

The Hancock Central School District is one of 17 component school districts in the Delaware-Chenango-Madison-Otsego Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

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

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which their students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2023, the Hancock Central School District was billed \$1,982,741 for BOCES administrative and program costs. The School District's share of BOCES Aid amounted to \$454,853. Financial statements for the BOCES are available from the BOCES administrative office.

C. District-wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (2) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues.

D. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, reconciliations are presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation.

**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Fund Financial Statements - Continued

Fund Categories

The fund statements provide information about the School District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds.

The School District reports the following major governmental funds:

- a. General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.
- b. Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.
- c. Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with federal, State or local funds.
- d. School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

The School District reports the following non-major governmental funds:

- a. Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.
- b. Miscellaneous Special Revenue Fund - The Miscellaneous Special Revenue Fund is used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

The School District has elected to present the School Lunch fund as a major fund.

The School District reports the following fiduciary funds:

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

- a. 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 School District or representatives of the donors may serve on committees to determine who benefits.
- b. Custodial Funds - These funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investment trust funds or private purpose trust funds.

**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The 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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from federal and State grants are recognized as revenues when the expenditure is made. A sixty day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to judgments and claims, compensated absences, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash (and Cash Equivalents) and Investments - The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, "Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2023.

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

Property Taxes - Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on July 30. Taxes are collected during the period September 1 to November 2.

Uncollected real property taxes are subsequently enforced by the County of Delaware. An amount representing uncollected real property taxes is transmitted to the County for enforcement and is paid by the County to the School District no later than the forthcoming April 1.

In June of 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the School District in a particular year, beginning with the 2012 fiscal year.

The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

Accounts Receivable - Receivables (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.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2023, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories in the School Lunch Fund consist of surplus food at a stated value which approximates market. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by non-spendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by non-spendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

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.

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the fund statements these same costs are netted against bond proceeds and recognized in the period of issuance.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight-line method over estimated useful lives ranging from 5 to 40 years.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Leases – The School District implemented GASB 87 effective July 1, 2021. Since the School District is not currently a party to any leases, there is no impact on the financial statements due to this implementation.

Subscription-Based Information Technology Arrangements ("SBITAs") - The School District implemented GASB 96 effective July 1, 2022. The School District's IT arrangements are all one year terms with BOCES. Since the School District is not currently a party to any long-term SBITAs, requiring capitalization, there is no impact on the financial statements due to this implementation.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or revenue from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/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, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

The government has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension asset or liability and differences during the measurement period between the School District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item relates to Other Postemployment Benefits and represents the effect of changes in actuarial assumptions.

**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Deferred Outflows/Inflows of Resources (continued) - 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, therefore, will not be recognized as an inflow of resources (revenue) until that time. The School District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension liability or asset (TRS and ERS Systems) and differences during the measurement periods between the School District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs and differences between actual and expected experience.

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

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

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

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as a long-term liability. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

Net Position - Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Equity Classifications:

1. District-Wide Statements:

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

- a. Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.
- b. Restricted Net Position – reports net position when constraints placed on the position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the School District.

2. Fund Statements:

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

- a. Non-Spendable Fund Balance – includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.
- b. 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 School District has established the following restricted reserve fund balances:
 - i. Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.
 - ii. Unemployment Insurance - According to General Municipal Law §6-m, this reserve fund must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve, or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School 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.

**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances – Continued

2. Fund Statements - Continued:

b. Restricted - Continued

- iii. Employee Benefit Accrued Liability - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- iv. Tax Certiorari - According to Education Law §3651.1-a, this reserve fund must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.
- v. Retirement Contributions - According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This Reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operations and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.
- vi. Capital Projects - According to Education Law §3651, restricted fund balances must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters.
- vii. Repairs - According to General Municipal Law §6-d, this reserve 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 fiscal years.

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances – Continued

2. Fund Statements - Continued:

b. Restricted - Continued

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

General Fund:

Capital Projects - Buses	\$ 1,225,455
Repairs	494
Tax Certiorari	222,864
Employee Benefits	422,668
Retirement Contributions	1,221,963
Unemployment Insurance	33,347
Insurance	610,180
Capital Projects	1,289,287
TRS Retirement Contributions	215,045
	<hr/>
	5,241,303

Capital Fund:

Capital Projects	439,544
	<hr/>
	\$ 5,680,847

- c. Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision making authority, i.e., the Board of Education. The School District had no committed fund balances as of June 30, 2023.
- d. Assigned – Includes amounts that are constrained by the School District’s intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$94,357. Assigned to the reduction of the 2023-2024 tax levy is \$175,000. Additionally, \$415,000 is assigned for an asbestos abatement project. Additional encumbrances in the Special Aid Fund totaled \$2,500, there are budgetary approved funds available for the encumbrances.
- e. Unassigned – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District. In funds other than the General Fund, this classification should only be used to report a deficit balance.

**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances – Continued

2. Fund Statements - Continued:

e. Unassigned - Continued

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund 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.

Order of Use of Fund Balance:

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

In order to determine the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 13, 2023.

**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Tax Abatements

The School District enters into real property tax abatement agreements with local businesses under Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the “Act”). Under the Act, localities may grant property tax abatements for a business’ property tax bill for the purpose of attracting or retaining business within their jurisdiction. The abatements may be granted to any business located within or promising to relocate within the School District’s property limits.

For the fiscal year ended June 30, 2023, the School District abated property taxes totaling \$72,796 under this program. The School District participates in two tax abatements through the County of Delaware Industrial Development Agency. The PILOTs received by the District amounted to \$224,449.

<u>Agency</u>	<u>Company</u>	<u>PILOT Payment</u>	<u>Taxes Abated</u>
County of Delaware IDA	Chapel Hill Land Holdings, LLC	\$ 29,925	\$ 7,955
County of Delaware IDA	Millennium Pipeline Company, LLC	194,524	64,841
		<u>\$ 224,449</u>	<u>\$ 72,796</u>

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

Due to the difference in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the governmental funds.

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

Total fund balances of the School 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 Sheet.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED

A. Total Fund Balances of the Governmental Funds vs. Net Position of Governmental Activities - Continued

- (1) The costs of building and acquiring capital assets (land, infrastructure, 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 School District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 35,791,887
Accumulated Depreciation	(15,648,763)
Capital Assets, Net	<u>\$ 20,143,124</u>

- (2) The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, the liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Bonds Payable	\$ 8,780,000
Unamortized Bond Premium	590,846
Compensated Absences	538,315
TRS Net Pension Liability	325,558
ERS Net Pension Liability	787,803
Other Postemployment Benefits	19,156,653
	<u>\$ 31,292,536</u>

- (3) Deferred outflows and inflows of resources are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Deferred Outflows of Resources	<u>\$ 6,120,631</u>
Deferred Inflows of Resources	<u>\$ 5,652,488</u>

- (4) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at June 30, 2023	<u>\$ 22,275</u>
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**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND
STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED**

**B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balance and the 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 three broad categories:

- 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 use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.
- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, 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.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	\$ 14,340,462
Loss on disposal of assets	(26,647)
BAN premium	60,980
Total revenues reported in the Statement of Activities	<u>\$ 14,374,795</u>

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities - Continued

Total Expenditures/Expenses

Total expenditures reported in governmental funds	\$ 14,450,945
In the Statement of Activities, certain operating expenses (compensated absences) 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.) This is the amount by which the liability for compensated absences changed during the year.	(15,333)
In the Statement of Activities, the expenses for other postemployment benefits are measured based on the change in the actuarially determined OPEB liability and related deferred inflows/outflows of resources of the School District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which OPEB expense exceeded the amount of financial resources used during the year.	349,933
In the Statement of Activities, pension expense related to ERS and TRS defined benefit plans is measured as the change in the School District's proportionate shares of the net pension assets, liabilities, deferred inflows, and deferred outflows 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 beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense exceeded the amount of financial resources expended during the year.	250,790
Interest payable is recognized in the government-wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the prior year exceeds the interest payable for the current year.	(24,081)
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 year 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 \$1,962,186 was greater than depreciation expense of \$1,047,286 in the current year.	(914,900)
Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.	(820,025)
Total expenses reported in the Statement of Activities	<u>\$ 13,277,329</u>

**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

III. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for the General Fund are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch or Debt Service funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Final Budgeted amounts are as originally adopted, or as amended by the Board of Education.

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

C. Capital Projects Fund Deficits

Deficits in individual capital projects sometimes arise either because of expenditures exceeding current financing on the projects or from capital projects exceeding their budgetary authorization. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

IV. CASH

At June 30, 2023, the carrying amount of the District's deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$6,424,041 and the bank balance was \$7,160,834. The School District's deposits at June 30, 2023, and during the year then ended, were covered by FDIC Insurance or by pledged collateral held by the School District's agent bank in the School District's name.

V. INTERFUND ACTIVITY

The interfund receivables and payables at June 30, 2023 were as follows:

<u>Funds</u>	Interfund <u>Receivables</u>	Interfund <u>Payables</u>
General	\$ 192,008	\$ -
Capital Projects	-	93,620
Special Aid	-	166,646
Debt Service	93,506	-
School Lunch	-	20,848
	<u>285,514</u>	<u>281,114</u>
Fiduciary	1,191	5,591
TOTAL	<u>\$ 286,705</u>	<u>\$ 286,705</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Interfund transfers for the year ended June 30, 2023 were as follows:

<u>Funds</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General	\$ -	\$ 511,800
Capital Projects	1,839,811	-
Special Aid	4,325	972,336
School Lunch	100,000	-
	<u>1,944,136</u>	<u>1,484,136</u>
TOTAL	<u>\$ 1,944,136</u>	<u>\$ 1,484,136</u>

The School District typically transfers from the General Fund to the Special Aid Fund to pay its share of the Summer Handicapped Program. The General Fund transferred to the Capital Projects Fund to cover expenditures until financing is completed and to the School Lunch Fund based on the approved budget. The Special Aid Fund transferred to the Capital Projects Fund for a portion of a grant received for a specific project recorded in that fund.

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

VI. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 107,750	\$ -	\$ -	\$ -	\$ 107,750
Construction in Progress	6,753,422	1,545,637	-	(7,189,660)	1,109,399
Total capital assets, not being depreciated	6,861,172	1,545,637	-	(7,189,660)	1,217,149
Capital assets, being depreciated:					
Buildings and Improvements	24,422,493	-	-	6,555,116	30,977,609
Infrastructure	-	-	-	634,544	634,544
Furniture and Equipment	1,600,152	234,940	(14,244)	-	1,820,848
Vehicles	1,356,949	181,609	(396,821)	-	1,141,737
Total capital assets being depreciated	27,379,594	416,549	(411,065)	7,189,660	34,574,738
Accumulated depreciation for:					
Buildings and Improvements	(13,059,992)	(804,309)	-	-	(13,864,301)
Infrastructure	-	(1,322)	-	-	(1,322)
Furniture and Equipment	(1,313,146)	(67,481)	14,244	-	(1,366,383)
Vehicles	(612,757)	(174,174)	370,174	-	(416,757)
Total accumulated depreciation	(14,985,895)	(1,047,286)	384,418	-	(15,648,763)
Total capital assets, being depreciated, net	12,393,699	(630,737)	(26,647)	7,189,660	18,925,975
Governmental activities capital assets, net	\$ 19,254,871	\$ 914,900	\$ (26,647)	\$ -	\$ 20,143,124

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 63,094
Instruction	807,066
Transportation	177,126
Total Depreciation Expense	\$ 1,047,286

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

VII. SHORT-TERM DEBT

State law requires that Bond Anticipation Notes (“BANs”) issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. The District refinanced its BANs to permanent financing and had no BANs outstanding at June 30, 2023.

Interest expense on short-term debt recorded during the year was:

Interest Paid	\$ 206,444
Less: Interest accrued - prior year	(37,896)
Plus: Interest accrued - current year	<u>-</u>
	<u><u>\$ 168,548</u></u>

VIII. LONG-TERM DEBT

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued/ Earned</u>	<u>Redeemed/ Paid</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Serial Bonds	\$ 5,180,000	\$ 4,245,000	\$ (645,000)	\$ 8,780,000	\$ 820,000
Unamortized Bond Premium	-	590,846	-	590,846	42,203
Other liabilities:					
Compensated Absences	553,648	-	(15,333)	538,315	-
ERS Pension Liability	-	787,803	-	787,803	-
TRS Pension Liability	-	325,558	-	325,558	-
Other Postemployment Benefits	17,214,563	1,942,090	-	19,156,653	-
Total long-term liabilities	<u>\$ 22,948,211</u>	<u>\$ 7,891,297</u>	<u>\$ (660,333)</u>	<u>\$ 30,179,175</u>	<u>\$ 862,203</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately.

All liabilities for general obligation bonds payable, judgments and claims, compensated absences, net pension liability and other post-employment benefit obligations will be liquidated by the General Fund.

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

VIII. LONG-TERM DEBT

The following is a summary of the maturity of serial bonds:

	Principal	Interest	Total
2024	\$ 820,000	\$ 461,496	\$ 1,281,496
2025	730,000	369,550	1,099,550
2026	760,000	339,350	1,099,350
2027	795,000	307,800	1,102,800
2028	825,000	274,650	1,099,650
2029-2033	3,305,000	828,400	4,133,400
2034-2037	1,545,000	197,750	1,742,750
Total	<u>\$ 8,780,000</u>	<u>\$ 2,778,996</u>	<u>\$ 11,558,996</u>

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

Interest Paid	\$ 204,950
Less: Interest accrued - prior year	(8,460)
Plus: Interest accrued - current year	<u>22,275</u>
	<u>\$ 218,765</u>

IX. PENSION PLANS

Plan Description

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS – CONTINUED

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten-member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at www.nystsr.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976, and before January 1, 2010, contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010, generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees.

Plan Year Ended	ERS		TRS	
2023	\$	152,126	\$	347,793
2022	\$	198,945	\$	318,906
2021	\$	182,418	\$	267,635

At June 30, 2023, the School District reported the following for its proportionate share of the net pension asset/(liability) for ERS and TRS:

	ERS		TRS	
Measurement Date	March 31, 2023		June 30, 2022	
Net Pension asset/(liability)	\$	(787,803)	\$	(325,558)
School District's proportion of the net pension asset/(liability)	0.00367380%		0.01696660%	

The net pension asset/(liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS and the total pension liability used to calculate the net pension asset/(liability) was determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by the employer relative to the total of all participating members. The School District's proportion of the net pension asset/(liability) for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2023, pension expenditures of \$470,862 (\$163,512 for ERS and \$307,350 for TRS) were recorded in the fund financial statements and were charged to the General, School Lunch and Library Funds. The School District recognized additional pension expense in the district-wide financial statements of \$250,790 (\$145,779 for ERS and \$105,011 for TRS).

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS – CONTINUED

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

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 83,907	\$ 341,144	\$ 425,051
Changes of assumptions	382,608	631,528	1,014,136
Net difference between projected and actual earnings on pension plan investments	-	420,652	420,652
Changes in proportion and difference between the District's contributions and proportionate share of contributions	67,173	75,402	142,575
School District's contributions subsequent to the measurement date	47,382	347,793	395,175
Total	<u>\$ 581,070</u>	<u>\$ 1,816,519</u>	<u>\$ 2,397,589</u>
	Deferred Inflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 22,124	\$ 6,524	\$ 28,648
Changes of assumptions	4,229	131,144	135,373
Net difference between projected and actual earnings on pension plan investments	4,628	-	4,628
Changes in proportion and difference between the District's contributions and proportionate share of contributions	10,508	45,725	56,233
Total	<u>\$ 41,489</u>	<u>\$ 183,393</u>	<u>\$ 224,882</u>

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS – CONTINUED

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

Year Ended:	<u>ERS</u>	<u>TRS</u>
2024	\$ 127,367	\$ 262,778
2025	(27,860)	134,382
2026	172,360	(54,005)
2027	220,332	832,316
2028	-	107,264
Thereafter	-	2,598
Total	<u>\$ 492,199</u>	<u>\$ 1,285,333</u>

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

Measurement Date	<u>ERS</u> March 31, 2023	<u>TRS</u> June 30, 2022
Investment Rate of Return	5.90% compounded annually net of investment expense	6.95% compounded annually net of investment expense
Projected Salary Increases	4.40%	1.95%-5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrement Tables	April 1, 2015 - April 1, 2020 System's Experience Study	April 1, 2015 - June 30, 2020 System's Experience Study
Inflation Rate	2.90%	2.40%
Mortality Improvement	Society of Actuaries Scale MP - 2021	Society of Actuaries Scale MP - 2021

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS – CONTINUED

For ERS, 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 return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocations are summarized below:

Measurement Date	ERS		TRS	
	March 31, 2023		June 30, 2022	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Asset Class:				
Domestic Equity	32%	4.30%	33%	6.50%
International Equity	15%	6.85%	16%	7.20%
Private Equity	10%	7.50%	8%	9.90%
Real Estate Equity	9%	4.60%	11%	6.20%
Domestic Fixed Income Securities	0%	0.00%	16%	1.10%
Global Bonds	0%	0.00%	2%	0.60%
High Yield Bonds	0%	0.00%	1%	3.30%
Global Equities	0%	0.00%	4%	6.90%
Private Debt	0%	0.00%	2%	5.30%
Real Estate Debt	0%	0.00%	6%	2.40%
Opportunistic/ARS Portfolio	3%	5.38%	0%	0.00%
Credit	4%	5.43%	0%	0.00%
Real Assets	3%	5.84%	0%	0.00%
Fixed Income	23%	1.50%	0%	0.00%
Cash	1%	0.00%	1%	-0.30%
Total	100%		100%	

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

IX. PENSION PLANS – CONTINUED

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those 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.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90% for ERS and 5.95% for TRS) or 1 percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (1,903,783)	\$ (787,803)	\$ 144,727
	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TRS			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (3,001,800)	\$ (325,558)	\$ 1,925,143

The components of the collective net pension liability as of the March 31, 2023 ERS measurement date and the June 30, 2022 TRS measurement date were as follows.

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ (232,627,259)	\$ (133,883,473)
Plan net position	211,183,223	131,964,582
Employers' net pension asset/(liability)	<u>\$ (21,444,036)</u>	<u>\$ (1,918,891)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	90.78%	98.60%

**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

IX. PENSION PLANS – CONTINUED

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2023 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2023 were \$47,381 to ERS and \$347,143 to TRS and were recorded in the General, School Lunch and Library Funds.

X. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”)

Plan Description

The School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post-employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2023, the following employees were covered by the benefit terms:

Active Employees	75
Retirees	50
Beneficiaries	1
Spouses of Beneficiaries	14
Total Employees Covered by Benefit Terms	<u>140</u>

The School District's total OPEB liability of \$19,156,653 was measured as of June 30, 2023 and was determined by an actuarial valuation dated August 21, 2023.

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

X. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

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

Inflation Rate	2.40%
Projected Salary Increases, Including Wage Inflation	Varies by years of service and retirement system
Discount Rate	3.65%
Healthcare Cost Trend Rates	5.30% decreasing to 4.1% over 55 years
Retiree's Share of Benefit Related Costs	Varies depending on age, date of retirement and bargaining unit

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

The School District's change in the total OPEB liability for the year ended June 30, 2023 is as follows:

Balance - Beginning	\$	17,214,563
Changes for the Year:		
Service Cost		564,551
Interest		622,100
Differences Between Expected and Actual Experience		(530,826)
Changes in Assumptions or Other Inputs		1,701,206
Benefit Payments		(414,941)
Net Changes		<u>1,942,090</u>
Balance - Ending	\$	<u>19,156,653</u>

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

X. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	\$ 22,646,774	\$ 19,156,653	\$ 16,372,529

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.3% decreasing to 3.1%) or 1 percentage point higher (6.3% decreasing to 5.1%) than the current healthcare cost trend rates:

	1% Decrease 4.3% decreasing to 3.1%	Healthcare Cost Trend Rate 5.3% decreasing to 4.1%	1% Increase 6.3% decreasing to 5.1%
Total OPEB Liability	\$ 15,927,071	\$ 19,156,653	\$ 23,339,223

For the year ended June 30, 2023, the School District recognized additional OPEB expense of \$349,933 in the district-wide financial statements. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,343,872)
Changes of assumptions or other inputs	3,723,042	(4,083,734)
Total	\$ 3,723,042	\$ (5,427,606)

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

X. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

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

	Year Ending June 30,	Amount
	2024	\$ (421,777)
	2025	(421,777)
	2026	(218,068)
	2027	(379,402)
	2028	(369,940)
	Thereafter	106,400
Total		<u>\$ (1,704,564)</u>

XI. CONTINGENCIES

Tax Certiorari Proceedings

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the School District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

XII. NEW ACCOUNTING STANDARDS

In April 2022, GASB issued Statement No. 99, Omnibus 2022. This statement addresses a variety of topics, including derivative instruments, leases, PPP arrangements, SBITAs, LIBOR, and pledges of future revenues. Many of the requirements are effective immediately. The requirements related to leases, PPPs, and SBITAs are effective for years beginning after June 15, 2022. The requirements related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections. This statement provides clarification and guidance for accounting and financial reporting related to accounting changes and error corrections (“ACEC”). GASB 100 also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information and Supplementary Information. The requirements of this statement are effective for ACECs made in fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 101, Compensated Absences. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

Management has not estimated the potential impact of these statements, if any, on the School District’s financial statements.

**HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

XIII. ADOPTION OF CHANGE IN ACCOUNTING PRINCIPLE:

For fiscal year June 30, 2023, the School District adopted GASB 96, *Subscription-Based Information Technology Arrangements* and it did not have a material impact to the financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

HANCOCK CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

<u>Total OPEB Liability</u>	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
Service Cost	\$ 564,551	\$ 898,124	\$ 818,312	\$ 605,481	\$ 730,600	\$ 764,399
Interest	622,100	466,737	438,252	550,025	560,413	534,148
Change of Benefit Terms	-	-	-	-	(6,437)	-
Differences Between Expected and Actual Experience	(530,826)	-	(724,284)	-	(1,369,223)	-
Changes in Assumptions or Other Inputs	1,701,206	(4,638,524)	1,590,664	3,153,053	(2,369,135)	(7,841)
Benefit Payments	(414,941)	(441,351)	(408,669)	(402,056)	(371,793)	(390,823)
Net Change in Total OPEB Liability	1,942,090	(3,715,014)	1,714,275	3,906,503	(2,825,575)	899,883
Total OPEB Liability - Beginning	17,214,563	20,929,577	19,215,302	15,308,799	18,134,374	17,234,491
Total OPEB Liability - Ending (a)	<u>\$ 19,156,653</u>	<u>\$ 17,214,563</u>	<u>\$ 20,929,577</u>	<u>\$ 19,215,302</u>	<u>\$ 15,308,799</u>	<u>\$ 18,134,374</u>
<u>Plan Fiduciary Net Position</u>						
Contributions - Employer	\$ 414,941	\$ 441,351	\$ 408,669	\$ 402,056	\$ 371,793	\$ 390,823
Benefit Payments	(414,941)	(441,351)	(408,669)	(402,056)	(371,793)	(390,823)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 19,156,653</u>	<u>\$ 17,214,563</u>	<u>\$ 20,929,577</u>	<u>\$ 19,215,302</u>	<u>\$ 15,308,799</u>	<u>\$ 18,134,374</u>
Plan Fiduciary Net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%
Covered Payroll	\$ 3,537,734	\$ 3,680,502	\$ 3,680,502	\$ 3,770,437	\$ 3,770,437	\$ 4,108,498
Total OPEB Liability as a percentage of covered payroll	541.5%	467.7%	568.7%	509.6%	406.0%	441.4%

Notes to Schedule:

Changes in Assumptions:

Changes in 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:

6/30/23	3.65%
6/30/22	3.54%
6/30/21	2.16%
6/30/20	2.21%
6/30/19	3.51%
6/30/18	3.87%

Benefit payments include \$418,421 in estimated implicit liability benefit payments for the year ended June 30, 2023. 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 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

HANCOCK CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
AND RELATED RATIOS

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Actual Covered Member Payroll	Net Pension Asset/(Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
TRS					
6/30/2022	0.01696660%	\$ (325,558)	\$ 3,255,885	(10.00%)	98.60%
6/30/2021	0.01654600%	\$ 2,867,216	\$ 3,107,768	92.26%	113.25%
6/30/2020	0.01765900%	\$ (487,969)	\$ 2,873,472	(16.98%)	97.80%
6/30/2019	0.01804800%	\$ 468,896	\$ 3,092,908	15.16%	102.20%
6/30/2018	0.01733900%	\$ 313,527	\$ 3,029,561	10.35%	101.53%
6/30/2017	0.01812400%	\$ 137,761	\$ 2,912,472	4.73%	100.66%
6/30/2016	0.01945900%	\$ (208,411)	\$ 2,842,082	(7.33%)	99.01%

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Actual Covered Member Payroll	Net Pension Asset/(Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
ERS					
3/31/2023	0.00367380%	\$ (787,803)	\$ 1,406,788	(56.00%)	90.78%
3/31/2022	0.00366650%	\$ 299,718	\$ 1,285,731	23.31%	103.65%
3/31/2021	0.00372230%	\$ (3,706)	\$ 1,211,509	(0.31%)	99.95%
3/31/2020	0.00388460%	\$ (1,028,657)	\$ 1,242,566	(82.78%)	86.39%
3/31/2019	0.00369470%	\$ (261,784)	\$ 1,275,802	(20.52%)	96.27%
3/31/2018	0.00397790%	\$ (128,383)	\$ 1,356,062	(9.47%)	98.24%
3/31/2017	0.00384170%	\$ (360,977)	\$ 1,426,753	(25.30%)	94.70%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

**HANCOCK CENTRAL SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
TRS					
6/30/2023	\$ 347,793	\$ 347,793	\$ -	\$ 3,255,885	10.68%
6/30/2022	\$ 318,906	\$ 318,906	\$ -	\$ 3,107,768	10.26%
6/30/2021	\$ 267,635	\$ 267,635	\$ -	\$ 2,873,472	9.31%
6/30/2020	\$ 274,032	\$ 274,032	\$ -	\$ 3,092,908	8.86%
6/30/2019	\$ 321,739	\$ 321,739	\$ -	\$ 3,029,561	10.62%
6/30/2018	\$ 276,777	\$ 276,777	\$ -	\$ 2,912,472	9.50%
6/30/2017	\$ 354,449	\$ 354,449	\$ -	\$ 2,842,082	12.47%

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
ERS					
6/30/2023	\$ 152,126	\$ 152,126	\$ -	\$ 1,406,788	10.81%
6/30/2022	\$ 198,945	\$ 198,945	\$ -	\$ 1,285,731	15.47%
6/30/2021	\$ 182,418	\$ 182,418	\$ -	\$ 1,211,509	15.06%
6/30/2020	\$ 191,420	\$ 191,420	\$ -	\$ 1,242,566	15.41%
6/30/2019	\$ 200,408	\$ 200,408	\$ -	\$ 1,275,802	15.71%
6/30/2018	\$ 220,802	\$ 220,802	\$ -	\$ 1,356,062	16.28%
6/30/2017	\$ 210,305	\$ 210,305	\$ -	\$ 1,426,753	14.74%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not fully available for 10 years. The data will be accumulated over time and presented according to GASB 68.

HANCOCK CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget
Revenues:				
Real Property Taxes	\$ 3,846,344	\$ 3,846,344	\$ 3,842,018	\$ (4,326)
Other Tax Items	527,017	527,017	513,343	(13,674)
Charges for Services	225,000	225,000	279,601	54,601
Use of Money and Property	20,000	20,000	60,923	40,923
Sale of Property and Compensation for Loss	-	-	20	20
State Aid	7,294,380	7,294,380	7,761,885	467,505
Federal Aid	2,000	2,000	11,289	9,289
Miscellaneous	111,000	111,000	115,570	4,570
Total Revenues	12,025,741	12,025,741	12,584,649	558,908
Expenditures:				
General Support	2,205,549	2,549,304	2,213,029	336,275
Instruction	4,783,105	5,186,486	4,668,719	517,767
Pupil Transportation	453,062	549,991	496,318	53,673
Employee Benefits	3,498,703	2,909,109	2,798,873	110,236
Home and Community Services	1,600	1,600	-	1,600
Debt Service	1,238,363	1,238,363	1,231,419	6,944
Capital Outlay	16,359	200,076	416,549	(216,473)
Total Expenditures	12,196,741	12,634,929	11,824,907	810,022
Excess/(Deficiency) of				
Revenues Over Expenditures	(171,000)	(609,188)	759,742	1,368,930
Other Financing Uses:				
Operating Transfers Out	(104,000)	(511,475)	(511,800)	(325)
Total Other Financing Sources/(Uses)	(104,000)	(511,475)	(511,800)	(325)
Net Change in Fund Balance	(275,000)	(1,120,663)	247,942	1,368,605
Appropriated Fund Balance	275,000	1,120,663	-	(1,120,663)
Change in Fund Balance	\$ -	\$ -	\$ 247,942	\$ 247,942

**SUPPLEMENTARY
INFORMATION**

HANCOCK CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
JUNE 30, 2023

	Miscellaneous	Debt Service	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 9,642	\$ -	\$ 9,642
Due from Other Funds	-	93,506	93,506
Total Assets	<u>\$ 9,642</u>	<u>\$ 93,506</u>	<u>103,148</u>
FUND BALANCES			
Assigned	\$ 9,642	\$ 93,506	\$ 103,148
Total Fund Balances	<u>9,642</u>	<u>93,506</u>	<u>103,148</u>
Total Liabilities and Fund Balances	<u>\$ 9,642</u>	<u>\$ 93,506</u>	<u>\$ 103,148</u>

HANCOCK CENTRAL SCHOOL DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Miscellaneous	Debt Service	Total Governmental Funds
Revenues:			
Miscellaneous	\$ 30,000	\$ -	\$ 30,000
Total Revenues	30,000	-	30,000
Expenditures:			
General Support	44,735	130,846	175,581
Total Expenditures	44,735	130,846	175,581
Excess/(Deficiency) of Revenues Over Expenditures	(14,735)	(130,846)	(145,581)
Other Financing Sources/(Uses):			
Premium on Bond Issuance	-	651,826	651,826
Operating Transfers Out	-	(460,000)	(460,000)
Total Other Financing Sources/(Uses)	-	191,826	191,826
Change in Fund Balances	(14,735)	60,980	46,245
Fund Balances - Beginning	24,377	32,526	56,903
Fund Balances - Ending	\$ 9,642	\$ 93,506	\$ 103,148

HANCOCK CENTRAL SCHOOL DISTRICT
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2023

	Fiscal Year of Issue	Fiscal Year of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Refinanced During Fiscal Year	Outstanding End of Fiscal Year	Amount of Interest Paid During Fiscal Year	Amount of Interest Accrued at 6/30/2023	Due Within the Next Year
<u>BOND ANTICIPATION NOTE</u>											
District-Wide Renovations and Improvements	2022	2023	1.00%	\$ 4,331,000	\$ -	\$ -	\$ 4,331,000	\$ -	\$ 43,310	\$ -	\$ -
District-Wide Renovations and Improvements	2023	2023	5.00%	-	4,331,000	175,025	4,155,975	-	163,134	-	-
TOTAL BOND ANTICIPATION NOTE				4,331,000	4,331,000	175,025	8,486,975	-	206,444	-	-
<u>SERIAL BONDS</u>											
Advance Refunding	2016	2029	2.00%	1,865,000	-	380,000	-	1,485,000	41,850	1,427	385,000
Reconstruction	2017	2032	5.00%	3,315,000	-	265,000	-	3,050,000	163,100	6,796	275,000
2020 Capital Projects	2023	2037	5.00%	-	4,245,000	-	-	4,245,000	-	14,052	160,000
TOTAL SERIAL BONDS				5,180,000	4,245,000	645,000	-	8,780,000	204,950	22,275	820,000
Bond Premium	2023	2037		-	590,846	-	-	590,846	-	-	42,203
TOTAL INDEBTEDNESS				\$ 9,511,000	\$ 9,166,846	\$ 820,025	\$ 8,486,975	\$ 9,370,846	\$ 411,394	\$ 22,275	\$ 862,203

OTHER INFORMATION

**HANCOCK CENTRAL SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2023**

Adopted Budget	\$ 12,300,741
Additions:	
Encumbrances from Prior Year	<u>75,501</u>
Original Budget	12,376,242
Budget Amendments - Transfers Out	407,475
Budget Amendments - Other	<u>362,687</u>
Final Budget	<u><u>\$ 13,146,404</u></u>

**HANCOCK CENTRAL SCHOOL DISTRICT
GENERAL FUND
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
YEAR ENDED JUNE 30, 2023**

2023-2024 Voter-approved expenditure budget maximum allowed	<u>\$ 12,873,655</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance	
Assigned Fund Balance	\$ 684,357
Unassigned Fund Balance	<u>514,941</u>
Total Unrestricted Fund Balance	<u>1,199,298</u>
Less:	
Appropriated Fund Balance for 2023-24 Budget	590,000
Encumbrances Included in Assigned Fund Balance	<u>94,357</u>
Total Adjustments	<u>684,357</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 514,941</u></u>
Actual Percentage	<u><u>4.00%</u></u>

**HANCOCK CENTRAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
PROJECT LENGTH SCHEDULE
INCEPTION OF PROJECT THROUGH JUNE 30, 2023**

Project	Expenditures and Transfers to Date					Methods of Financing				Fund Balance (Deficit) at June 30, 2023
	Project Budget	Prior Year	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Local Sources	Interfund Transfers	Totals	
Districtwide	\$ 6,620,000	\$ 6,009,887	\$ 545,231	\$ 6,555,118	\$ 64,882	\$ 4,420,025	\$ -	\$ 2,199,975	\$ 6,620,000	\$ 64,882
Emergency Project #1	275,000	253,152	-	253,152	21,848	-	-	253,152	253,152	-
Emergency Project #2	400,000	50,098	331,293	381,391	18,609	-	67,525	332,475	400,000	18,609
HVAC Project - Federal Funds	1,091,200	440,285	592,688	1,032,973	58,227	-	-	1,009,401	1,009,401	(23,572)
Emergency Project #3	490,000	-	76,425	76,425	413,575	-	-	75,000	75,000	(1,425)
Total	\$ 8,876,200	\$ 6,753,422	\$ 1,545,637	\$ 8,299,059	\$ 577,141	\$ 4,420,025	\$ 67,525	\$ 3,870,003	\$ 8,357,553	\$ 58,494

HANCOCK CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

Capital Assets, net		\$	20,143,124
Deductions:			
Short-term Portion of Bonds Payable	820,000		
Long-term Portion of Bonds Payable	7,960,000		
Unamortized Bond Premium	590,846		
			<u>9,370,846</u>
Net Investment in Capital Assets		\$	<u><u>10,772,278</u></u>

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Board of Education
Hancock Central School District
67 Education Lane
Hancock, NY 13783

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 aggregate remaining fund information of the Hancock Central School District (the "School District") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 13, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 controls that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

RBT CPAs, LLP

Newburgh, NY

October 13, 2023



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Board of Education
Hancock Central School District
67 Education Lane
Hancock, NY 13783

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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.

RBT CPAs, LLP

Newburgh, NY

October 13, 2023

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<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>Total Federal Expenditures</u>
U.S. Department of Agriculture:			
Passed through New York State Department of Education:			
<i>Child Nutrition Cluster</i>			
National School Lunch Program	10.555	N/A	\$ 177,746
School Breakfast Program	10.553	N/A	47,426
National School Summer Food service	10.559	N/A	3,527
			<hr/> 228,699
Pandemic EBT Administrative Costs	10.649	N/A	1,256
Total U.S. Department of Agriculture			<hr/> 229,955
U.S. Department of Education:			
Passed through New York State Department of Education:			
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-0162	99,109
Special Education - Grants to States (IDEA, Part B)	84.027	5532-22-0162	16,778
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-0162	2,757
Special Education - Preschool Grants (IDEA Preschool)	84.173	5533-22-0162	1,918
			<hr/> 120,562
Title I Grants to Local Educational Agencies (LEAs)	84.010	0021-22-0605	21,382
Title I Grants to Local Educational Agencies (LEAs)	84.010	0021-23-0605	91,933
Improving Teacher Quality State Grants	84.367	0147-22-0605	1,598
Improving Teacher Quality State Grants	84.367	0147-23-0605	13,303
Student Support and Academic Enrichment Program	84.424	0204-23-0605	10,000
<i>Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act</i>			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D *	5891-21-0605	450,531
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U *	5880-21-0605	728,454
Small Rural School Achievement Program	84.358A	N/A	<hr/> 15,676
Total U.S. Department of Education			<hr/> 1,453,439
Total All Programs			<hr/> <hr/> \$ 1,683,394

* Major Program

N/A Not available

HANCOCK CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Hancock Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2023. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

NOTE 3 - Reconciliation to Financial Statements

Federal Expenditures as reported in the Schedule	\$ 1,683,394
Reconciling Items:	
Approval Timing	(60,636)
Medicare Reimbursement	<u>11,289</u>
Federal Aid as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance	<u><u>\$ 1,634,047</u></u>

HANCOCK CENTRAL SCHOOL DISTRICT **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

I. SUMMARY OF INDEPENDENT AUDIT RESULTS

Financial Statements

Type of auditors' report the auditor issued:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
• Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> No

Noncompliance material to financial statements noted?

_____ Yes	_____ <u>X</u> No
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Federal Awards

Internal control over major Federal programs:

• Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
• Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> No

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

Unmodified

Any audit findings disclosed that are
 required to be reported in accordance with
 2 CFR 200.516(a)?

_____ Yes	_____ <u>X</u> No
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Identification of major Federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425U	American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund

Dollar threshold used to distinguish
 between Type A and Type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes	_____ <u>X</u> No
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**HANCOCK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

A. Internal Control Findings

None Noted

B. Compliance Findings

None Noted

