

**VALLEY CENTRAL SCHOOL DISTRICT**

**Financial Statements and Required Reports  
Under Uniform Guidance  
As of June 30, 2023**

**Together with Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT**

October 2, 2023

The Board of Education of  
Valley Central School District

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Valley Central School District (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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 revenue, expenditures, and changes in fund balance – budget and actual - general fund, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of net pension liability (asset), and schedule of contributions – pension plans 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.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, are required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Original Budget to Revised Budget – General Fund and Section 1318 of Real Property Tax Limit Calculation, Schedule of Project Expenditures - Capital Projects Fund 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

# VALLEY CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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*The following is a discussion and analysis of the Valley Central School District's (the School District) financial performance for the fiscal year ended June 30, 2023. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the School District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.*

### FINANCIAL HIGHLIGHTS

- School District-wide net position of the School District is \$(148,165,667).
- School District-wide net position is \$8,427,303 less than at June 30, 2022.
- As of the close of this fiscal year, the School District's governmental funds reported combined fund balance of \$34,460,848, an increase of \$811,455 from the prior year.
- The fund balance of the General fund was \$22,394,548, a decrease of \$9,466,749 from the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *School District-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the School District-wide statements.

- The *governmental funds statements* tell how basic services, such as special education, were financed in the *short-term*.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Figure A-1 shows how the various sections of this annual report are arranged and related to one another.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-1 Organization of the School District's Annual Financial Report

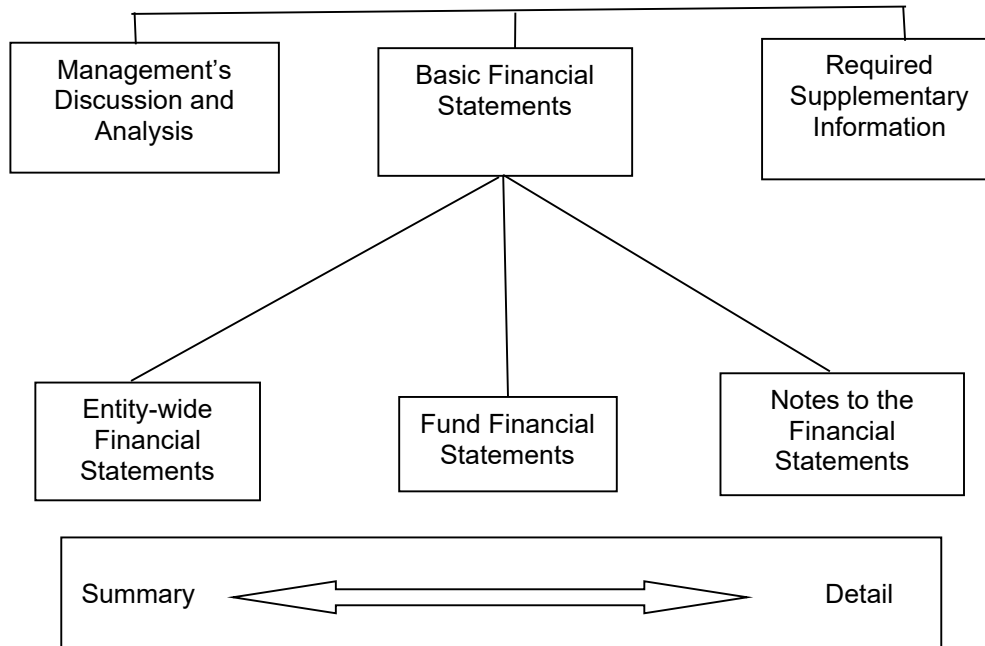


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

	School District-Wide	Governmental Funds
Scope	Entire School District	The daily operating activities of the School District, such as instruction and special education.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and change in fund balance</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.
Type of asset/liability, deferred outflows/inflows of resources information	All assets, liabilities, deferred outflows & inflows of resources both financial and capital, short-term and long-term debt.	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.



## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### School District-Wide Statements

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

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

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differs from governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources, (dollars), are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

School District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenses using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
  - Net investment in capital assets.
  - Restricted net position has constraints placed on use by external sources or imposed by law.
  - Unrestricted net position is net position that does not meet any of the above restrictions.

### Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### Fund Financial Statements (Continued)

The School District has the following types of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the School District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund, miscellaneous special revenue, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

**Figure A-3 Condensed Statement of Net Position (In Thousands of Dollars)**

	<b>Fiscal Year <u>2023</u></b>	<b>Fiscal Year <u>2022</u></b>	<b>Percent <u>Change</u></b>
Current and other assets	\$ 52,377	\$ 44,540	17.60%
Noncurrent assets	<u>65,063</u>	<u>109,672</u>	-40.68%
Total assets	<u>117,440</u>	<u>154,212</u>	-23.85%
Deferred outflows of resources	<u>81,306</u>	<u>86,107</u>	-5.58%
Current liabilities	19,806	12,742	55.44%
Long-term liabilities	<u>263,732</u>	<u>298,407</u>	-11.62%
Total liabilities	<u>283,538</u>	<u>311,149</u>	-8.87%
Deferred inflows of resources	<u>63,374</u>	<u>68,908</u>	-8.03%
Net position:			
Net investment in capital assets	64,918	28,777	125.59%
Restricted	24,909	18,064	37.89%
Unrestricted	<u>(237,993)</u>	<u>(186,580)</u>	-27.56%
Total net position	<u>\$ (148,166)</u>	<u>\$ (139,739)</u>	6.03%

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

### Changes in Net Position

The School District's 2023 revenue was \$127,233,050 (See Figure A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 49% and 35%, respectively, of the total revenue raised (see Figure A-5). The remainder of revenue came from fees for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$135,660,353 for 2023. These expenses are predominately for the education, supervision, and transportation of students (see Figure A-6). The School District's administrative and business activities accounted for 9% of total costs.

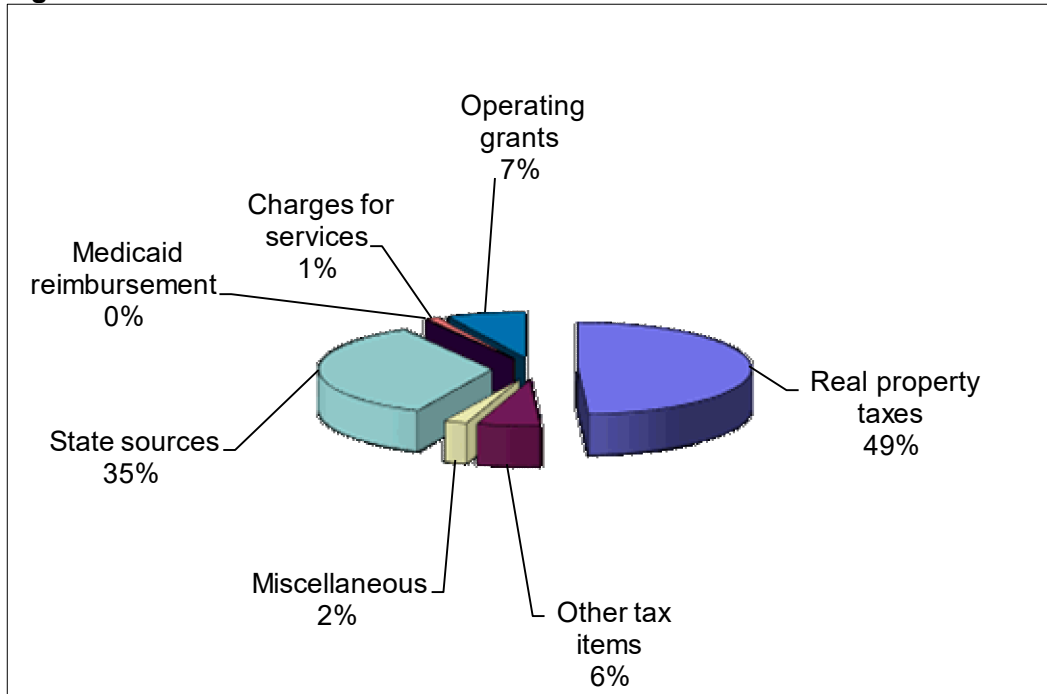
Net position decreased during the year by \$8,427,303 due primarily to the effects of recognizing other post-employment benefits as well as the effects of ERS and TRS proportionate deferred outflows, assets and deferred inflows.

**Figure A-4 Changes in Net Position from Operating Results (In Thousands of Dollars)**

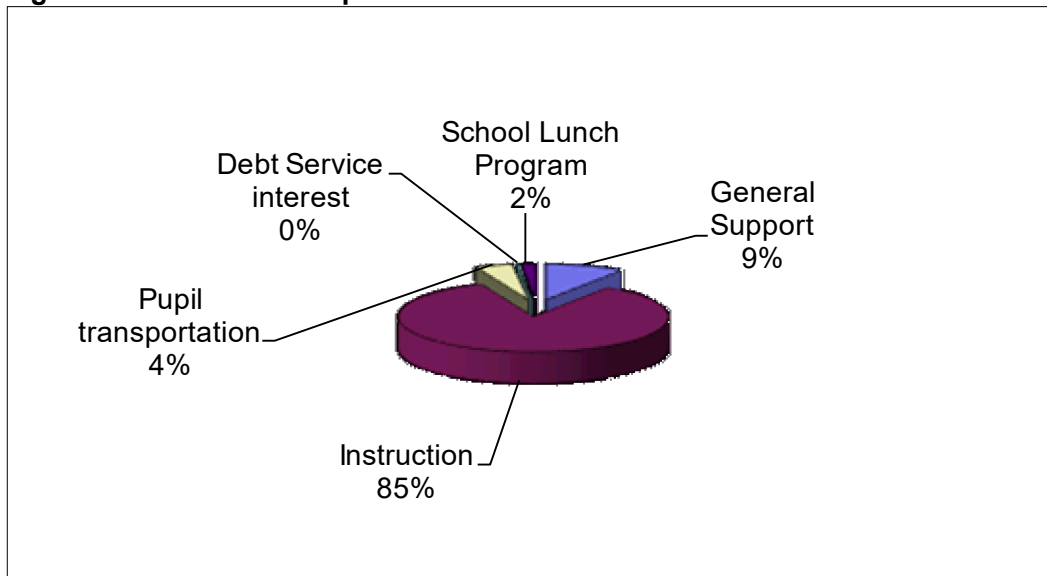
	<u>Fiscal Year</u> <u>2023</u>	<u>Fiscal Year</u> <u>2022</u>	<u>Percent</u> <u>Change</u>
Revenue:			
Charges for services	\$ 1,333	\$ 863	54.45%
Capital grants	-	424	100.00%
Operating grants	9,289	7,872	18.00%
General revenue:			
Property taxes	62,398	60,886	2.48%
Other tax items	7,473	7,542	-0.91%
Use of money & property	1,530	122	1153.79%
Sale of property and compensation for loss	96	26	268.95%
Miscellaneous	1,082	1,028	5.23%
State sources	43,930	40,126	9.48%
Medicaid reimbursement	103	59	73.93%
Total revenue	<u>127,233</u>	<u>118,948</u>	6.97%
Expenses:			
General support	12,636	10,809	16.90%
Instruction	114,512	102,726	11.47%
Pupil Transportation	5,915	4,981	18.76%
Debt service - Interest	479	260	84.29%
Cost of sales - Food	2,118	1,885	12.38%
Total expenses	<u>135,660</u>	<u>120,661</u>	12.43%
Change in net position	<u>\$ (8,427)</u>	<u>\$ (1,713)</u>	-391.96%

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)**

**Figure A-5: Revenue Sources for 2023:**



**Figure A-6: Sources of Expenses for 2023:**



## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

### Governmental Activities

Revenue for the School District's governmental activities totaled \$127,233,050 while total expenses were \$135,660,353. Accordingly, net position decreased by \$8,427,303.

Figure A-7 presents the cost of several of the School District's major activities. The figure also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

**Figure A-7 Net Cost of Governmental Activities (In Thousands of Dollars)**

	<b>Total Cost of Services 2023</b>	<b>Net Cost of Services 2023</b>	<b>Total Cost of Services 2022</b>	<b>Net Cost of Services 2022</b>
General support	\$ 12,636	\$ 12,636	\$ 10,809	\$ 10,809
Instruction	114,512	105,759	102,726	95,804
Pupil transportation	5,915	5,915	4,981	4,981
Debt service - Interest	479	479	260	260
Cost of sales - Food	2,118	249	1,885	(352)
	<u>\$ 135,660</u>	<u>\$ 125,038</u>	<u>\$ 120,661</u>	<u>\$ 111,502</u>

- The cost of all governmental activities for the year was \$135,660,353.
- The users of the School District's programs financed \$1,332,910 of the costs through charges for services.
- The federal and state government financed \$9,289,165 of the costs through operating grants.
- The majority of costs were financed by the School District's taxpayers and unallocated NYS aid.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

### Governmental Funds Highlights

General Fund – New York State operating aid is tied to the growth in New York State personal income and sales taxes and the available funds in the state budget. The total 2022-2023 General Fund balance decreased by \$9,466,749.

Special Aid Fund – The Special Aid fund expended \$8,229,102 of federal and state funding and ended the year with a fund balance of \$0.

School Lunch Fund – The School Lunch fund ended the year with a fund balance of \$594,562. Expenditures exceeded revenues by \$10,336.

Capital Projects Fund – The Capital Projects fund ended the year with a fund balance of \$10,484,350, an increase of \$10,461,711 primarily the result of a \$15,714,948 interfund transfer.

Debt Service Fund – The Debt Service fund ended the year with a fund balance of \$701,655. This fund balance will be appropriated in future years to offset principal and interest payments.

### General Fund Budgetary Highlights

#### Results vs. Budget (In Thousands of Dollars)

	Original Budget	Final Budget	Actual	Encumbrances	Variance (Actual/Budget)
Revenue:					
Local sources	\$ 70,829	\$ 70,834	\$ 72,899	\$ -	\$ 2,065
State sources	42,571	42,571	43,930	-	1,359
Proceeds from leases	-	-	595	-	595
Transfers in	200	200	211	-	11
Medicaid reimbursement	50	50	103	-	53
Total	<u>113,650</u>	<u>113,656</u>	<u>117,738</u>	<u>-</u>	<u>4,082</u>
Expenditures:					
General support	8,969	10,148	9,369	496	284
Instruction	65,090	66,654	64,628	678	1,349
Pupil transportation	6,538	6,333	5,675	-	658
Employee benefits	30,987	28,533	26,829	2	1,702
Debt service	2,965	4,165	4,767	-	(603)
Transfers out	2,052	15,938	15,937	-	-
Total	<u>116,600</u>	<u>131,771</u>	<u>127,205</u>	<u>1,175</u>	<u>3,389</u>
Revenue over (under) expenditures	<u>\$ (2,950)</u>	<u>\$ (18,115)</u>	<u>\$ (9,467)</u>	<u>\$ (1,175)</u>	<u>\$ 7,471</u>

The general fund is the only fund for which a budget is legally adopted.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

### General Fund Budgetary Highlights (Continued)

In the General Fund, for the year ended June 30, 2023, actual revenues were greater than final budgeted revenues by \$4,081,843 (3.6%). Actual expenditures and encumbrances were less than final budgeted expenditures by \$3,390,782 (2.6%).

For the 2023-2024 year, the School District has appropriated \$1,400,000 of fund balance to reduce the tax levy.

### CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2023, the School District had \$65,062,818 invested in buildings, computers, and other educational equipment.

**Figure A-8 Capital Assets (In Thousands of Dollars), net of accumulated depreciation**

	<b>Fiscal Year <u>2023</u></b>	<b>Fiscal Year <u>2022</u></b>
Land	\$ 538	\$ 538
Construction in progress	7,402	892
Land improvements	115	123
Buildings and improvements	53,220	55,540
Furniture and equipment	<u>3,787</u>	<u>4,248</u>
Total	<u>\$ 65,063</u>	<u>\$ 61,340</u>

### Long-Term Liabilities

As of June 30, 2023, the School District had \$265,799,747 in long-term liabilities. Detailed information about the School District's long-term liabilities is included in the notes to the financial statements.

**Figure A-9 Outstanding Long-Term Debt (In Thousands of Dollars)**

	<b>Fiscal Year <u>2023</u></b>	<b>Fiscal Year <u>2022</u></b>
General obligation bonds	\$ 18,012	\$ 20,172
Other long-term liabilities	<u>247,788</u>	<u>280,241</u>
Total	<u>\$ 265,800</u>	<u>\$ 300,414</u>

During 2023, the School District paid down its bonded debt by \$2,000,000.

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

The School District will continue to be fiscally responsible, reducing recurring fund balance used to balance the budget and begin planning for needed capital repairs and improvements.

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

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

Valley Central School District  
Brad Conklin, Assistant Superintendent  
944 Route 17K  
Montgomery, New York 12549



**VALLEY CENTRAL SCHOOL DISTRICT**

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

**ASSETS**

CURRENT ASSETS:

Cash and cash equivalents - unrestricted	\$ 13,740,095
Cash and cash equivalents - restricted	32,255,595
Investments	54,651
State and federal aid receivable	4,412,101
Accounts receivable	10,783
Due from other governments	403,734
Prepaid expenses	1,404,316
Inventory	<u>96,005</u>
Total current assets	<u>52,377,280</u>

NONCURRENT ASSETS:

Capital assets, net	<u>65,062,818</u>
Total noncurrent assets	<u>65,062,818</u>

TOTAL ASSETS 117,440,098

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources - ERS	4,907,193
Deferred outflows of resources - TRS	26,756,263
Deferred outflows of resources - OPEB	<u>49,642,858</u>
Total deferred outflows of resources	<u>81,306,314</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES 198,746,412

**LIABILITIES**

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	4,575,060
Accrued interest	74,238
Due to Teachers' Retirement System	5,545,020
Due to Employees' Retirement System	384,185
Bond anticipation note payable	7,000,000
Unearned revenues	160,087
Leases payable due within one year	7,304
Bonds payable due within one year	<u>2,060,000</u>
Total current liabilities	<u>19,805,894</u>

LONG-TERM LIABILITIES:

Bonds payable, net of current portion	15,310,000
Bonds premium, net	641,723
Leases payable, net of current portion	11,487
Net pension liability - TRS	5,032,234
Net pension liability - ERS	7,189,118
Total other postemployment benefits	233,237,489
Compensated absences	<u>2,310,392</u>
Total long-term liabilities	<u>263,732,443</u>

TOTAL LIABILITIES 283,538,337

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - ERS	330,653
Deferred inflows of resources - TRS	2,312,301
Deferred inflows of resources - OPEB	<u>60,730,788</u>
Total deferred inflows of resources	<u>63,373,742</u>

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES 346,912,079

**NET POSITION**

Net investment in capital assets	64,917,868
Restricted	24,909,032
Unrestricted	<u>(237,992,567)</u>
TOTAL NET POSITION	<u>\$ (148,165,667)</u>

The accompanying notes are an integral part of these statements.

**VALLEY CENTRAL SCHOOL DISTRICT**

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

	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	
<b>FUNCTIONS/PROGRAMS:</b>					
General support	\$ 12,635,754	\$ -	\$ -	\$ -	\$ (12,635,754)
Instruction	114,511,793	716,725	8,036,374	-	(105,758,694)
Pupil transportation	5,915,305	-	-	-	(5,915,305)
Debt service interest	479,162	-	-	-	(479,162)
School lunch program	<u>2,118,339</u>	<u>616,185</u>	<u>1,252,791</u>	<u>-</u>	<u>(249,363)</u>
<b>TOTAL FUNCTIONS/PROGRAMS</b>	<b><u>\$ 135,660,353</u></b>	<b><u>\$ 1,332,910</u></b>	<b><u>\$ 9,289,165</u></b>	<b><u>\$ -</u></b>	<b><u>(125,038,278)</u></b>
<b>GENERAL REVENUE:</b>					
Real property taxes					62,397,955
Other tax items					7,473,036
Use of money and property					1,529,629
Sale of property and compensation for loss					95,928
Miscellaneous					1,081,760
State sources					43,930,051
Medicaid reimbursement					<u>102,616</u>
<b>TOTAL GENERAL REVENUE</b>					<u>116,610,975</u>
<b>CHANGE IN NET POSITION</b>					<b>(8,427,303)</b>
<b>NET POSITION - beginning of year</b>					<u><b>(139,738,364)</b></u>
<b>TOTAL NET POSITION - end of year</b>					<u><b>\$ (148,165,667)</b></u>

The accompanying notes are an integral part of these statements.

**VALLEY CENTRAL SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<b>Governmental Fund Types</b>			Total Governmental Funds
	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	
<b>ASSETS</b>				
Cash and cash equivalents - unrestricted	\$ 13,072,946	\$ -	\$ 667,149	\$ 13,740,095
Cash and cash equivalents - restricted	13,437,294	17,885,564	932,737	32,255,595
Investments	-	-	54,651	54,651
State and federal aid receivable	2,850,938	-	1,561,163	4,412,101
Accounts receivable	10,783	-	-	10,783
Due from other governments	403,734	-	-	403,734
Due from other funds	1,400,000	-	61,405	1,461,405
Prepaid expenditures	1,404,316	-	-	1,404,316
Inventory	-	-	96,005	96,005
<b>TOTAL ASSETS</b>	<b>\$ 32,580,011</b>	<b>\$ 17,885,564</b>	<b>\$ 3,373,110</b>	<b>\$ 53,838,685</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,042,429	\$ 401,214	\$ 231,073	\$ 2,674,716
Accrued liabilities	1,900,344	-	-	1,900,344
Due to other funds	61,405	-	1,400,000	1,461,405
Bond anticipation notes payable	-	7,000,000	-	7,000,000
Due to Teachers' Retirement System	5,545,020	-	-	5,545,020
Due to Employees' Retirement System	384,185	-	-	384,185
Unearned revenue	-	-	160,087	160,087
<b>TOTAL LIABILITIES</b>	<b>9,933,383</b>	<b>7,401,214</b>	<b>1,791,160</b>	<b>19,125,757</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	252,080	-	-	252,080
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>252,080</b>	<b>-</b>	<b>-</b>	<b>252,080</b>

(Continued)

**VALLEY CENTRAL SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2023**

	<b>Governmental Fund Types</b>			<b>Total Governmental Funds</b>
	<b>General</b>	<b>Capital Projects</b>	<b>Non-Major Funds</b>	
<b>FUND BALANCE:</b>				
Nonspendable:				
Inventory	\$ -	\$ -	\$ 96,005	\$ 96,005
Prepaid expenditures	<u>1,404,316</u>	<u>-</u>	<u>-</u>	<u>1,404,316</u>
Total nonspendable fund balance	<u>1,404,316</u>	<u>-</u>	<u>96,005</u>	<u>1,500,321</u>
Restricted:				
Retirement contributions	2,128,154	-	-	2,128,154
Insurance	52,702	-	-	52,702
Capital	5,900,000	10,484,350	-	16,384,350
Tax certiorari	2,910,894	-	-	2,910,894
Employee benefits accrued liability	2,087,195	-	-	2,087,195
Unemployment insurance	358,349	-	-	358,349
Other	-	-	285,733	285,733
Debt service	<u>-</u>	<u>-</u>	<u>701,655</u>	<u>701,655</u>
Total restricted fund balance	<u>13,437,294</u>	<u>10,484,350</u>	<u>987,388</u>	<u>24,909,032</u>
Assigned:				
Appropriated for subsequent year's expenditures	1,400,000	-	-	1,400,000
Unappropriated	-	-	498,557	498,557
Other	<u>1,175,243</u>	<u>-</u>	<u>-</u>	<u>1,175,243</u>
Total assigned fund balance	<u>2,575,243</u>	<u>-</u>	<u>498,557</u>	<u>3,073,800</u>
Unassigned	<u>4,977,695</u>	<u>-</u>	<u>-</u>	<u>4,977,695</u>
<b>TOTAL FUND BALANCE</b>	<u>22,394,548</u>	<u>10,484,350</u>	<u>1,581,950</u>	<u>34,460,848</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 32,580,011</u>	<u>\$ 17,885,564</u>	<u>\$ 3,373,110</u>	<u>\$ 53,838,685</u>

The accompanying notes are an integral part of these statements.

## VALLEY CENTRAL SCHOOL DISTRICT

### RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION JUNE 30, 2023

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Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balance	\$ 34,460,848
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	65,062,818
Deferred revenue is considered earned in the current year and recognized as revenue under full accrual accounting.	252,080
Pension related government wide activity:	
Deferred outflows - ERS/TRS	31,663,456
Deferred inflows - ERS/TRS	(2,642,954)
Net pension liability - ERS/TRS	(12,221,352)
OPEB related government wide activity:	
Deferred outflows of resources	49,642,858
Deferred inflows of resources	(60,730,788)
Total OPEB liability	(233,237,489)
Long-term liabilities, including bonds payable, leases payable, and compensated absences, are not due in the current period and, therefore, are not reported in the funds	(19,699,183)
Bond premium is recorded as revenue in the fund financial statements, but is amortized over the life of the bond under full accrual accounting	(641,723)
Interest payable is to be recorded in the government-wide statements under full accrual accounting	<u>(74,238)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (148,165,667)</u>

The accompanying notes are an integral part of these statements.

**VALLEY CENTRAL SCHOOL DISTRICT**

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

	<u>Governmental Fund Types</u>			Total Governmental Funds
	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	
REVENUE:				
Real property taxes	\$ 62,397,955	\$ -	\$ -	\$ 62,397,955
Other tax items	7,473,036	-	-	7,473,036
Charges for services	717,811	-	-	717,811
Use of money and property	1,516,744	-	12,885	1,529,629
Sale of property and compensation for loss	95,928	-	-	95,928
Miscellaneous	697,925	-	300,586	998,511
State sources	43,930,051	-	2,006,964	45,937,015
Federal sources	-	-	7,282,201	7,282,201
Medicaid reimbursement	102,616	-	-	102,616
Sales - School lunch	-	-	616,185	616,185
	<u>-</u>	<u>-</u>	<u>616,185</u>	<u>616,185</u>
Total revenue	<u>116,932,066</u>	<u>-</u>	<u>10,218,821</u>	<u>127,150,887</u>
EXPENDITURES:				
General support	9,368,536	-	-	9,368,536
Instruction	64,627,608	-	7,353,170	71,980,778
Pupil transportation	5,675,151	-	192,995	5,868,146
Employee benefits	26,829,446	-	994,280	27,823,726
Debt service - Interest	663,463	-	-	663,463
Debt service - Principal	4,103,700	-	-	4,103,700
Other	-	-	367,815	367,815
Capital outlay	-	6,744,064	-	6,744,064
Cost of sales	-	-	1,599,009	1,599,009
	<u>-</u>	<u>-</u>	<u>1,599,009</u>	<u>1,599,009</u>
Total expenditures	<u>111,267,904</u>	<u>6,744,064</u>	<u>10,507,269</u>	<u>128,519,237</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>5,664,162</u>	<u>(6,744,064)</u>	<u>(288,448)</u>	<u>(1,368,350)</u>
OTHER FINANCING SOURCES (USES):				
Premium on bond issuance	-	-	83,249	83,249
BANs redeemed from appropriations	-	1,501,812	-	1,501,812
Proceeds from the issuance of leases	594,744	-	-	594,744
Operating transfers in	210,985	15,714,948	221,692	16,147,625
Operating transfers (out)	(15,936,640)	(10,985)	(200,000)	(16,147,625)
	<u>(15,130,911)</u>	<u>17,205,775</u>	<u>104,941</u>	<u>2,179,805</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(9,466,749)</u>	<u>10,461,711</u>	<u>(183,507)</u>	<u>811,455</u>
FUND BALANCE - beginning of year	<u>31,861,297</u>	<u>22,639</u>	<u>1,765,457</u>	<u>33,649,393</u>
FUND BALANCE - end of year	<u>\$ 22,394,548</u>	<u>\$ 10,484,350</u>	<u>\$ 1,581,950</u>	<u>\$ 34,460,848</u>

The accompanying notes are an integral part of these statements.

## VALLEY CENTRAL SCHOOL DISTRICT

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

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Net change in fund balance - Total governmental funds	\$ 811,455
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position.	6,985,742
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(2,976,496)
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(881,571)
Leases are expenditures in governmental funds, net of disposals, but are capitalized in the statement of net position.	594,744
Certain revenue in the statement of activities is recognized as revenue in the government-wide statements, but is not recognized as revenue under the modified accrual basis of accounting in the fund financial statements.	(1,086)
Repayments of long-term debt, including leases, are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	2,601,888
Issuance of long-term lease liabilities are recorded as expenditures in the governmental funds, but are recorded as liabilities in the statement of net position.	(594,744)
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	160,549
Other postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	(11,588,341)
Pension expense resulting from the GASB 68 related actuary reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	(3,098,433)
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	<u>(441,010)</u>
Change in net position - Governmental activities	<u>\$ (8,427,303)</u>

The accompanying notes are an integral part of these statements.

# VALLEY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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### 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Valley Central School District provides K-12 public education to students living within its geographic borders.

#### **Reporting Entity**

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

The reporting entity of the School District is based upon criteria set forth by generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The financial statements of Valley Central School District (School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the School District are described below:

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 included in the School District's reporting entity:

#### Extra classroom Activity Funds

The extra classroom activity funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. Separate audited financial statements, (cash basis) of the extra classroom activity funds can be found at the School District's business office. The School District accounts for assets for various student organizations in the Miscellaneous Special Revenue fund.



## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Joint Venture**

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

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

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

Financial statements for the BOCES are available from the BOCES administrative office.

### **Basis of Presentation**

#### School District-Wide Statements

The statement of net position and the statement of activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital), grants, while the capital grants column reflects capital-specific grants.

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

#### Fund Financial Statements

The School District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The fund statements provide information about the School District's funds.

Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Basis of Presentation (Continued)**

The accounts of the School District are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types used by the School District are as follows:

Governmental Fund Types

Governmental funds are those in which most governmental functions of the School District are reported. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position rather than upon determination of net income.

The School District reports the following major governmental funds:

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

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

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

*Special Aid Fund:* These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

*School Lunch Fund:* This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

*Debt Service Fund:* This fund is used to account for and report on the accumulation of resources to be used for redemption of general long-term indebtedness.

*Miscellaneous Special Revenue:* This fund accounts for proceeds from various funding sources, which may be restricted by a donor or designated by the School District for specific purposes. The activity of the Extraclassroom Activity Funds and scholarships are reported in this fund.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Use of Estimates**

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

**Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The School District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the School District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The School District considers all revenue reported in the governmental funds to be available if the revenue is collected within ninety days after the end of the fiscal year.

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

**Cash and Cash Equivalents**

Cash and cash equivalents consist of funds deposited in demand deposit accounts, and amounts with the New York Liquid Asset Fund (NYLAF). The School District's deposit and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include NYLAF, obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions and accordingly, the School District's policy provides for no credit risk on investments.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Cash and Cash Equivalents (Continued)**

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by FDIC insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and School District subdivisions.

**Accounts Receivable**

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

**Inventories and Prepaid Items**

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

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

A portion of fund balance has been classified as nonspendable to indicate that inventory and prepaids do not constitute available spendable resources.

**Interfund Transactions**

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

In the School District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types. Eliminations have been made for all interfund receivables and payables between the funds.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfund Transactions (Continued)**

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

**Capital Assets, Net**

Capital assets, net are reflected in the School District-wide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the School District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 10,000	50 years
Land Improvements	\$ 5,000	15-25 years
Furniture and Equipment	\$ 5,000	5-20 years
Vehicles	\$ 5,000	5-20 years

Capital assets also include lease assets with a term greater than one year. The School District does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

**Property Taxes**

Real property taxes are levied annually by the board of education no later than September 1, and become a lien on August 13. Taxes are collected by the Town of Montgomery and the Town of Newburgh during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by Orange County. 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.

**Vested Employee Benefits**

Compensated absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

School District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Consistent with GASB Statement 101, *Compensated Absences*, the liability for compensated absences has been calculated using the vesting/termination method and an accrual for that liability is included in the School District-wide financial statements.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Vested Employee Benefits (Continued)**

Compensated absences (Continued)

The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund statements only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Other Benefits

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

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

**Other Postemployment Benefits**

In addition to providing the pension benefits described, the School District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the School District and the retired employee. The School District pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance. At the fund level the School District recognizes the cost of providing health care insurance by recording its share of insurance premiums as an expenditure.

**Unearned Revenue**

Unearned revenue is reported when potential revenue meets both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

**Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities, and long-term obligations are reported in the School 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 a liability 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.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Deferred Outflows of Resources**

Deferred outflows of resources, in the statement of net position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time.

**Restricted Resources**

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

**Fund Balance/Net Position Classifications**

School District-Wide Statements

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

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

Restricted net position - reports net position when constraints placed on the assets 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.

Restricted net position consists of the following:

Retirement contributions reserve	\$ 2,128,154
Insurance reserve	52,702
Capital reserve	16,384,350
Employee benefits accrued liabilities reserve	2,087,195
Tax certiorari reserves	2,910,894
Unemployment insurance reserve	358,349
Other - Extraclassroom activities and scholarships	285,733
Debt service reserve	<u>701,655</u>
	<u>\$ 24,909,032</u>

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

Governmental Fund Statements

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

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually are required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund and prepaid expenditures in the general fund.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Fund Balance/Net Position Classifications (Continued)**  
Governmental Fund Statements (Continued)

Restricted fund balance – 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.

The School District has available the following restricted fund balances:

Capital Reserve

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

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

Unemployment insurance reserve (GML §6-m) is 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. These reserves are accounted for in the general fund under restricted fund balance.

Reserve for Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. The reserve is accounted for in the debt service fund under restricted fund balance.



1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Fund Balance/Net Position Classifications (Continued)**  
Governmental Fund Statements (Continued)

Insurance Reserve

Insurance reserve is 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. The reserve is accounted for in the general fund under restricted fund balance.

Liability Claims and Property Loss Reserve

Liability claims and property loss reserve, (Education Law §1709(8) (c), are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by School Districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.

Tax Certiorari Reserve

Tax certiorari reserve, (Education Law §3651.1-a), is 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 which 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. The reserve is accounted for in the general fund under restricted fund balance.

Employee Benefit Accrued Liability Reserve

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit 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 legal appropriated. The reserve is accounted for in the general fund under restricted fund balance.

Employee Retirement Contribution Reserve

Employee Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

Committed fund balance – Includes amounts that can 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 has no committed fund balances as of June 30, 2023.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Fund Balance/Net Position Classifications (Continued)**  
Governmental Fund Statements (Continued)

Assigned fund balance – 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 \$1,175,243. As of June 30, 2023, the School District’s encumbrances were classified as follows:

General support	\$ 495,505
Instruction	678,136
Employee benefits	<u>1,602</u>
Total encumbrances	<u>\$ 1,175,243</u>

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.

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no more than 4% of the School 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 Fund Balance Spending Policy

The School 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.

## 2. **EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND SCHOOL DISTRICT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the School District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities compared with the current financial resources focus of the governmental funds.

### **Total Fund Balances of 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 sheets.

### **Statement of Revenue, Expenditures, and Change in Fund Balance vs. Statement of Activities**

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

#### Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

#### Capital Related Differences

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

#### Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

#### Pension Differences

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

#### OPEB Differences

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

### **3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **Budgets**

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

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

#### 4. CASH AND CASH EQUIVALENTS

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

The School District participates in NYLAF, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2023, the School District held \$4,296,526 in NYLAF consisting of various investments in securities issued by the United States and its agencies. NYLAF is rated 'AAAm' from Standard & Poor's Global Ratings. Amounts held with NYLAF are highly liquid, and the amount held represents the amortized cost of the investment pool shares, which are considered to approximate fair value. Due to the highly liquid nature of these investments, they are classified as cash equivalents in the financial statements. Additional information concerning NYLAF, including the annual report, can be found on its website at [www.nylaf.org](http://www.nylaf.org).

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash	\$ 42,605,095	\$ 41,699,164
Cash equivalents	<u>4,296,526</u>	<u>4,296,526</u>
	<u>\$ 46,901,621</u>	<u>\$ 45,995,690</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 41,355,095	
Covered by FDIC insurance	<u>1,250,000</u>	
Total	<u>\$ 42,605,095</u>	

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Restricted cash consists of the following:

General fund:	
Cash on deposit for retirement contributions	\$ 2,128,154
Cash on deposit for insurance	52,702
Cash on deposit for capital	5,900,000
Cash on deposit for employee benefits accrued liabilities	2,087,195
Cash on deposit for tax certiorari	2,910,894
Cash on deposit for unemployment insurance	<u>358,349</u>
	<u>\$ 13,437,294</u>
Capital projects fund:	
Cash on deposit for capital projects	<u>\$ 17,885,564</u>
Debt service fund:	
Cash on deposit for debt service	<u>\$ 701,655</u>
Miscellaneous Special Revenue fund:	
Cash on deposit for scholarships and extraclassroom activity funds	<u>\$ 231,082</u>

**5. INVESTMENTS**

The School District has an investment held for a donated scholarship fund.

Investments consist of:

<u>Investment</u>	<u>Market Value</u>
Equity mutual funds	\$ 27,142
Fixed income mutual funds	24,911
Money market	<u>2,598</u>
	<u>\$ 54,651</u>

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

**6. PARTICIPATION IN BOCES**

During the year, the School District was billed \$9,210,486 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$3,016,736.

## 7. CAPITAL ASSETS

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

	July 1, 2022			June 30, 2023
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 537,850	\$ -	\$ -	\$ 537,850
Construction in progress	<u>891,513</u>	<u>6,685,700</u>	<u>174,952</u>	<u>7,402,261</u>
Total non-depreciable cost	<u>1,429,363</u>	<u>6,685,700</u>	<u>174,952</u>	<u>7,940,111</u>
Capital assets that are depreciated:				
Land improvements	439,669	1,595	-	441,264
Buildings and improvements	91,826,429	257,970	-	92,084,399
Furniture and equipment	<u>3,591,544</u>	<u>215,429</u>	<u>-</u>	<u>3,806,973</u>
Total depreciable historical cost	<u>95,857,642</u>	<u>474,994</u>	<u>-</u>	<u>96,332,636</u>
Less accumulated depreciation:				
Land improvements	316,658	9,369	-	326,027
Buildings and improvements	36,286,001	2,578,360	-	38,864,361
Furniture and equipment	<u>2,028,963</u>	<u>388,767</u>	<u>-</u>	<u>2,417,730</u>
Total accumulated depreciation	<u>38,631,622</u>	<u>2,976,496</u>	<u>-</u>	<u>41,608,118</u>
Total capital assets, net	<u>58,655,383</u>	<u>4,184,198</u>	<u>174,952</u>	<u>62,664,629</u>
Leased assets, being amortized:				
Equipment	<u>3,466,988</u>	<u>594,744</u>	<u>275,786</u>	<u>3,785,946</u>
Less accumulated amortization for:				
Equipment	<u>781,972</u>	<u>881,571</u>	<u>275,786</u>	<u>1,387,757</u>
Total leased assets, being amortized, net	<u>2,685,016</u>	<u>(286,827)</u>	<u>-</u>	<u>2,398,189</u>
Total governmental activities, capital assets	<u>\$ 61,340,399</u>	<u>\$ 3,897,371</u>	<u>\$ 174,952</u>	<u>\$ 65,062,818</u>

Depreciation and amortization expense for the year ended June 30, 2023, was allocated to specific functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>
General support	\$ 68,444	\$ -
Instruction	2,893,103	881,571
Cost of sales	<u>14,949</u>	<u>-</u>
Total	<u>\$ 2,976,496</u>	<u>\$ 881,571</u>

## 8. SHORT-TERM DEBT

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

## 8. SHORT-TERM DEBT (Continued)

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

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

The School District had the following BAN transactions as of June 30, 2023:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Principal Paid</u>	<u>Redeemed</u>	<u>Ending Balance</u>
June 29, 2023	3.50%	\$ -	\$ 5,000,000	\$ 1,501,812	\$ 3,498,188	\$ -
June 24, 2024	4.50%	-	7,000,000	-	-	7,000,000
		<u>\$ -</u>	<u>\$ 12,000,000</u>	<u>\$ 1,501,812</u>	<u>\$ 3,498,188</u>	<u>\$ 7,000,000</u>

## 9. LONG-TERM DEBT

Interest on debt for the year was composed of:

Interest paid	\$ 663,463
Less: Interest accrued in the prior year	(97,990)
Less: Amortization expense on bond premium	(160,549)
Plus: Interest accrued in the current year	<u>74,238</u>
Total expense	<u>\$ 479,162</u>

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

	<u>July 1, 2022 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023 Balance</u>	<u>Amounts Due Within One Year</u>	<u>Long-term Portion</u>
Government activities:						
Bonds and notes payable						
General obligation debt:						
Serial bonds	\$ 19,370,000	\$ -	\$ 2,000,000	\$ 17,370,000	\$ 2,060,000	\$ 15,310,000
Unamortized serial bond premiums	802,272	-	160,549	641,723	-	641,723
Other long-term liabilities:						
Lease obligations	25,935	594,744	601,888	18,791	7,304	11,487
Compensated absences	1,845,630	464,762	-	2,310,392	-	2,310,392
Total other postemployment benefits	<u>278,369,894</u>	<u>-</u>	<u>45,132,405</u>	<u>233,237,489</u>	<u>-</u>	<u>233,237,489</u>
Total long-term liabilities	<u>\$ 300,413,731</u>	<u>\$ 1,059,506</u>	<u>\$ 47,894,842</u>	<u>\$ 253,578,395</u>	<u>\$ 2,067,304</u>	<u>\$ 251,511,091</u>



## 9. LONG-TERM DEBT (Continued)

Issue dates, maturities, and interest rates on outstanding debt are as follows:

				June 30, 2023
<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Serial Bond	6/14/2012	6/14/2025	3.00-5.00%	\$ 895,000
Serial Bond	6/16/2020	6/15/2034	2.00%	13,520,000
Serial Bond	11/19/2021	2/15/2029	2.00%	<u>2,955,000</u>
				<u>\$ 17,370,000</u>

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

<u>Fiscal Year</u> <u>Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,060,000	\$ 433,350	\$ 2,493,350
2025	2,035,000	369,800	2,404,800
2026	1,630,000	306,300	1,936,300
2027	1,675,000	264,000	1,939,000
2028	1,720,000	220,600	1,940,600
2029-2033	7,070,000	537,200	7,607,200
2034	<u>1,180,000</u>	<u>23,600</u>	<u>1,203,600</u>
Totals	<u>\$ 17,370,000</u>	<u>\$ 2,154,850</u>	<u>\$ 19,524,850</u>

## 10. LEASES

The School District leases various equipment, primarily from Pitney Bowes. The leases do not contain renewal options. The leases have various inception dates and remaining terms of 45-60 months. Lease agreements are summarized as follows:

<u>Description</u>	<u>Interest Rate/ Discount Rate</u>	<u>Total Lease Liability</u>
Pitney Bowes Equipment	2.21%	<u>\$ 18,791</u>
Total Lease Liability		<u>\$ 18,791</u>

Activity of lease liabilities for the year ended June 30, 2023 is summarized as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
<u>\$ 25,935</u>	<u>\$ 594,744</u>	<u>\$ 601,888</u>	<u>\$ 18,791</u>	<u>\$ 7,304</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	7,304	342	7,646
2025	7,208	179	7,387
2026	3,770	50	3,820
2027	<u>509</u>	<u>1</u>	<u>510</u>
	<u>\$ 18,791</u>	<u>\$ 572</u>	<u>\$ 19,363</u>

**11. INTERFUND BALANCES AND ACTIVITY**

Interfund receivables and payables, other than between governmental activities are eliminated on the statement of net position.

The School District typically advances resources between funds for the purpose of mitigating the effects of transient cash flow issues.

	Interfund		Interfund	
	Receivable	Payable	Revenue	Expenditures
General fund	\$ 1,400,000	\$ 61,405	\$ 210,985	\$ 15,936,640
Special aid fund	-	1,400,000	192,728	-
School lunch	61,405	-	28,964	-
Debt Service	-	-	-	200,000
Capital fund	-	-	15,714,948	10,985
Totals	<u>\$ 1,461,405</u>	<u>\$ 1,461,405</u>	<u>\$ 16,147,625</u>	<u>\$ 16,147,625</u>

All interfund payables are expected to be repaid within one year.

**12. PENSION PLANS**

New York State Employees' Retirement System

The School District participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

*Contributions*

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27<sup>th</sup>, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent 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 Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2023	\$ 1,137,466
2022	1,152,115
2021	1,608,299

## 12. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

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

At June 30, 2023, the School District reported a net pension liability of \$7,189,118 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2022. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023 and 2022, the School District's proportion was .033525% and .0314111%, respectively, which were measured at March 31, 2023 and 2022, respectively.

For the year ended June 30, 2023, the School District recognized pension expense of \$2,610,301. At June 30, 2023, the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 765,697	\$ 201,898
Changes of Assumptions	3,491,499	38,588
Net difference between projected and actual earnings on pension plan investments	-	42,236
Changes in proportion and differences between the District's contributions and proportionate share of contributions	265,812	47,931
Contributions subsequent to the measurement date	384,185	-
Total	<u>\$ 4,907,193</u>	<u>\$ 330,653</u>

The School District recognized \$384,185 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2023 which will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ending March 31:	
2024	\$ 1,019,414
2025	(324,422)
2026	1,512,407
2027	1,984,956
2028	-
Thereafter	-
	<u>\$ 4,192,355</u>

## 12. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

#### **Actuarial Assumptions**

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

Actuarial cost method	Entry age normal
Inflation	2.90%
Salary scale	4.4% indexed by service
Projected COLAs	1.5% compounded annually
Decrements	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2021
Investment Rate of Return	5.9% compounded annually, net of investment expenses

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 and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	32.0	4.30%
International Equity	15.0	6.85%
Private Equity	10.0	7.50%
Real Estate	9.0	4.60%
Opportunistic/ARS portfolio	3.0	5.38%
Credit	4.0	5.43%
Real Assets	3.0	5.84%
Fixed Income	23.0	1.50%
Cash	1.0	0.00%
	<u>100%</u>	

#### **Discount Rate**

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan'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.

## 12. PENSION PLANS (Continued)

### New York State Employees' Retirement System (Continued)

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

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

	1% Decrease <u>(4.90%)</u>	Current Discount <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
Employer's Proportionate Share of Net Pension Liability (Asset)	\$ 17,373,015	\$ 7,189,118	\$ (1,320,712)

#### **Pension Plan Fiduciary Net Position (in thousands)**

The components of the current-year net pension liability of the employers as of March 31, 2023, was as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 232,627,259
Net position	211,183,223
Net pension liability (asset)	<u>\$ 21,444,036</u>
ERS net position as a percentage of total pension liability	90.78%

### New York State Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. The system offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The New York State Teachers' Retirement Board administers NYSTRS. The system provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

#### *Contributions*

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

## 12. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

#### *Contributions (Continued)*

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

	<u>TRS</u>
2023	\$ 4,990,524
2022	4,552,861
2021	4,271,745

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

At June 30, 2023, the School District reported a liability of \$5,032,234 for its proportionate share of the NYSTRS net pension liability. The 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. The School District's proportion of the net pension liability was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023 and 2022, the School District's proportionate share was 0.262247% and 0.264088%, respectively, which were measured at June 30, 2022 and 2021, respectively.

For the year ended June 30, 2023, the School District recognized pension expense of \$6,457,592. At June 30, 2023 the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 5,273,145	\$ 100,837
Changes of Assumptions	9,761,684	2,027,126
Net difference between projected and actual earnings on pension plan investments	6,502,124	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	228,786	184,338
Contributions subsequent to the measurement date	4,990,524	-
Total	<u>\$ 26,756,263</u>	<u>\$ 2,312,301</u>

The School District recognized \$4,990,524 as a deferred outflow of resources related to pensions resulting from the School District's contributions subsequent to the measurement date of June 30, 2022, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

## 12. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

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

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ending June 30:		
	2023	\$ 3,707,166
	2024	1,968,330
	2025	(780,353)
	2026	12,807,806
	2027	1,663,457
	Thereafter	87,032
		<u>\$ 19,453,438</u>

#### **Actuarial Assumptions**

The total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal										
Inflation	2.40%										
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.										
	<table><thead><tr><th><u>Service</u></th><th><u>Rate</u></th></tr></thead><tbody><tr><td>5</td><td>5.18%</td></tr><tr><td>15</td><td>3.64%</td></tr><tr><td>25</td><td>2.50%</td></tr><tr><td>35</td><td>1.95%</td></tr></tbody></table>	<u>Service</u>	<u>Rate</u>	5	5.18%	15	3.64%	25	2.50%	35	1.95%
<u>Service</u>	<u>Rate</u>										
5	5.18%										
15	3.64%										
25	2.50%										
35	1.95%										
Projected COLAs	1.30% compounded annually										
Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.										

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active member mortality rates are based on a plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

## 12. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

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 System's target asset allocation as of the measurement date of June 30, 2022 are summarized in the following table:

#### Long Term Expected Rate of Return

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-term expected real rate of return in %</u>
Domestic Equity	33.0	6.5%
International Equity	16.0	7.2%
Global Equity	4.0	6.9%
Real Estate Equity	11.0	6.2%
Private Equity	8.0	9.9%
Domestic Fixed Income	16.0	1.1%
Global Bonds	2.0	0.6%
Private Debt	2.0	5.3%
Real Estate Debt	6.0	2.4%
High-Yield Bonds	1.0	3.3%
Cash Equivalents	1.0	-0.3%
	<u>100%</u>	

#### Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from districts will be made at statutorily required rates, actuarially determined. Based on 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.

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

The following presents the net pension liability (asset) of the School District calculated using the discount rate of 6.95 percent, as well as what the School District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percent lower (5.95%) or 1 percent higher (7.95 %) than the current rate:

	<u>1% Decrease (5.95%)</u>	<u>Current Discount (6.95%)</u>	<u>1% Increase (7.95%)</u>
Employer's Proportionate Share of Net Pension Liability (Asset)	\$ 46,399,561	\$ 5,032,234	\$ (29,757,416)



## 12. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (Continued)

#### **Pension Plan Fiduciary Net Position**

The components of the current year net pension liability (asset) of the employers as of June 30, 2022, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 133,883,473,797
Net position	131,964,582,107
Net pension liability (asset)	\$ 1,918,891,690
TRS net position as a percentage of total pension liability	98.57%

## 13. OTHER POSTEMPLOYMENT BENEFITS

#### **Plan Description**

The School District's defined benefit OPEB plan provides OPEB for eligible retired employees of the School District, their spouses and their dependent children.

The plan is a single-employer defined benefit OPEB plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

#### **Benefits Provided**

The School District provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

#### **Employees Covered by Benefit Terms**

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

Inactive employees or beneficiaries	
currently receiving benefits	535
Active employees	<u>554</u>
Total participants	<u><u>1,089</u></u>

#### **Total OPEB Liability**

The School District's total OPEB liability of \$233,237,489 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2022.

### 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	4.0 percent
Discount Rate	3.54 percent as of July 1, 2022
Healthcare Cost Trend Rates	Pre-65: 8.27% for 2022, decreasing to an ultimate rate of 4.50% for 2031 and future years. Post-65: 8.85% for 2022, decreasing to an ultimate rate of 4.50% for 2031 and future years.
Current & Future retirees' share of benefit related costs	Contributions vary by bargaining unit.
Cost method	Entry Age Normal

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

Mortality rates were based on Pub-2010 Headcount Weighted Mortality Table projected generationally with MP-2021 from the central year.

#### Changes in the Total OPEB Liability

Balance at July 1, 2022	<u>\$ 278,369,894</u>
Changes for the Year	
Service cost	12,009,649
Interest	6,227,523
Changes of benefit terms	-
Changes in assumptions or other inputs	(64,949,182)
Differences between expected and actual experience	5,738,412
Benefit payments	<u>(4,158,807)</u>
Net changes	<u>(45,132,405)</u>
Balance at June 30, 2023	<u>\$ 233,237,489</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

### 13. OTHER POSTEMPLOYMENT BENEFITS (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 (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Current Discount (3.54%)	1% Increase (4.54%)
Total OPEB Liability	<u>\$278,385,352</u>	<u>\$233,237,489</u>	<u>\$197,657,188</u>

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

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 or 1 percentage point higher than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	<u>\$193,577,560</u>	<u>\$233,237,489</u>	<u>\$285,283,572</u>

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$15,912,342. 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	\$ 14,137,214	\$ 223,576
Changes of assumptions	31,181,643	60,507,212
Contributions subsequent to the measurement date	<u>4,324,001</u>	<u>-</u>
Total	<u>\$ 49,642,858</u>	<u>\$ 60,730,788</u>

The School District recognized \$4,324,001 as a deferred outflow of resources related to OPEB resulting from the School District's contributions subsequent to the measurement date of June 30, 2023, which will be recognized as a reduction of the OPEB liability in the year ending June 30, 2024.

### 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2024	\$ (1,933,227)
2025	1,031,721
2026	(614,772)
2027	(922,879)
2028	(3,103,696)
Thereafter	<u>(5,545,077)</u>
	<u>\$(11,087,930)</u>

### 14. TAX ABATEMENTS

All real property in New York State is subject to taxation unless specific legal provision grant it exempt status. Real property exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the Real Property Tax Law, the Agriculture and Markets Law and the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for county, city/town, and school purposes, whereas others pertain only to certain of these purposes. Some tax exemptions are mandated by State law, others are subject to local option and/or local determination of eligibility criteria.

#### 14. TAX ABATEMENTS (Continued)

The following are the PILOT agreements and the amount of real property tax that has been abated for the year ended June 30, 2023:

Agreement With	Taxable Value	Tax Rate	Tax Value	Actual	Assessed Value	Exemption	Value of Exemption
<b>Town of Newburgh</b>							
Sky Chefs/Pacific Sintereg Metals	\$ 375,000	73.146244	\$ 27,430	\$ 27,430	\$ 375,000	\$ -	\$ -
GRS Enterprise/Newburgh IND Association	5,400,000	73.146244	394,990	394,990	5,400,000	-	-
Bergy Realty LLC	193,200	73.146244	14,132	14,132	193,200	-	-
LKD Realty	1,288,000	73.146244	94,212	94,212	1,288,000	-	-
Air Logistics Inc.	360,000	73.146244	26,333	26,333	360,000	-	-
NELCO	1,170,600	73.146244	85,625	85,625	1,170,600	-	-
NY Telephone	101,100	73.146244	7,395	7,395	101,100	-	-
Omnipoint Comm. Inc.	101,000	73.146244	7,388	7,388	101,000	-	-
EJ Del Monte Corp.	1,600,000	73.146244	117,034	117,034	1,600,000	-	-
Cargex Properties (CALEAST)	2,805,750	73.146244	205,230	205,230	2,805,750	-	-
<b>Town of Hamptonburgh</b>							
Blackhawk/McKesson	10,500,000	22.168248	232,767	232,767	24,150,000	13,650,000	302,597
Carlisle Construction	21,799,400	22.168248	483,255	483,255	22,849,400	1,050,000	23,277
<b>Town of Montgomery</b>							
Bruderhof Communities*	2,888,600	36.871908	106,508	106,508	2,888,600	-	-
Kadge, LLC	2,999,400	36.871908	110,594	110,594	3,444,000	444,600	16,393
Spruce Properties	1,006,400	36.871908	37,108	37,108	1,325,750	319,350	11,775
Hudson Heritage Federal Credit Union	-	36.871908	-	-	-	-	-
Goodwill Properties	2,773,400	36.871908	102,261	102,261	4,116,000	1,342,600	49,504
United Natural Foods	23,329,600	36.871908	860,207	860,207	33,938,800	10,609,200	391,181
Stewart Holdings Group, LLC	240,000	36.871908	8,849	8,849	5,253,000	5,013,000	184,839
USEF Sailfish, LLC (Amazon)	13,120,000	36.871908	483,759	483,759	29,150,000	16,030,000	591,057
Montgomery Housing			1,426	1,426			-
Montgomery Manor			3,480	3,480			-
Evergreen Senior Complex			4,042	4,043			-
	<u>\$ 92,051,450</u>		<u>\$ 3,414,025</u>	<u>\$ 3,414,024</u>	<u>\$140,510,200</u>	<u>\$48,458,750</u>	<u>\$ 1,570,623</u>

## **15. RISK MANAGEMENT**

### **General Information**

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

### **Consortiums**

The School District participates in Orange/Ulster School District Health Insurance Plan, a non-risk retained public entity risk pool for its employees and accident insurance coverage. The pool is operated for the benefit of 20 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool. The School District has essentially transferred all related risk to the pool.

The School District participates in Orange/Ulster School District Workers Compensation Plan, a non-risk retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 18 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members up to \$500,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$500,000 limit, and the School District has essentially transferred all related risk to the pool.

### **Litigation**

The School District has several claims that are currently being litigated with the support of legal counsel. While the claims against the School District are substantial, management and legal counsel believe that the exposure to the School District after insurance is not material. In all cases, it is too soon in the litigation process to estimate any potential loss to the School District.

## **16. COMMITMENTS AND CONTINGENCIES**

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

## **17. SCHOLARSHIPS**

The School District administers scholarships funds, which are restricted by the donor for the purpose of student scholarships and awards.

The School District authorizes expenditures from donor-restricted scholarships in compliance with the wishes expressed by the donor, which varies among the unique scholarships administered by the School District.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**VALLEY CENTRAL SCHOOL DISTRICT**

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUE</b>					
LOCAL SOURCES:					
Real property taxes	\$ 66,358,363	\$ 62,314,988	\$ 62,397,955	\$ -	\$ 82,967
Other tax items	3,315,140	7,358,515	7,473,036	-	114,521
Charges for services	670,000	670,000	717,811	-	47,811
Use of money and property	105,000	105,000	1,516,744	-	1,411,744
Sale of property and compensation for loss	-	-	95,928	-	95,928
Miscellaneous	<u>380,000</u>	<u>385,952</u>	<u>697,925</u>	<u>-</u>	<u>311,973</u>
Total local sources	70,828,503	70,834,455	72,899,399	-	2,064,944
State sources	42,571,497	42,571,497	43,930,051	-	1,358,554
Medicaid reimbursement	<u>50,000</u>	<u>50,000</u>	<u>102,616</u>	<u>-</u>	<u>52,616</u>
Total revenue	<u>113,450,000</u>	<u>113,455,952</u>	<u>116,932,066</u>	<u>-</u>	<u>3,476,114</u>

(Continued)



**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)**

(Continued)

FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Encumbrances	Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
GENERAL SUPPORT:					
Board of education	\$ 90,944	\$ 72,613	\$ 58,835	\$ 1,925	\$ 11,853
Central administration	388,149	428,511	408,723	13,345	6,443
Finance	768,097	838,358	766,049	41,087	31,222
Staff	954,920	887,329	854,308	361	32,660
Central services	5,563,344	6,675,063	6,041,546	438,766	194,751
Special items	<u>1,203,214</u>	<u>1,245,909</u>	<u>1,239,075</u>	<u>21</u>	<u>6,813</u>
Total general support	<u>8,968,668</u>	<u>10,147,783</u>	<u>9,368,536</u>	<u>495,505</u>	<u>283,742</u>
INSTRUCTION:					
Instruction, administration, and improvement	3,770,253	3,973,834	3,854,516	689	118,629
Teaching - regular school	34,173,196	32,628,092	32,151,781	64,221	412,090
Programs for children with handicapping conditions	16,701,726	17,423,004	16,891,031	229,344	302,629
Programs for English language learners	408,719	421,219	418,228	-	2,991
Occupational education	1,473,120	1,462,500	1,462,500	-	-
Teaching - special school	-	17,000	15,442	-	1,558
Instructional media	2,252,751	4,226,554	3,738,946	368,231	119,377
Pupil services	<u>6,309,997</u>	<u>6,502,294</u>	<u>6,095,164</u>	<u>15,651</u>	<u>391,479</u>
Total instruction	<u>65,089,762</u>	<u>66,654,497</u>	<u>64,627,608</u>	<u>678,136</u>	<u>1,348,753</u>
Pupil transportation	6,538,389	6,333,004	5,675,151	-	657,853
Employee benefits	30,986,669	28,532,825	26,829,446	1,602	1,701,777
Debt service - principal	2,241,812	3,501,812	4,103,700	-	(601,888)
Debt service - Interest	<u>722,700</u>	<u>662,700</u>	<u>663,463</u>	<u>-</u>	<u>(763)</u>
Total expenditures	<u>114,548,000</u>	<u>115,832,621</u>	<u>111,267,904</u>	<u>1,175,243</u>	<u>3,389,474</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from the issuance of leases	-	-	594,744	-	594,744
Transfers from other funds	200,000	200,000	210,985	-	10,985
Transfers to other funds	<u>(2,052,000)</u>	<u>(15,937,948)</u>	<u>(15,936,640)</u>	<u>-</u>	<u>1,308</u>
	<u>(1,852,000)</u>	<u>(15,737,948)</u>	<u>(15,130,911)</u>	<u>-</u>	<u>607,037</u>
Total expenditures and other financing uses	<u>116,400,000</u>	<u>131,570,569</u>	<u>126,398,815</u>	<u>1,175,243</u>	<u>3,996,511</u>
NET CHANGE IN FUND BALANCE	(2,950,000)	(18,114,617)	(9,466,749)	(1,175,243)	7,472,625
FUND BALANCE - beginning of year	<u>31,861,297</u>	<u>31,861,297</u>	<u>31,861,297</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 28,911,297</u>	<u>\$ 13,746,680</u>	<u>\$ 22,394,548</u>	<u>\$ (1,175,243)</u>	<u>\$ 7,472,625</u>

See the independent auditor's report

VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2023

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>										
Proportion of the net pension liability (asset)	0.033525%	0.031411%	0.031855%	0.032356%	0.032295%	0.031604%	0.030991%	0.281519%	0.027336%	
Proportionate share of the net pension liability (asset)	\$7,189	\$ (2,568)	\$32	\$8,568	\$2,288	\$1,020	\$2,912	\$4,518	\$923	
Covered-employee payroll	\$11,137	\$10,575	\$10,697	\$10,436	\$9,934	\$9,280	\$9,045	\$8,541	\$7,565	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	64.55%	-24.28%	0.30%	82.10%	23.03%	10.99%	32.19%	52.90%	12.21%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	
Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.										
<b>NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN</b>										
Last 10 Fiscal Years (Dollar amounts displayed in thousands)										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.262247%	0.264088%	0.265604%	0.263401%	0.266050%	0.265200%	0.262947%	0.247970%	0.240310%	
Proportionate share of the net pension liability (asset)	\$5,032	(\$45,764)	\$7,339	(\$6,843)	(\$4,811)	(\$2,016)	\$2,816	(\$25,756)	(\$26,769)	
Covered-employee payroll	\$48,499	\$46,458	\$44,824	\$45,081	\$43,337	\$42,679	\$41,217	\$37,634	\$35,508	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.38%	-98.51%	16.37%	-15.18%	-11.10%	-4.72%	6.83%	-68.44%	-75.39%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.57%	113.25%	97.76%	102.14%	101.53%	100.66%	99.01%	110.46%	111.48%	
Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.										

**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Last 10 Fiscal Years (Dollar amounts displayed in thousands)</b>									
<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,137	\$ 1,152	\$ 1,608	\$ 1,421	\$ 1,320	\$ 1,272	\$ 1,265	\$ 1,325	\$ 1,322	
Contributions in relation to the contractually required contribution	1,137	1,152	1,608	1,421	1,320	1,272	1,265	1,325	1,322	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered-employee payroll	\$ 11,137	\$ 10,575	\$ 10,697	\$ 10,436	\$ 9,934	\$ 9,280	\$ 9,045	\$ 8,541	\$ 7,565	
Contributions as a percentage of covered-employee payroll	10.21%	10.89%	15.03%	13.62%	13.29%	13.71%	13.98%	15.51%	17.47%	

	<b>Last 10 Fiscal Years (Dollar amounts displayed in thousands)</b>									
<b>NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN</b>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,991	\$ 4,553	\$ 4,272	\$ 3,994	\$ 4,247	\$ 4,925	\$ 5,380	\$ 6,530	\$ 5,768	
Contributions in relation to the contractually required contribution	4,991	4,553	4,272	3,994	4,247	4,925	5,380	6,530	5,768	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered-employee payroll	\$ 48,499	\$ 46,458	\$ 44,824	\$ 45,081	\$ 43,337	\$ 42,679	\$ 41,217	\$ 37,634	\$ 35,508	
Contributions as a percentage of covered-employee payroll	10.29%	9.80%	9.53%	8.86%	9.80%	11.54%	13.05%	17.35%	16.25%	

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2023

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total OPEB Liability</b>										
Service cost	\$ 12,009,649	\$ 10,264,692	\$ 7,887,574	\$ 6,806,536	\$ 4,276,735	\$ 5,236,510				
Interest	6,227,523	5,827,030	7,582,210	7,405,396	6,070,405	5,358,083				
Changes of benefit terms	-	-	-	-	-	-				
Differences between expected and actual experience	5,738,412	(303,282)	6,965,828	289,364	17,304,487	-				
Changes in assumptions	(64,949,182)	11,212,902	26,799,227	13,096,313	(4,558,024)	(24,528,768)				
Benefit payments	(4,158,807)	(4,044,428)	(3,869,961)	(4,154,301)	(3,521,954)	(3,573,079)				
<b>Total change in total OPEB liability</b>	<u>(45,132,405)</u>	<u>22,956,914</u>	<u>45,364,878</u>	<u>23,443,308</u>	<u>19,571,649</u>	<u>(17,507,254)</u>				
<b>Total OPEB liability - beginning</b>	<u>278,369,894</u>	<u>255,412,980</u>	<u>210,048,102</u>	<u>186,604,794</u>	<u>167,033,145</u>	<u>184,540,399</u>				
<b>Total OPEB liability - ending</b>	<u>\$ 233,237,489</u>	<u>\$ 278,369,894</u>	<u>\$ 255,412,980</u>	<u>\$ 210,048,102</u>	<u>\$ 186,604,794</u>	<u>\$ 167,033,145</u>				
<b>Covered-employee payroll</b>	\$ 52,089,154	\$ 59,024,823	\$ 49,336,827	\$ 51,299,825	\$ 48,896,249	\$ 40,013,154				
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	447.77%	471.61%	517.69%	409.45%	381.63%	417.45%				

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

**Changes of assumptions.** Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	3.54%	2.16%	2.21%	3.51%	3.87%	3.58%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

**Plan Assets.** No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

**SUPPLEMENTARY INFORMATION**

**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2023**

	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Total Non-Major Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents - unrestricted	\$ 193,704	\$ 473,445	\$ -	\$ -	\$ 667,149
Cash and cash equivalents - restricted	-	-	701,655	231,082	932,737
Investments	-	-	-	54,651	54,651
Due from other funds	-	61,405	-	-	61,405
State and federal aid receivable	1,555,380	5,783	-	-	1,561,163
Inventory	-	96,005	-	-	96,005
	<u>-</u>	<u>96,005</u>	<u>-</u>	<u>-</u>	<u>96,005</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,749,084</u>	<u>\$ 636,638</u>	<u>\$ 701,655</u>	<u>\$ 285,733</u>	<u>\$ 3,373,110</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 221,207	\$ 9,866	\$ -	\$ -	\$ 231,073
Due to other funds	1,400,000	-	-	-	1,400,000
Unearned revenue	127,877	32,210	-	-	160,087
	<u>1,749,084</u>	<u>42,076</u>	<u>-</u>	<u>-</u>	<u>1,791,160</u>
<b>TOTAL LIABILITIES</b>	<u>1,749,084</u>	<u>42,076</u>	<u>-</u>	<u>-</u>	<u>1,791,160</u>

(Continued)

The accompanying notes are an integral part of these statements.

**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2023**

	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Non-Major Governmental Funds</u>
FUND BALANCE:					
Nonspendable:					
Inventory	\$ -	\$ 96,005	\$ -	\$ -	\$ 96,005
Restricted:					
Other	-	-	-	285,733	285,733
Debt service	-	-	701,655	-	701,655
Total restricted fund balance	-	-	701,655	285,733	987,388
Assigned:					
Unappropriated	-	498,557	-	-	498,557
TOTAL FUND BALANCE	-	594,562	701,655	285,733	1,581,950
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,749,084	\$ 636,638	\$ 701,655	\$ 285,733	\$ 3,373,110

The accompanying notes are an integral part of these statements.

**VALLEY CENTRAL SCHOOL DISTRICT**

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

	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Total Non-Major Governmental Funds
<b>REVENUE:</b>					
Use of money and property	\$ -	\$ 2,076	\$ 10,809	\$ -	\$ 12,885
Miscellaneous	-	-	-	300,586	300,586
State sources	1,978,021	28,943	-	-	2,006,964
Federal sources	6,058,353	1,223,848	-	-	7,282,201
Sales - School lunch	-	616,185	-	-	616,185
	<u>-</u>	<u>616,185</u>	<u>-</u>	<u>-</u>	<u>616,185</u>
Total revenue	<u>8,036,374</u>	<u>1,871,052</u>	<u>10,809</u>	<u>300,586</u>	<u>10,218,821</u>
<b>EXPENDITURES:</b>					
Instruction	7,353,170	-	-	-	7,353,170
Pupil transportation	192,995	-	-	-	192,995
Employee benefits	682,937	311,343	-	-	994,280
Other	-	-	-	367,815	367,815
Cost of sales	-	1,599,009	-	-	1,599,009
	<u>-</u>	<u>1,599,009</u>	<u>-</u>	<u>-</u>	<u>1,599,009</u>
Total expenditures	<u>8,229,102</u>	<u>1,910,352</u>	<u>-</u>	<u>367,815</u>	<u>10,507,269</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>(192,728)</u>	<u>(39,300)</u>	<u>10,809</u>	<u>(67,229)</u>	<u>(288,448)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium on issuance of debt	-	-	83,249	-	83,249
Operating transfers in	192,728	28,964	-	-	221,692
Operating transfers out	-	-	(200,000)	-	(200,000)
	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>192,728</u>	<u>28,964</u>	<u>(116,751)</u>	<u>-</u>	<u>104,941</u>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>-</u>	<u>(10,336)</u>	<u>(105,942)</u>	<u>(67,229)</u>	<u>(183,507)</u>
<b>FUND BALANCE - beginning of year</b>	<u>-</u>	<u>604,898</u>	<u>807,597</u>	<u>352,962</u>	<u>1,765,457</u>
<b>FUND BALANCE - end of year</b>	<u>\$ -</u>	<u>\$ 594,562</u>	<u>\$ 701,655</u>	<u>\$ 285,733</u>	<u>\$ 1,581,950</u>

The accompanying notes are an integral part of these statements.



**OTHER INFORMATION (UNAUDITED)**

**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET - GENERAL FUND  
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2023**

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**CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET**

Adopted budget	\$ 116,400,000
Add: Prior year's encumbrances	<u>1,261,968</u>
Original budget	117,661,968
Budget revisions	<u>13,908,601</u>
Final budget	<u>\$ 131,570,569</u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2023-2024 voter-approved expenditure budget	\$ 125,850,000	
Maximum allowed (4% of 2023-24 budget)		<u>\$ 5,034,000</u>

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

Unrestricted fund balance:	
Assigned fund balance	2,575,243
Unassigned fund balance	<u>4,977,695</u>
	<u>\$ 7,552,938</u>

Less:

Appropriated fund balance	1,400,000
Encumbrances included in assigned fund balance	<u>1,175,243</u>
Total adjustments	<u>\$ 2,575,243</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 4,977,695</u>
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Actual percentage	3.96%
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\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

VALLEY CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2023

	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Proceeds from Debt	Methods of Financing			Fund Balance June 30, 2023
			Prior Years	Current Year	Total			State Sources	Local Sources	Total	
Auditorium Improvements	\$ 258,000	\$ 258,000	\$ 188,652	\$ 69,348	\$ 258,000	\$ -	\$ -	\$ -	\$ 258,000	\$ 258,000	\$ -
Renovation & Reconstruction	13,630,000	13,630,000	711,655	5,876,050	6,587,705	7,042,295	-	-	2,670,000	2,670,000	(3,917,705)
Restroom/Concessions	656,812	656,812	28,314	522,218	550,532	106,280	-	-	656,812	656,812	106,280
Walden Roof Repair	390,000	390,000	21,740	203,664	225,404	164,596	-	-	390,000	390,000	164,596
CO Storefront & Scoreboard	380,000	380,000	-	83,769	83,769	296,231	-	-	380,000	380,000	296,231
Education & Security	14,615,000	14,615,000	-	-	-	14,615,000	-	-	3,010,000	3,010,000	3,010,000
Health & Safety	31,980,000	31,980,000	-	-	-	31,980,000	-	-	10,824,948	10,824,948	10,824,948
Smart School Project	<u>2,500,362</u>	<u>2,500,362</u>	<u>1,439,405</u>	<u>-</u>	<u>1,439,405</u>	<u>1,060,957</u>	<u>-</u>	<u>1,439,405</u>	<u>-</u>	<u>1,439,405</u>	<u>-</u>
Total	<u>\$ 64,410,174</u>	<u>\$ 64,410,174</u>	<u>\$ 2,389,766</u>	<u>\$ 6,755,049</u>	<u>\$ 9,144,815</u>	<u>\$ 55,265,359</u>	<u>\$ -</u>	<u>\$ 1,439,405</u>	<u>\$ 18,189,760</u>	<u>\$ 19,629,165</u>	<u>\$ 10,484,350</u>

**VALLEY CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2023**

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Capital assets, net		\$ 65,062,818
Deduct:		
Unamortized bond premium	641,723	
Short-term portion of leases payable	7,304	
Long-term portion of leases payable	11,487	
Short-term portion of bonds payable	2,060,000	
Long-term portion of bonds payable	<u>15,310,000</u>	18,030,514
Add:		
Unspent bond proceeds		<u>17,885,564</u>
Net investment in capital assets		<u>\$ 64,917,868</u>

**REQUIRED REPORTS UNDER UNIFORM GUIDANCE**

**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**

October 2, 2023

The Board of Education of  
Valley Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *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 Valley Central School District (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 financial statements, and have issued our report thereon dated October 2, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

(Continued)

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

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

October 2, 2023

To the Board of Education of  
Valley Central School District

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

***Opinion on Each Major Federal Program***

We have audited Valley Central School District's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal program is 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

We are required to be independent of 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.

(Continued)



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

(Continued)

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

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

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

(Continued)

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

(Continued)

***Report on Internal Control Over Compliance (Continued)***

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.

**VALLEY CENTRAL SCHOOL DISTRICT**

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

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Grant Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Passed through New York State Department of Education			
<i>Child Nutrition Cluster</i>			
National School Lunch program (Noncash food donations)	10.555	N/A	\$ 143,162
National School Lunch program	10.555	N/A	<u>945,079</u>
<i>Subtotal Assistance Listing #10.555</i>			<u>1,088,241</u>
School Breakfast program	10.553	N/A	<u>131,839</u>
Total Child Nutrition Cluster			<u>1,220,080</u>
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Cost Grant	10.649	N/A	<u>3,768</u>
Total U.S. Department of Agriculture			<u>1,223,848</u>
<b>U.S. Department of Education</b>			
Passed through New York State Department of Education			
<i>Special Education Cluster (IDEA)</i>			
COVID-19 - Special Education Grants to States	84.027X	5532-22-6090	218,305
Special Education Grants to States	84.027	0032-23-0690	<u>1,179,727</u>
<i>Subtotal Assistance Listing #84.027</i>			<u>1,398,032</u>
COVID 19 - Special Education Preschool Grants	84.173X	5533-22-0690	25,468
Special Education Preschool Grants	84.173	0033-23-0690	<u>51,647</u>
<i>Subtotal Assistance Listing #84.173</i>			<u>77,115</u>
Total Special Education Cluster (IDEA)			<u>1,475,147</u>
Title I Grants to Local Educational Agencies	84.010	0021-23-2270	662,228
Title I Grants to Local Educational Agencies	84.010	0021-22-2270	<u>2,107</u>
<i>Subtotal Assistance Listing #84.010</i>			<u>664,335</u>
Education for Homeless Children and Youth	84.196	0212-23-3037	<u>78,779</u>
Improving Teacher Quality State Grants	84.367	0147-23-2270	114,815
Improving Teacher Quality State Grants	84.367	0147-22-2270	<u>6,110</u>
<i>Subtotal Assistance Listing #84.367</i>			<u>120,925</u>
Student Support and Academic Enrichment Program	84.424	0204-22-2270	(3,313)
Student Support and Academic Enrichment Program	84.424	0204-23-2270	<u>31,281</u>
<i>Subtotal Assistance Listing #84.424</i>			<u>27,968</u>
COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - CRRSA - GEER II	84.425C	5896-21-2270	63,740
COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - CRRSA - ESSER II	84.425D	5891-21-2270	2,111,234
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP Comprehensive After School	84.425U	5883-21-2270	119,882
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP Learning Loss	84.425U	5884-21-2270	627,433
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP ESSER 3	84.425U	5880-21-2270	307,386
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP Summer Enrichment	84.425U	5882-21-2270	62,370
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP Full Day UPK	84.425U	5875-23-0029	<u>399,154</u>
Total COVID-19 Education Stabilization Fund			<u>3,691,199</u>
Total U.S. Department of Education			<u>6,058,353</u>
Total expenditures of federal awards			<u>\$ 7,282,201</u>

See independent auditors report.

The accompanying notes to the schedule of federal awards are an integral part of the schedule.

# VALLEY CENTRAL SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

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### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Valley Central School District (the School District), under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a 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 for the School District.

### 2. BASIS OF ACCOUNTING

The Schedule is presented using generally accepted accounting principles, as described in the School District's basic financial statements.

### 3. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

The School District did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

### 4. MATCHING COSTS

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

### 5. NONMONETARY ASSISTANCE

The School District is the recipient of a federal financial award program that does not result in cash receipts or disbursements termed a non-monetary program. During the year ended June 30, 2023, the School District received food commodities, the fair value of which amounted to \$143,162 is presented in the Schedule as National School Lunch Program (Assistance Listing No. 10.555).

# VALLEY CENTRAL SCHOOL DISTRICT

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

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### Section I—Summary of Auditor’s Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified  Yes  None reported

Type of auditor's 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  No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425C, 84.425D, 84.425U	COVID-19 - Education Stabilization Fund
84.027, 84.027X, 84.173, 84.173X	Special Education Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

Yes  No

**VALLEY CENTRAL SCHOOL DISTRICT**

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

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**Section II—Financial Statement Findings**

None.

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

None.